Unibail-Rodamco SE
("**Unibail-Rodamco**")
A European Company (*société européenne*) with a Management Board and a Supervisory Board incorporated in France, with a share capital of €499,283,380
Registered office: 7 place du Chancelier Adenauer, 75016 Paris, France
Registration number: 682 024 096 RCS (Trade and Companies Register) Paris

WFD Unibail-Rodamco N.V.
("**Newco**")
A public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands
Registered address: Schiphol Boulevard 371 Tower H,
1118 BJ Schiphol (Haarlemmermeer), The Netherlands
Dutch Commercial Register number: 70898618

PROSPECTUS
(THE "PROSPECTUS")

Made available to the public in the context of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of up to 138,918,769 ordinary shares of Unibail-Rodamco and up to 138,918,769 class A shares of Newco, stapled together to form the stapled shares ("Stapled Shares").
This prospectus is not published in connection with and does not constitute an offer of any securities by or on behalf of Unibail-Rodamco, Newco and/or Westfield Corporation Limited ("WCL"), Westfield America Trust ("WAT") and WFD Trust ("WFDT") (and where applicable, Westfield America Management Limited ("WAML") in its capacity as responsible entity of WAT and WFDT, and the subsidiaries of WCL, WFDT and WAT, together "Westfield").

On March 28, 2018, the *Autorité des marchés financiers* (the "**AMF**") approved this Prospectus in accordance with Articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and its general regulations.

On March 28, 2018, the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "**AFM**") approved this Prospectus (except for the French language summary – "Résumé") in accordance with article 5:9 of the Dutch financial markets supervision act (*Wet op het financieel toezicht*) (the "**DFSA**").

This approval does not imply any opinion by the AMF or the AFM of the suitability and the quality of the transaction or of the position of the persons who are making the admission to trading of the Stapled Shares on the regulated markets of Euronext Paris and Euronext Amsterdam.

At the request of Unibail-Rodamco and Newco, the AFM has sent an approval certificate and a copy of this Prospectus to the AMF, and the AMF has sent an approval certificate and a copy of this Prospectus to the AFM, attesting that this Prospectus is in compliance with the Directive 2003/71/EC of the European Parliament and the Council dated November 4, 2003, as amended (the "**Prospectus Directive**") in order to permit the admission of the Stapled Shares to trading on the regulated markets of Euronext Paris and Euronext Amsterdam, respectively.

Pursuant to Articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and to its general regulations, in particular Articles 211-1 to 216-1, the *Autorité des marchés financiers* (the "**AMF**") affixed the visa No. 18-102 on March 28, 2018 on this Prospectus. This Prospectus was prepared by Unibail-Rodamco and Newco and is the responsibility of their signatories.

Pursuant to Article L. 621-8-1-I of the French Monetary and Financial Code, this visa was granted after the AMF verified that the document is exhaustive and comprehensible and that the information contained in it is consistent. It does not imply that the AMF has approved the appropriateness of the transaction or authenticated the accounting and financial information presented herein.

Copies of this Prospectus may be obtained free of charge from Unibail-Rodamco at 7 place du Chancelier Adenauer, 75016 Paris, France and from Newco at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. It can also be downloaded on Unibail-Rodamco's website (http://www.unibail-rodamco.com), on Newco's website (http://www.wfd-unibail-rodamco-nv.com), on the AMF's website (http://www.amf-france.org) and on the AFM's website (http://www.afm.nl).

IMPORTANT NOTICE

This Prospectus has been filed with the AMF and the AFM pursuant to the requirements of the Prospectus Directive in connection with the listing of the Stapled Shares on the regulated market of Euronext in Paris ("**Euronext Paris**") and the regulated market of Euronext in Amsterdam ("**Euronext Amsterdam**"). Each Stapled Share comprises (i) one share of Unibail-Rodamco (which holds, as a result of the Transaction, 100% of WCL and 100% of WFDT) and (ii) one share of Newco (which holds, as a result of the Transaction, 100% of WAT). No securities are being offered for sale or subscription in connection with the business combination between Unibail-Rodamco, Newco and Westfield. Accordingly, this Prospectus is not intended to be an offer to sell or to subscribe for or a solicitation of an offer to purchase or to subscribe for the shares described herein, especially in any jurisdiction in which such an offer or solicitation would be unlawful under the laws of that jurisdiction.

The Stapled Shares have not been and will not be registered under the United States ("**U.S.**") Securities Act of 1933 (the "**Securities Act**") or applicable state securities laws.

Unibail-Rodamco and Newco intend to rely on an exemption from registration under the Securities Act provided by section 3(a)(10) thereof and intend to rely on exemptions from registration under applicable state securities laws in connection with the issuance of the Stapled Shares to Unibail-Rodamco shareholders in the United States.

Neither the U.S. Securities and Exchange Commission nor any securities regulator in any state in the United States has reviewed this Prospectus or approved or disapproved the offer or sale of securities referred to in this Prospectus. No securities referred to in this Prospectus will be listed for trading on a securities exchange in the United States.

The Schemes and distribution are subject to disclosure requirements of Europe and Australia that are different from those of the United States. For example, the financial information included in this Prospectus has been prepared in accordance with IFRS or, where applicable, in compliance with Australian Accounting Standards and the International Financial Reporting Standards as issued by the IASB. There are differences between such standards and U.S. generally accepted accounting principles, and these differences may be material. Additionally, the pro forma financial information included in this Prospectus for Newco may not comply with the requirements for the preparation of pro forma financial information contained in Article 11 of Regulation S-X of the Rules and Regulations of the U.S. Securities and Exchange Commission. The rules and regulations related to the preparation of pro forma financial information in the United States may vary significantly from the requirements applicable to the pro forma financial information included in the Prospectus.

Unibail-Rodamco Shareholders (whether or not U.S. persons) who are or will be affiliates (within the meaning of the Securities Act) of Unibail-Rodamco prior to or after the Effective Date will be subject to certain restrictions on transfers of the Stapled Shares.

The enforcement by investors of civil liabilities and other rights under the United States federal securities laws may be affected adversely by the fact that Unibail-Rodamco, Newco and Westfield are incorporated or organized outside the United States, that some or all of their respective officers and directors and the experts named in this Prospectus are residents of a foreign country, and that a substantial portion of the assets of Unibail-Rodamco, Newco and Westfield and said persons are located outside the United States. As a result, it may be difficult or impossible for U.S. securityholders to effect service of process within the United

States upon Unibail-Rodamco, Westfield, Newco, their respective officers or directors or the experts named in this Prospectus, or to realise against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. securityholders should not assume that the courts of France, The Netherlands or Australia would: (a) enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. References to "Westfield" in this Prospectus refer to Westfield as an economic entity. Please note that, before completion of the Transaction, Westfield comprises (i) WCL, (ii) WAT and (iii) WFDT (each of WAT and WFDT being managed investment schemes, and the responsible entity of both WAT and WFDT being WAML) and includes their subsidiaries where the context so requires. The securities of WCL, WAT and WFDT are stapled and trade on the Australian Securities Exchange as Westfield Corporation (ASX: WFD). With effect from the close of trading on the Effective Date, the Westfield Securities will be suspended from trading on the ASX.

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SUMMARY

This summary consists of a series of key elements, referred to as "Elements". The Elements are numbered in Sections A - E (A.1 - E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words "Not applicable".

Section A – Introduction and warnings

Annexes and Element		**Disclosure requirement**
A.1	**Introduction and Warning**	This summary must be read as an introduction to the Prospectus. Any decision to invest in the securities for which the admission to trading on a regulated market is being requested should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in, or incorporated by reference into, this Prospectus is brought before a court, the plaintiff investor might, according to the national legislation of the Member States of the European Economic Area or parties to the agreement on the European Economic Area where the claim is brought, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information on the Stapled Shares.
A.2	**Subsequent Resale of Securities or Final Placement of Securities through Financial Intermediaries**	Not applicable.

Section B – Company

Annexes and Element		**Disclosure requirement**
B.1	**Legal Name**	Unibail-Rodamco SE ("**Unibail-Rodamco**")
		WFD Unibail-Rodamco N.V. ("**Newco**" or "**WFD Unibail-Rodamco**"))
B.2	**Registered Office**	Unibail-Rodamco has its registered office at 7 place du Chancelier Adenauer, 75016 Paris, France.
		WFD Unibail-Rodamco has its registered office at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands.
	Legal Form	Unibail-Rodamco is a European Company (société européenne).

Annexes and Element		Disclosure requirement
		WFD Unibail-Rodamco is a public limited liability company (*naamloze vennootschap*).
	Applicable Legislation	To Unibail-Rodamco: French law.
		To WFD Unibail-Rodamco: Dutch law.
	Country of Incorporation	Unibail-Rodamco is incorporated in France.
		WFD Unibail-Rodamco is incorporated in the Netherlands.
B.3	**Operations and Principal Activities**	***Unibail-Rodamco*** Unibail-Rodamco is the leading listed real estate company in Europe[1]. Unibail S.A. was listed on the Paris stock exchange in 1972. Unibail-Rodamco owns a portfolio of prime commercial properties with a consolidated value of €43.1 billion[2] as at December 31, 2017, located in the largest and most prosperous cities across Continental Europe. Unibail-Rodamco's operations are focused on large shopping centres in major European cities, the large office buildings in the heart and West of Paris and major convention and exhibition venues in and around Paris. Unibail-Rodamco's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of development, investment and management, provides the Unibail-Rodamco group with market knowledge and expertise. This knowledge and expertise assists Unibail-Rodamco to deal with markets that are cyclical in nature and its strategy is designed to allow the Unibail-Rodamco group to continue its investment programs even during economic downturns. The Unibail-Rodamco group actively recycles assets and deploys disposal proceeds into its development projects. Thanks to this portfolio of high quality assets[3] and the talent of its more than 2,000 employees including experts in the business of investment, development, leasing, management and divestment, the Unibail-Rodamco group has been able to generate very strong growth and returns for shareholders. ***Westfield*** Westfield owns an unparalleled[4] platform of shopping centre destinations in the United States and the United Kingdom, as well as a major retail development project in Milan, Italy. Westfield is an internally managed and vertically integrated international retail property group with a focus on the United States, the United Kingdom and Europe. Westfield's strategy is to create and operate flagship assets in leading markets that deliver great experiences for retailers, brands and consumers. Westfield owns a world class, industry leading retail property operating platform with capabilities in property management, leasing, design, development, construction, marketing and digital. As of December 31, 2017, Westfield's portfolio comprises 35 shopping centres with more than 400 million customer visits annually and US$16 billion in annual retail sales. Westfield has US$34.5 billion

1 Based on market capitalization as of December 31, 2017; Source: FactSet.

2 Consolidated GMV.

3 Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

4 Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017, divided by number of shopping centres.

Annexes and Element		Disclosure requirement
		total assets under management of which $13.1 billion (or 38.0%) is managed on behalf of joint venture partners and annual specialty sales of US$733 per square foot (approximately US$7,890 per square meter). Westfield's portfolio includes world class retail destinations such as Westfield London and Stratford City, considered by Westfield as two of the premium shopping centres in the United Kingdom and Europe, and Century City, Garden State Plaza, San Francisco, Topanga, UTC, Valley Fair and Westfield World Trade Center in the United States.
B.4a	**Significant Recent Trends**	***Unibail-Rodamco*** *Shopping Centres* The European economy continued to grow steadily. Growth domestic product ("**GDP**") growth in 2017(5) for the European Union (EU-28) and the Eurozone-19 is forecast to have reached +2.3% and +2.2%, respectively, compared to +1.9% and +1.8% in 2016. Growth is propelled by resilient private consumption, a global upturn in economic activity and improvements in labour markets. Investment, which had been lagging, also showed signs of recovery. Unemployment levels as at November 2017 have decreased to 7.3% in the EU-28 (-100 bps compared to November 2016) and 8.7% in the Eurozone-19 (-110 bps compared to November 2016). These are the lowest recorded rates since December 2008 for the EU and March 2009 for the Eurozone-19. Employment creation is boosted by continuous domestic-demand driven expansion, moderate wage growth and structural reforms introduced by some EU countries. Nevertheless, job creation is impacted by the shortage of skilled labour in some EU countries and the decline of temporary fiscal incentives in others. The expectation for GDP growth in 2018 for the EU-28 is +2.1%, absent a major political or economic shock. The weighted average forecast for 2018 GDP growth in Unibail-Rodamco's regions is +2.3%. The main downside risks to these forecasts are related to both external factors, such as geopolitical tensions (e.g., the Korean peninsula and the Middle-East), the trade policies of the US administration and the economic adjustment in China, and internal ones, such as the outcome of the Brexit negotiations, an appreciating euro and higher interest rates. Inflation in 2018[5] is expected to reach +1.7% in the EU-28 and +1.4% in the Eurozone-19, vs +1.7% and +1.5% in 2017, respectively. A healthy macro-economic environment, growth in household consumption and decreasing unemployment rates usually support consumer spending and are likely to translate into rental growth in shopping centres. Over the past years, the retail environment has evolved, with, on the one hand, the emergence of online retailers, and on the other hand customers searching for a unique retail experience. In order to adapt to these trends and to attract both visitors and the increasing number of online retailers wishing to expand into the physical space, Unibail-Rodamco has reaffirmed its strategy of concentration, differentiation and innovation. Unibail-Rodamco owns some of the best shopping destinations in some of the best cities in the world. Selected examples include (i) Warsaw, where GDP/capita is 195% of the national average and where Unibail-Rodamco owns the top three assets, (ii) Paris where GDP/capita is 176% of the national average and where Unibail-Rodamco owns the top two assets, (iii) Madrid where GDP/capita is 146% of the national average and where Unibail-Rodamco owns the top two assets, and (iv) Stockholm where GDP/capita is 142% of the national average and where Unibail-Rodamco owns the top two assets. By focusing on high quality shopping destinations in wealthy capital cities, where retailers can roll out their latest concepts, Unibail-Rodamco is able to provide customers with a unique experience combining shopping, dining and entertainment. *Offices* With 2.6 million[6] m² of office space let in 2017, take-up in the Paris region was at the highest since 2007. This is mostly due to transactions in the Western crescent and to those over 5,000 m². 88

5 Source: European Commission, European Economic Forecast, autumn 2017 (released in November 2017).

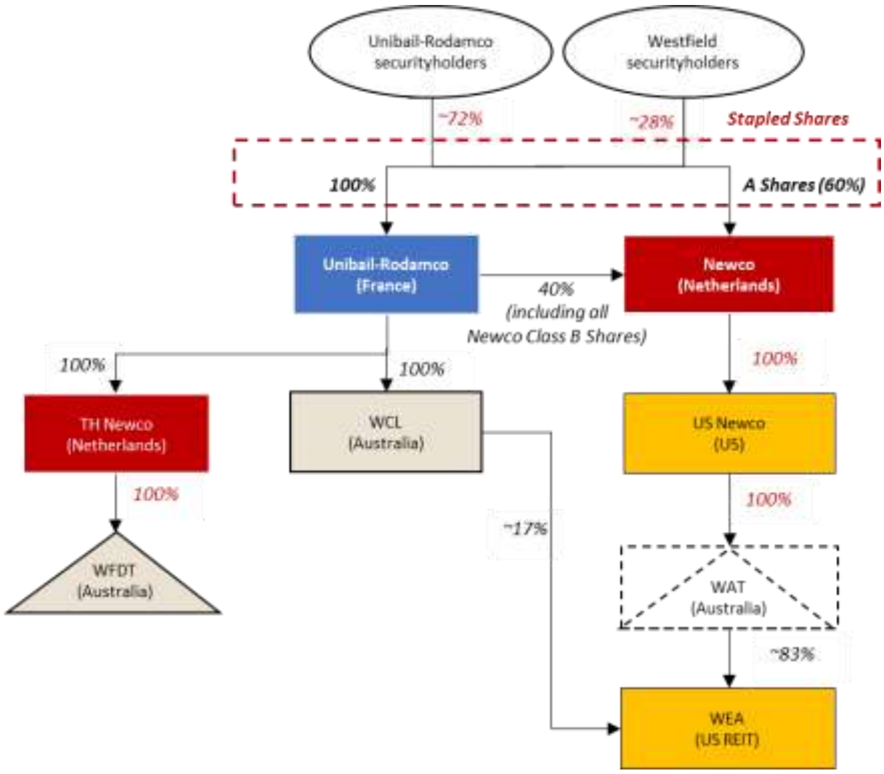
6 Source: Immostat.

Annexes and Element		Disclosure requirement
		transactions[7] above 5,000 m² were recorded in 2017 (65 in 2016) and accounted for 1.1 million m² (+23% vs 2016). 67% concerned new or refurbished as new buildings. Nearly 1.1 million[8] m² were rented in Paris in 2017, stable compared to 2016. Take-up in the Paris Central Business District ("**CBD**") was 481,000 m² (+8% vs 2016). The La Défense market saw transactions in line with the 10-year average, with 177,000 m² rented out in 2017. No significant transactions were recorded, mainly due to the lack of large and prime premises delivered in 2017. No change is expected for 2018. The available supply in the Paris region as at December 31, 2017, remained stable at around 3.4 million m², of which 15% of new or refurbished as new buildings. The vacancy rate in the Paris region has decreased steadily since 2014 and reached 6.5% at year-end 2017 (compared to 6.8% at year-end 2016). The differences remain significant from sector to sector with, for example, a vacancy rate of around 2.9% in Paris CBD and a steep drop in La Défense from 8.2% as at December 31, 2016, to 7.3%. For other sectors such as Peri-Défense and the Northern Rim, vacancy rates remain over 15%. Rental values increased in the Paris Region throughout 2017, especially in Paris CBD, where recorded rents have exceeded €800/m², up to €850/m² on the Champs-Élysées (Paris 8). In La Défense, there was no new or refurbished as new supply. Consequently, the highest rent did not exceed €520/m² (Coeur Défense). Despite a favourable market context, the Paris region lease incentives stayed high in 2017 with significant variations depending on volume and quality of the immediately available supply in the different sectors. The total volume of transactions closed in the Paris region during 2017 amounted to €16.4 billion (stable compared to 2016). This volume was driven by €11.8 billion of transactions in H2, compared to €4.6 billion in H1. 45 large transactions (over €100 million) were recorded in 2017, compared to 46 in 2016. As in 2016, with some exceptions, French investors, primarily investment funds, insurance companies and SCPIs, drove the market in 2017. Strong demand, ample availability of financing and the limited supply of high quality office buildings continued to compress yields for prime office assets in La Défense, where prime yields fell by about 50 bps to around 4.00-4.25%, as illustrated by the sale of Tour Hekla. In Paris CBD, prime yields were stable vs 2016 at around 3.00-3.25%. Strong demand leading to higher take-up and occupancy as well as increase in rental values, proves that the office market is doing well, and represents upside potential for Unibail-Rodamco. Unibail-Rodamco's office assets being primarily concentrated in the Paris region, the main risk that could have an impact on the office segment is a slowdown in the Paris office occupier market. At the company level, the development pipeline could cost more than anticipated and generate less income. *Convention & Exhibition* The activity is exclusively located in the Paris region and consists of a real estate venues and services company (Viparis). Viparis is owned jointly with the Chamber of Commerce and Industry of Paris Île-de-France (CCIR) and is fully consolidated by Unibail-Rodamco. The Convention & Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year. ***Westfield*** Westfield's strategic focus on creating and operating flagship assets in some of the world's top markets has been driven by a number of significant recent trends: *Rapidly changing retail landscape and emergence and growth of new retailers* As have been widely reported, the retail industry is changing rapidly, due to technological and social changes, with an elevated level of store closures, largely amongst underperforming brands including

[7] Source: BNP Paribas Real Estate.

[8] Source: BNP Paribas Real Estate.

Annexes and Element		Disclosure requirement
		department stores that have lost relevance with the consumer. The emergence and growth of a deep assortment of fast fashion, influencer and athleisure brands as well as online retailers establishing and growing their physical presence, is offsetting this trend across both Westfield's development projects and operating portfolio. As a result, the mix of retailers and sales within Westfield's portfolio has undergone a significant transformation over the past decade. Department stores now represent 28% of sales in Westfield's portfolio, down from 42% ten years ago, whilst specialty sales have grown to approximately 70% of sales, up from 58% ten years ago. Over this ten-year period, aggregate specialty sales have grown by US$4.6 billion to US$10.8 billion with food and dining more than doubling and now representing 18% of total specialty sales and technology and auto almost tripling and now representing 16% of total specialty sales. In the United States, Westfield has introduced over 130 retailers and brands that are new to Westfield through its latest projects at World Trade Center, Century City and UTC completed in the last two years. These retailers and brands are embracing Westfield's proposition which includes design by prize winning architects, a curated retail mix, a digital platform, world class events such as international movie premieres and entertainment and sophisticated media and marketing. *Rationalisation of underperforming department stores* The recent announcements of department store closures by major department store operators in the United States is a continuation of the multi-year trend of department store rationalisation. Westfield continues to actively pursue the strategic acquisition of underperforming department stores in order to redevelop and repurpose these locations into higher performing usages such as grocers, Costco, home furnishings, theatres and assorted entertainment / leisure options, off price, discount retailers and gymnasiums. Over the past decade in the United States, Westfield has successfully acquired 30 former department store locations for redevelopment across its portfolio. Westfield has recently purchased several department stores, including JC Penney at Garden State Plaza, Sears at Westfield Montgomery, Valencia and Oakridge, and Lord & Taylor at Annapolis and Old Orchard in anticipation of future redevelopment projects, and is pursuing additional opportunities. These department store acquisitions are expected to facilitate future development opportunities, greatly enhance the customer offering and experience within Westfield's flagship centres and create value. *Impact of digital and e-commerce* A major shift is occurring in the retail industry as access to digital and mobile technology coupled with ubiquitous connectivity has empowered consumers with unsurpassed access and information. Today's consumer can instantly compare prices and offerings, and can easily switch between brands and products. E-commerce market share continues to grow and increasingly consumers, and especially younger demographics, are choosing experiences over tangible goods, and shifting spend away from the traditional retail categories to experiential categories including eating out and leisure activities. Furthermore, the role of the physical store is evolving in response with progressive retailers transforming stores in various ways, including positioning the store as a destination offering great experiences, a showroom providing expert advice, or a fulfilment hub. The impact of these changes on physical retail includes the rationalisation of store footprints, increasing importance of Flagship stores, the transformation of categories and merchandising within shopping centres, an expanded focus on dining, entertainment and leisure and integration of digital technology.
B.5	**New Group Description**	On December 12, 2017, Unibail-Rodamco and Westfield entered into the implementation agreement (the "**Implementation Agreement**") regarding the transaction (the "**Transaction**"). Under the Transaction terms, Unibail-Rodamco will acquire Westfield for shares and cash via Australian company and trust schemes of arrangement to form the new group (the "**New Group**"). Upon the

Annexes and Element		Disclosure requirement
		completion of the Transaction, Unibail-Rodamco Shareholders and Westfield securityholders will hold Stapled Shares, each comprising one Unibail-Rodamco Share and one share in Newco. The Stapled Shares will be listed on Euronext Amsterdam and Euronext Paris. Unibail-Rodamco will also establish a secondary listing on the Australian Securities Exchange to allow former Westfield securityholders to trade Stapled Shares locally in the form of CDIs. Unibail-Rodamco and Westfield will form one of the world's premier[9] developers and operators of Flagship shopping destinations in wealthy capital cities. Upon completion of the Transaction, it is expected that the structure chart of the New Group will be as follows:  Westfield comprises Westfield Corporation Limited ("**WCL**"), Westfield America Trust ("**WAT**") and WFD Trust ("**WFDT**") (and where applicable, Westfield America Management Limited ("**WAML**") in its capacity as responsible entity of WAT and WFDT, and the subsidiaries of WCL, WFDT and WAT, together "**Westfield**"). Unibail-Rodamco will take control of WCL and WFDT through transfers of cash and Unibail-Rodamco Shares. On completion of the Transaction, Unibail-Rodamco will hold directly or indirectly 100% of WCL and WFDT, and 40% of Newco, which will own 100% of WAT, owning approximately 83% of WEA, through WAT, the remaining 17% of WEA is indirectly held by WCL. As a result of the Stapled Share Principle, the same shareholders will together hold 100% of Unibail-Rodamco and of Newco, of which 60% directly (Newco Class A Shares) and 40% indirectly through Unibail-Rodamco. In accordance with the Unibail-Rodamco articles of association as they shall read upon completion of the Transaction (the "**Unibail-Rodamco Articles**") and Newco articles of association as they shall read upon completion of the Transaction (the "**Newco Articles**"), each stapled share (the "**Stapled Share**")

[9] In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

Annexes and Element		Disclosure requirement
		is composed of one Unibail-Rodamco Share stapled together with one Newco Class A Share and will be denominated in Euro. As a result of the Stapled Share Principle, Unibail-Rodamco Shares and Newco Class A Shares cannot be transferred separately (except for transfers to entities of the Stapled Group), but only as Stapled Shares.
B.6	**Major Stockholders**	Based on the information known to Unibail-Rodamco as at December 31, 2017 (being the latest practicable date prior to publication of this Prospectus)* as adjusted by information received by Unibail-Rodamco in connection with threshold crossing notifications, the following table sets forth information regarding the persons expected to hold 2.5% or more of the Stapled Shares upon completion of the Transaction: Name of Beneficial Owner — Number of Stapled Shares — Percentage of Stapled Shares** APG Asset Management — 6,570,507 — 4.73% BlackRock Fund Advisors*** — 5,947,320 — 4.28% The Vanguard Group, Inc. — 3,958,406 — 2.85% Lowy Family — 3,667,464 — 2.64% Corporate officers and Employee Savings Plan — 1,017,978 — 0.73% * All information as at December 31, 2017, except for number of Stapled Shares estimated to be outstanding immediately upon completion of the Transaction (138,918,769) and number of shares held by Unibail-Rodamco corporate officers and employee savings plan (1,017,978), both as of March 26, 2018. ** Percentage based on 138,918,769 Stapled Shares estimated to be outstanding immediately upon completion of the Transaction. *** The Blackrock Group would hold an aggregate of approximately 13,161,142 Stapled Shares representing approximately 9.47% of the Stapled Shares.
B.7	**Key Financial Information**	See Element B.8 below.
B.8	**Key Pro Forma Financial Information**	The following unaudited pro forma condensed consolidated financial information contains an unaudited pro forma consolidated statement of income for the year ended December 31, 2017, and an unaudited pro forma consolidated statement of financial position as of December 31, 2017, with the related explanatory notes (together the "**New Group Pro Forma Financial Information**"), and has been prepared to represent the pro forma effects of the Transaction. Westfield comprises WCL, WFDT and WAT. Unibail-Rodamco will take control of WCL and WFDT through transfers of cash and Unibail-Rodamco Shares. As such, Unibail-Rodamco will be the accounting acquirer of WCL and WFDT as defined in IFRS 3. With respect to WAT and the stapling of Unibail-Rodamco Shares and Newco Class A Shares, Unibail-Rodamco will also be the accounting acquirer based on IFRS 3 and the Decision of the Interpretation Committee of the IASB dated May 13-14, 2014, that specifically scopes stapling arrangements. On completion of the Transaction, Unibail-Rodamco will hold directly or indirectly 100% of WCL and WFDT, and 40% of Newco, which will own 100% of WAT, owning approximately 83% of WEA, through WAT, the remaining 17% of WEA is indirectly held by WCL. As a result of the Stapled Share Principle, the same shareholders will together hold 100% of Unibail-Rodamco and of Newco, of which 60% directly (Newco Class A Shares) and 40% indirectly through Unibail-Rodamco. As a result of the characteristics of the Transaction, Unibail-Rodamco is deemed to be the accounting acquirer under IFRS. Consequently, WCL, WFDT and, consistent with the legal set up of the Transaction and governance of Newco, WAT, are to be fully consolidated by Unibail-Rodamco. Since the holders of the Stapled Shares will be entitled to the same rights and obligations with respect to Unibail-Rodamco and Newco, respectively, the 60% economic interest in Newco directly held by such holders will be reflected under the caption "Net result attributable to the holders of Stapled Shares" and "Net equity attributable to holders of Stapled Shares" on the face of the consolidated statement of income and statement of financial position, respectively. The New Group Pro Forma Financial Information has been derived from and should be read in conjunction with:

Annexes and Element		Disclosure requirement

– The 2017 Unibail-Rodamco Consolidated Financial Statements;

– The Westfield Consolidated Financial Statements 2017.

The consolidated statement of financial position as at December 31, 2017, and consolidated statement of income for the year ended December 31, 2017, of Unibail-Rodamco have been extracted from the 2017 Unibail-Rodamco Consolidated Financial Statements. The 2017 Unibail-Rodamco Consolidated Financial Statements were prepared in accordance with IFRS and were jointly audited by Ernst & Young Audit and Deloitte & Associés, statutory auditors of Unibail-Rodamco, as stated in their statutory auditors' report on the consolidated financial statements of Unibail-Rodamco issued on March 27, 2018.

The consolidated statement of financial position as at December 31, 2017, and the consolidated income statement for the year ended December 31, 2017, of Westfield have been derived from the Westfield Consolidated Financial Statements 2017. The Westfield Consolidated Financial Statements 2017 were prepared in accordance with International Financial Reporting Standards issued by the IASB, and were audited by Ernst & Young, independent auditor, as stated in their independent auditor's report on the consolidated financial statements of Westfield dated February 22, 2018.

The unaudited pro forma condensed consolidated statement of income has been prepared to give effect to the Transaction as if it had been completed on January 1, 2017. The unaudited pro forma condensed consolidated statement of financial position has been prepared to give effect to the Transaction as if it had been completed on December 31, 2017.

The New Group Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not necessarily indicative of the results of operations or financial position that would have been achieved had either transaction been consummated on the dates indicated above, or the future consolidated results of operations or financial position of the consolidated New Group.

The pro forma adjustments are based on available information to date, certain assumptions and estimates that Unibail-Rodamco considers as reasonable, and the above-mentioned information provided by Westfield. These adjustments are directly attributable to the business combination, factually supportable, and can be estimated reliably.

The statutory auditors of Unibail-Rodamco issued a report on the New Group Pro Forma Financial Information as to the proper compilation of the pro forma financial information.

Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
Currency: € Mn	**Dec. 31, 2017**	**Dec. 31, 2017**	**Dec. 31, 2017**	**Notes**	**Dec. 31, 2017**
Gross rental income	1 822,3	557,8	-		2 380,1
Operating expenses and net service charges	(239,6)	(250,6)			(490,2)
Net rental income	**1 582,6**	**307,2**	**-**		**1 889,8**
Property development and project management revenue	-	649,0	(2,1)	**2,7**	646,9
Property development and project management costs	-	(557,5)	20,3	**2,7**	(537,2)
Net Property development and project management income	**-**	**91,5**	**18,1**		**109,7**
Revenues from other activities	256,1	49,8	-		305,9
Other expenses	(176,3)	(19,1)	-		(195,4)
Net other income	**79,8**	**30,7**	**-**		**110,5**
Share of the result of companies accounted for under the equity method	-	594,5	91,6	**2**	686,2
Income on financial assets	-	-	27,0	**2**	27,0
Contribution of companies accounted for under the equity method	**-**	**594,5**	**118,6**		**713,1**
Administrative expenses	**(123,1)**	**(106,1)**	**-**		**(229,2)**
Acquisition and related costs	**(62,4)**	**(9,1)**	**(188,9)**	**5**	**(260,4)**
Proceeds from disposal of investment properties	592,5	243,4	-		835,9

Annexes and Element	Disclosure requirement

Carrying value of investment properties sold	(518,7)	(255,1)	6,4	7	(767,5)
Result on disposal of investment properties	**73,8**	**(11,8)**	**6,4**		**68,4**
Proceeds from disposal of shares	27,3	-	-		27,3
Carrying value of disposed shares	(27,3)	-	-		(27,3)
Result on disposal of shares	**0,0**	**-**	**-**		**0,0**
Valuation movements on assets	**1 364,4**	**482,7**	**20,3**	7	**1 867,4**
Impairment of goodwill/Negative goodwill	(9,2)	-	-		(9,2)
NET OPERATING RESULT	**2 906,0**	**1 379,7**	**(25,5)**		**4 260,2**
Result from non-consolidated companies	0,9	-	-		0,9
Financial income	*119,5*	*11,7*	-		*131,2*
Financial expenses	*(347,5)*	*(87,7)*	*(22,8)*		*(458,1)*
Net financing costs	(228,0)	(76,0)	(22,8)	6	(326,9)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	21,1	3,5	-		24,6
Fair value adjustments of derivatives and debt	(21,3)	(38,2)	(11,7)	10	(71,1)
Debt discounting	(0,7)	-	-		(0,7)
Share of the result of companies under the equity method	91,6	-	(91,6)	2	-
Income on financial assets	27,0	-	(27,0)	2	-
RESULT BEFORE TAX	**2 796,7**	**1 269,0**	**(178,7)**		**3 887,0**
Income tax expenses	(74,2)	104,2	(10,5)	7	19,5
NET RESULT FOR THE PERIOD	**2 722,5**	**1 373,2**	**(189,2)**		**3 906,5**
Non-controlling interests	283,0				
NET RESULT (Owners of the parent)	**2 439,5**				

Net result for the period attributable to:	
– The holders of the Stapled Shares	3 623,5
– External Non-controlling interests	283,0
Net result for the period	**3 906,5**

Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:	
– Unibail-Rodamco members [(1)]	3 184,3
– Newco members [(1)]	439,3
Net result for the period attributable to the holders of the Stapled Shares	**3 623,5**

(1) The "Newco members" line reflects the 49.55% share of WEA that is held by holders of Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The "Unibail-Rodamco members" line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco's 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA.

Unaudited Pro Forma condensed statement of financial position as of December 31, 2017, under IFRS

	Historical Unibail Rodamco	**Adjusted Historical Westfield (Note 1)**	**Pro Forma adjustments**		**Pro Forma Condensed Consolidated**
Currency: € Mn	**Dec. 31, 2017**	**Dec. 31, 2017**	**Dec. 31, 2017**	**Notes**	**Dec. 31, 2017**
NON CURRENT ASSETS	**41 650,8**	**17 122,0**	**3 633,2**		**62 405,9**
Investment properties	**38 524,3**	**8 671,7**	**-**		**47 196,0**
Investment properties at fair value	*37 181,5*	*8 320,1*	-		*45 501,6*
Investment properties at cost	*1 342,8*	*351,6*	-		*1 694,4*
Other tangible assets	216,3	124,4	-		340,7
Goodwill	522,4	47,8	3 649,0	**4,7**	4 219,1
Intangible assets	172,2	103,5	(35,4)	**7**	240,3
Loans and receivables	76,8	178,9	-		255,7
Financial assets	30,8	239,8	19,6	**7**	290,2
Deferred tax assets	21,9	16,2	-		38,1
Derivatives at fair value	172,8	77,3	-		250,1
Shares and investments in companies accounted for under the equity method	1 913,3	7 637,4	-		9 550,7
Other	-	25,1	-		25,1
CURRENT ASSETS	**1 590,2**	**600,3**	**(397,4)**		**1 793,1**
Loans and receivables	**-**	**22,7**	**-**		**22,7**
Trade receivables from activity	**416,5**	**29,7**	**-**		**446,2**

Annexes and Element		Disclosure requirement

Other receivables	**541,1**	**130,0**	**-**		**671,1**
Derivatives at fair value	**57,9**	**-**	**(57,9)**	**10**	**-**
Cash and cash equivalents	**574,7**	**417,9**	**(339,5)**	**11**	**653,1**
TOTAL ASSETS	**43 241,0**	**17 722,3**	**3 235,8**		**64 199,0**
- Equity attributable to the holders of the Stapled Shares					**26 203,8**
- Unibail-Rodamco members (1)					24 431,0
- Newco members (1)					1 772,8
- External non-controlling interests					**3 838,3**
TOTAL EQUITY	**22 693,2**	**9 071,1**	**(1 722,3)**	**9**	**30 042,1**
NON CURRENT LIABILITIES	**16 851,6**	**7 855,1**	**5 075,8**		**29 782,4**
Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	1 020,5	59,3	-		1 079,8
Long term bonds and borrowings	12 889,6	6 149,4	5 075,8	**6**	24 114,8
Long term financial leases	353,2	32,1	-		385,3
Derivatives at fair value	315,8	18,3	-		334,1
Deferred tax liabilities	1 752,5	1 530,7	-		3 283,2
Long term provisions	30,5	-	-		30,5
Employee benefits	9,3	3,8	-		13,1
Guarantee deposits	223,9	-	-		223,9
Tax liabilities	0,1	-	-		0,1
Amounts due on investments	256,2	61,4	-		317,6
CURRENT LIABILITIES	**3 696,2**	**796,0**	**(117,7)**		**4 374,6**
Current commitment to purchase non-controlling interests	**7,0**	**-**	**-**		**7,0**
Amounts due to suppliers and other current debt	**1 161,6**	**717,3**	**(70,4)**	**12**	**1 808,5**
Current borrowings and amounts due to credit institutions	**2 301,9**	**4,6**	**(47,3)**	**10**	**2 259,2**
Current financial leases	**2,0**	**0,5**	**-**		**2,5**
Tax and social security liabilities	**210,5**	**34,8**	**-**		**245,3**
Short term provisions	**13,2**	**38,9**	**-**		**52,1**
TOTAL LIABILITIES AND EQUITY	**43 241,0**	**17 722,3**	**3 235,8**		**64 199,0**

(1) The "Newco members" line reflects the 49.55% share of WEA that is held by holders Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The "Unibail-Rodamco members" line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco's 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA..

B.9 **Profit Forecasts or Estimates**

Unibail-Rodamco has based its forecast for 2018 on its consolidated financial statements on a stand-alone basis as of and for the year ended December 31, 2017.

The principal assumptions and estimates used for the Unibail-Rodamco group's 2018 budget and forecast that are within Unibail-Rodamco's control are:

– Rents: rental income from the renewal of leases, re-letting or vacancies for all units in the Unibail-Rodamco group's portfolio and rental income from extensions and renovations of standing assets or delivery of new assets.

– Indexation: where benchmarks are not available, indexation assumptions are estimated on the basis of available information.

– Exchange rates: are based on a combination of market forward rates and forecasts from Bloomberg and analysts in January of the first year of the annual plan and are updated annually in connection with the preparation of each new annual plan.

– The Congress & Exhibition division: rental income and service revenues have been forecast based on the frequency of events and the order book as at December 31, 2017, supplemented by forecasts for future business.

– Investments: the amount of investment required to deliver the projects in the Unibail-Rodamco group's development pipeline, to maintain the Unibail-Rodamco group's assets as well as the proceeds from expected disposals of mature or non-strategic assets.

Annexes and Element		Disclosure requirement
		– Disposals: based on the Unibail-Rodamco group's view on the ability of assets to generate returns required by the Unibail-Rodamco group, disposals are assumed to be made. The amount of disposals may vary from year to year. – Financial expenses: cash flows generated by the Unibail-Rodamco group's forecast operations have been estimated and the business plan includes assumptions about interest rates based on market forecasts (forward rates) and the effects of hedging instruments implemented by the Group are integrated in the calculation of financial expenses. – Taxes: taxes are estimated on the basis of the income generated by the Unibail-Rodamco group's subsidiaries in each country based on the laws and regulations known at the time of the preparation of the annual business plan. – Accounting principles: application of accounting standards and methods on which the 2017 consolidated financial accounts are based. Indexation and exchange rates are external factors on which Unibail-Rodamco has no influence. Based on (i) what Unibail-Rodamco considers reasonable assumptions about stable macro-economic growth and geopolitical conditions as well as the assumption of a stable business environment in the countries in which the Unibail-Rodamco currently operates and (ii) expected net rental income growth as a result of rental uplifts, deliveries of assets during 2017, the acquisition of a stake in Metropole Zlicin and partially offset by an disposal of an office asset in H2-2017, Unibail-Rodamco expects to increase its recurring profit before tax in 2018 to between €1,295 million and €1,310 million (after deduction of minority interests), representing an increase of between 6.1% and 7.4% compared to the year ended December 31, 2017. Unibail-Rodamco expects its average number of shares outstanding to increase by approximately 400,000 shares in 2018, compared to the average number of shares in 2017, representing an estimated increase of +0.4%. Based on the above, Unibail-Rodamco expects its recurring profit before tax per share to increase by up to 7.1%. Consequently, Unibail-Rodamco expects its recurring earnings per share in 2018 to increase and reach a range between €12.75 and €12.90, on a standalone basis, representing a recurring earnings per share growth of between +5.8% and +7.1%, compared to the €12.05 recurring earnings per share published for 2017. Upon completion of the Transaction, Unibail-Rodamco's forecasts on a standalone basis will of course cease to be operative. Unibail-Rodamco will endeavor to provide an update for the year ending December 31, 2018, as soon as it reasonably can do so with confidence.
B.10	**Qualifications in the Audit Report on the Historical Financial Information**	Not applicable.
B.11	**Net Working Capital**	Unibail-Rodamco and Newco are of the opinion that the working capital available to the New Group is sufficient to meet its present requirements, that is for at least a period of 12 months from the date of this Prospectus.

Section C – Shares

Annexes and Element		Disclosure requirement
C.1	**Type and Class of Securities**	In accordance with the Unibail-Rodamco Articles and Newco Articles, each Stapled Share is composed of one Unibail-Rodamco Share stapled together with one Newco Class A Share and will be denominated in Euro. The Stapled Shares whose admission to the regulated market of Euronext Paris and Euronext Amsterdam has been granted will comprise all of the shares in the share capital of

Annexes and Element		Disclosure requirement
		Unibail-Rodamco as well as all of the Newco Class A Shares, stapled, i.e., approximately 138,918,769 Stapled Shares. The Unibail-Rodamco Shares are ordinary shares with a nominal value of five Euros (€5.00). Unibail-Rodamco LEI: 969500SHQITWXSIS7N89. Under the Newco Articles, the authorized share capital of Newco will amount to €550,000,000, consisting of 660,000,000 Newco Class A Shares and 440,000,000 Newco Class B Shares with a nominal value of €0.50 each. Immediately after completion of the Transaction, Newco's issued share capital will consist of up to 138,918,769 Newco Class A Shares and approximately 93 million Newco Class B Shares. Newco LEI: 7245002R31EKBDW59H93. ***Stapled Shares admitted to trading*** ISIN code: FR0013326246 Trading symbol: "URW"
C.2	**Currency**	Unibail-Rodamco Shares and Newco Class A Shares are denominated in Euro. Trading of the Stapled Shares on Euronext Paris and Euronext Amsterdam will be in Euro.
C.3	**Issued Share Capital**	See Element C.1 above.
C.4	**Description of the Rights Attached to the Stapled Shares**	Any holder of Stapled Shares will have all the rights and be under all the obligations of both a shareholder of Unibail-Rodamco (with respect to the Unibail-Rodamco Shares that are part of his Stapled Shares) and a shareholder of Newco (with respect to the Newco Class A Shares that are part of his Stapled Shares). ***Stapled Shares*** To effect the stapling of Unibail-Rodamco Shares to Newco Class A Shares into a Stapled Share and in order to achieve a situation where holders of Unibail-Rodamco Shares and Newco Class A Shares - other than any entity of the Stapled Group - hold an interest in both Unibail-Rodamco and Newco as if they held an interest in a single (combined) company, the Unibail-Rodamco Articles and the Newco Articles set out the "**Stapled Share Principle**". The Stapled Share Principle entails the following: - no Unibail-Rodamco Share or Newco Class A Share can be (i) issued to, or subscribed for by, others than an entity of the Stapled Group, (ii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than an entity of the Stapled Group, or (iii) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a Newco Class A Share or Unibail-Rodamco Share, as the case may be, in the form of a Stapled Share; - no right to subscribe for one or more Unibail-Rodamco Shares or Newco Class A Shares can be (i) granted to or exercised by others than any entity of the Stapled Group, (ii) terminated by others than any entity of the Stapled Group, (iii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the Stapled Group, or (iv) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a corresponding right to subscribe for an equal number of Newco Class A Shares or Unibail-Rodamco Shares, as the case may be, in the form of an equal number of Stapled Shares; - all shareholders, other than any entity of the Stapled Group, must refrain from (i) acquiring any Unibail-Rodamco Share or Newco Class A Share, (ii) acquiring, exercising or terminating any right to subscribe for one or more Unibail-Rodamco

Annexes and Element		Disclosure requirement
		Shares or Newco Class A Shares, or (iii) creating or acquiring a usufruct, pledge or other encumbrance over any Unibail-Rodamco Share or Newco Class A Share or any right to subscribe for one or more Unibail-Rodamco Share or Newco Class A Shares, in each case except (if it concerns a Unibail-Rodamco Share or Newco Class A Share) together with a Newco Class A Share or a Unibail-Rodamco Share, respectively, in the form of a Stapled Share or (if it concerns a right to subscribe for one or more Unibail-Rodamco Shares or Newco Class A Shares) together with a corresponding right to subscribe for an equal number of Newco Class A Shares or Unibail-Rodamco Shares, as the case may be, in the form of an equal number of Stapled Shares; and - subject to applicable law, the Unibail-Rodamco Management Board, Unibail-Rodamco Supervisory Board, Newco Management Board and Newco Supervisory Board shall take all necessary actions to ensure that, at all times, the number of Unibail-Rodamco Shares issued and held by others than any entity of the Stapled Group is equal to the number of Newco Class A Shares issued and held by others than any entity of the Stapled Group. As a result of the Stapled Share Principle, Unibail-Rodamco Shares and Newco Class A Shares cannot be transferred separately (except for transfers to entities of the Stapled Group), but only as Stapled Shares. ***Transfer and ownership of Stapled Shares*** In accordance with Article L. 211-3 of the French Monetary and Financial Code, the Stapled Shares, regardless of their form, will be dematerialized and ownership will be evidenced by book-entry in a securities account. In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, the Stapled Shares are transferred via account-to-account transfer and the ownership of the Stapled Shares will occur upon their registration in the buyer's securities account. Registration of one Stapled Share in the buyer's securities account will entail the transfer of ownership of one Unibail-Rodamco Share and one Newco Class A Share. ***Shares held in a PEA (plan d'épargne en actions)*** The Stapled Shares are not eligible for inclusion within the PEA, including with respect to Stapled Shares received by Unibail-Rodamco Shareholders who currently validly hold their Unibail-Rodamco Shares in a PEA. These shareholders will be entitled to regularize their situation by transferring the Stapled Shares out of their PEA account, under conditions that will shortly be confirmed by the French tax authorities and communicated by Unibail-Rodamco. Any capital gains crystalized upon such transfer will benefit from the PEA tax exemption regime. ***Issue of Stapled Shares*** The creation of a new Stapled Share may be achieved by Unibail-Rodamco issuing a Unibail-Rodamco Share and Newco issuing a Newco Class A Share. Pursuant to the Stapled Share Principle, no Unibail-Rodamco Share can be issued to others than an entity of the Stapled Group except together with a Newco Class A Share in the form of a Stapled Share (and vice versa), which can for instance be achieved by making the resolution resolving upon the issuance of the Newco Class A Shares conditional upon adoption of a resolution resolving upon the issuance of a corresponding number of Unibail-Rodamco Shares. The creation of a new Stapled Share can also be achieved by Unibail-Rodamco issuing a Unibail-Rodamco Share together with the transfer of an existing (unstapled) Newco Class A Share held in treasury by the Stapled Group, or by Newco issuing a Newco Class A Share together with the transfer of an existing (unstapled) Unibail-Rodamco Share held in treasury by the Stapled Group. ***Pre-emptive rights in respect of Stapled Shares*** Due to the Stapled Share Principle, any issuance of Stapled Shares with pre-emptive rights

Annexes and Element		Disclosure requirement
		for existing holders of Stapled Shares can for instance be achieved by both Unibail-Rodamco and Newco issuing new shares with pre-emptive rights. In such case of an issue with pre-emptive rights, the Stapled Share Principle entails that the (pre-emptive) right of an existing shareholder to subscribe a Unibail-Rodamco Share can only be exercised by or transferred to others than any entity of the Stapled Group together with the corresponding right to subscribe for a Newco Class A Share (and vice versa) in the form of a Stapled Share. Conversely, any issuance of Stapled Shares without pre-emptive rights for existing holders of Stapled Shares requires that pre-emptive rights are excluded (or otherwise do not apply) in respect of both the Unibail-Rodamco Shares and the Newco Class A Shares. ***Dividends and other distributions on Stapled Shares*** Any holder of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. Consequently, such holder will receive dividends and other distributions that are declared by Unibail-Rodamco on the Unibail-Rodamco Shares as well as dividends and other distributions that are declared by Newco on the Newco Class A Shares. The payment of Unibail-Rodamco's dividends and Newco's dividends are expected to take place in different installments. The payment of Unibail-Rodamco's dividends and Newco's dividends will be subject to different tax treatments. ***Stapled Share Principle and public offer rules*** Any holder of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. Consequently, any holder of Stapled Shares must comply with both the French public offer rules (in respect of Unibail-Rodamco) and the Dutch public offer rules (in respect of Newco). Due to Unibail-Rodamco's shareholding in Newco, one Stapled Share does not represent the same percentage of voting rights in Unibail-Rodamco as it does in Newco. As a result, a holder of Stapled Shares may cross the 30% threshold for a mandatory offer for all outstanding Unibail-Rodamco Shares without being subject to a statutory requirement to make a mandatory offer for all outstanding Newco Shares at the same time. However, due to the Stapled Share Principle, an offeror that is not an entity of the Stapled Group can only acquire Unibail-Rodamco Shares in the form of Stapled Shares, which may result in a requirement for the offeror to launch a parallel public offer for all outstanding Newco Shares. ***Unibail-Rodamco Shares*** Each Unibail-Rodamco Share confers the right to cast one vote at the Unibail-Rodamco General Meeting. *Issue of Unibail-Rodamco Shares* The issuance of Unibail-Rodamco Shares and equity securities requires a vote by the extraordinary general meeting of Unibail-Rodamco shareholders (the "**Unibail-Rodamco Shareholders**"). Unibail-Rodamco Shareholders may delegate power and authority to issue Unibail-Rodamco Shares and equity securities to the Unibail-Rodamco management board (the "**Unibail-Rodamco Management Board**"). Share capital increases are subject to the Stapled Share Principle. *Pre-emptive rights Unibail-Rodamco Shares* Pursuant to French law, Unibail-Rodamco Shareholders have preferential rights to subscribe on a pro rata basis Unibail-Rodamco Shares or other securities issued by Unibail-Rodamco that give a right, directly or indirectly, to subscribe equity securities issued by a company for cash. Such preferential subscription rights may be sold during the subscription period relating to a particular offering. Preferential subscription rights with respect to any particular offering can be waived upon by a decision of an extraordinary Unibail-Rodamco general meeting. The Unibail-Rodamco Management Board and Unibail-Rodamco's independent auditors must present reports that specifically address any proposal to waive preferential subscription rights. *Dividends and other distributions Unibail-Rodamco Shares*

Annexes and Element		Disclosure requirement
		Under French law and the Unibail-Rodamco Articles, dividends may be distributed from "distributable profits" (*bénéfice distribuable*) which, in each fiscal year, consist of: - Unibail-Rodamco's net profits for the fiscal year; less - any required contribution to Unibail-Rodamco's legal reserve fund under French law; plus - any additional profits that Unibail-Rodamco reported, but did not distribute in its prior fiscal years; less - any loss carried forward from prior fiscal years; - as well as from any reserves available for distribution (the distributable profits plus any reserves available for distribution forming the "amount available for distribution"). If Unibail-Rodamco has made a profit since the end of the preceding fiscal year, as shown on an interim balance sheet certified by Unibail-Rodamco's statutory auditors, the Unibail-Rodamco Management Board is entitled to, subject to the provisions of the French Commercial Code and other regulations, distribute interim dividends prior to the approval of the annual accounts by the shareholders, provided that the amount of any interim dividends does not exceed the amount available for distribution. The Unibail-Rodamco Articles authorize the Unibail-Rodamco General Meeting to grant to each shareholder the option to receive all or part of any dividend in either cash or Unibail-Rodamco Shares. Dividends are distributable to Unibail-Rodamco Shareholders pro rata according to their respective holdings of Unibail-Rodamco Shares. Dividends are payable to Unibail-Rodamco Shareholders as of the date of the ordinary Unibail-Rodamco General Meeting approving the distribution of dividends. ***Newco Shares*** Each Newco Class A Share confers the right to cast one vote at the Newco general meeting. *Issue of Newco Shares* Subject to the Stapled Share Principle and at the proposal of the Newco management board (the "**Newco Management Board**") with the approval of the Newco supervisory board (the "**Newco Supervisory Board**"), the Newco general meeting (the "**Newco General Meeting**") may resolve to issue Newco Shares. Upon a proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meeting may also designate the authority to issue Newco Shares to the Newco Management Board. A resolution by the Newco Management Board to issue Newco Shares is subject to the Stapled Share Principle and requires the approval of the Newco Supervisory Board. The aforementioned also applies to the granting of rights to subscribe for Newco Shares. Prior to completion of the Transaction, the Newco General Meeting will irrevocably authorize the Newco Management Board to, subject to the approval of the Newco Supervisory Board and the Stapled Share Principle, resolve to issue Newco Shares and to grant rights to subscribe for Newco Shares, for an initial period of five years from completion of the Transaction, up to the maximum authorized share capital as this may be from time to time. *Pre-emptive rights Newco Shares* Upon an issuance of Newco Shares, each Newco Shareholder shall have a pre-emptive right in proportion to the aggregate nominal value of his Newco Shares. No pre-emptive right exists in respect of Newco Shares issued against non-cash contribution or to employees of Newco or a Newco Group Company. These pre-emptive rights also apply in case of the granting of rights to subscribe for Newco Shares. At the proposal of the Newco Management Board with the approval of the Newco Supervisory Board, the Newco General Meeting may resolve to limit or exclude pre-emptive rights. Upon a proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meetingmay also designate the authority to limit or exclude pre-emptive rights to the Newco Management Board. A resolution by the Newco Management Board to limit or

Annexes and Element		Disclosure requirement
		exclude pre-emptive rights requires the approval of the Newco Supervisory Board. A resolution by the Newco General Meetingto limit or exclude pre-emptive rights, or to grant an authorization, requires a majority of at least two-thirds (2/3rd) of the votes cast. Prior to completion of the Transaction, the Newco General Meetingwill irrevocably authorize the Newco Management Board to, subject to the approval of the Newco Supervisory Board, resolve to limit or exclude pre-emption rights in relation to an issuance of Newco Shares or a granting of rights to subscribe for Newco Shares, for an initial period of five years from completion of the Transaction, up to the maximum authorized share capital as this may be from time to time. *Dividends and other distributions Newco Shares* Newco can only make a distribution to the extent that its equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law. Distributions shall be made in proportion to the aggregate number of Newco Shares held. The profits shown in Newco's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority: (i) the Newco Management Board, with the approval of the Newco Supervisory Board, shall determine which part of the profits shall be added to Newco's reserves, taking into account the fiscal rules and regulations applicable to Newco from time to time; and (ii) the remaining profits shall be at the disposal of the Newco general meeting. The Newco Management Board, with the approval of the Newco Supervisory Board, may resolve to make interim distributions. At the proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meetingis authorized to resolve to make a distribution from Newco's reserves. A distribution shall be payable on such date and, if it concerns a distribution in cash, such currency or currencies as determined by the Newco Management Board with the approval of the Newco Supervisory Board.
C.5	**Restriction on the Free Transferability of the securities**	As a result of the Stapled Share Principle, Unibail-Rodamco Shares and Newco Class A Shares cannot be transferred separately (except for transfers to entities of the Stapled Group), but only as Stapled Shares. All Unibail-Rodamco Shareholders and Newco Shareholders must comply with the Stapled Share Principle. Stapled Shares are freely transferable and there are no restrictions on transfer, subject to the Stapled Share Principle.
C.6	**Admission**	Admission of the Stapled Shares on Euronext Paris and Euronext Amsterdam after completion of the Transaction has been granted. Details of listing of Stapled Shares are set forth in a Euronext notice to be released no later than May 30, 2018. The Stapled Shares are expected to commence trading on Euronext Amsterdam and Euronext Paris on June 5, 2018.
C.7	**Dividend Policy**	Unibail-Rodamco's current 85-95% dividend pay- out policy with respect to Unibail-Rodamco's recurring net earnings is expected to remain the same after completion of the Transaction, except for the installment dates, which, for the years 2018 and thereafter will take place in March and July after completion of the Transaction. Newco expects to pay out between 85% and 95% of the financial year's recurring net earnings. In order to maintain its FII (fiscal investment institution (*fiscale beleggingsinstelling*) within the meaning of the CITA) status, Newco intends to comply with the fiscal distribution requirement to pay a dividend that is at least equal to the fiscal profit of Newco within eight months after the end of each financial year. Newco anticipates that it will pay such annual dividends in two installments as from 2019, related to the financial year ended December 31, 2018, in March and July.

Section D – Risks

Annexes and Element		Disclosure requirement
D.1	**Risks related to the New Group and its Industry**	Key risks relating to the New Group and its business are listed below: - The New Group real estate portfolio and the returns from its investments could be adversely affected by economic conditions, fluctuations in the value and rental income of its properties and other factors. Returns from an investment in the New Group assets depend largely upon the amount of rental income generated from the properties and the expenses incurred in the operations, including the management and maintenance of the properties, as well as changes in the market value of the properties. Rental income and the market value of the New Group properties may be adversely affected by a number of factors, including: - the cyclical nature of the real estate sector; - the overall conditions in the national and local economies in which the New Group operates, such as growth (or contraction) in gross domestic product, employment trends, consumer sentiment, retail sales and the level of inflation and interest rates; - local real estate conditions, such as the level of demand for and supply of retail, office and convention & exhibition spaces; - its ability to develop and redevelop its properties in order to maximize returns on investment from both increased rental income and capital appreciation of the asset; - its ability to attract and retain tenants and customers for ancillary services; - the perception of prospective tenants and shoppers of the attractiveness, convenience and safety of the properties; - the convenience and quality of competing shopping centres and other retail options such as the growth of e-commerce, as well as other trends in the consumer retail industry; - the financial condition of its tenants and, in particular, its anchor tenants and office tenants; - high or increasing vacancy rates; - changes in real estate tenancy laws; - terrorist attacks on, or other significant security incidents at, one or more of its assets; and - external factors including major world events such as war, or natural disasters such as floods and earthquakes. Inflation can impact the New Group operations through its effect on costs and hence the profitability and performance of individual properties. A decline in the overall performance of the New Group assets due to inflation can potentially reduce its real earnings as well as impact its management fees. - The credit rating of the New Group may be negatively revised in the future. Even though the Transaction is expected to lead to an improved financial profile, the maintenance of Unibail-Rodamco's current credit rating cannot be guaranteed as its depends on the assessment of Unibail-Rodamco by third-parties. In the future, the

Annexes and Element		Disclosure requirement
		rating agencies could assign the New Group or its debt instruments a lower rating than the current ratings of Unibail-Rodamco and/or Westfield. Such a downgrade may lead the New Group to finance itself at less favorable conditions and could increase the New Group's financing costs. - Adverse consequences could arise in the event a legal entity of the New Group fails to qualify for favorable tax treatment under the FII, SIIC (French listed real estate investment company (*Société d'Investissement Immobilier Cotée*)), SOCIMI (Spanish listed real estate investment company (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*) and REIT (U.S. real estate investment trust) regimes. If the applicable legal entities of the New Group lose their qualification under the FII, SIIC, SOCIMI or REIT regime, the New Group will be required to pay Dutch, French, Spanish or United States federal income taxes (including, for taxable years beginning on or before December 31, 2017, any applicable alternative minimum tax), as applicable, on its taxable income at regular corporate tax rates. In that case, the net earnings of the concerned legal entities of the New Group available for investment or distribution to shareholders would be significantly reduced for each of the years involved.
D.3	**Key Risks Related to the Transaction and the Stapled Shares**	The main risks related to the Transaction and the Stapled Shares are the following: - The completion of the Transaction is subject to a number of conditions precedent, which may prevent or delay it. The completion of the Transaction is subject to a number of conditions precedent Certain of these conditions precedent are beyond the control of Unibail-Rodamco, Newco and Westfield. There can be no guarantee that the conditions precedent to the Transaction will be satisfied or waived in a timely fashion or at all. Any failure or delay in satisfying the conditions precedent could prevent or delay the completion of the Transaction, which could reduce the benefits that Unibail-Rodamco expects to obtain from the Transactions, increase the costs associated with the Transaction and impede successful integration of Unibail-Rodamco's and Westfield's businesses. In particular, the Transaction is subject to various conditions precedent including as follows: - approvals and consents from regulatory authorities in the European Union and Australia. The relevant authorities may impose measures or conditions and there can be no guarantee that Unibail-Rodamco and Westfield will obtain the necessary consents, orders and approvals from regulators. In addition, any conditions imposed by regulators in connection with the Transaction could have a material adverse impact on Unibail-Rodamco's business, results of operations, financial position, and prospects; - the approval by Unibail-Rodamco's shareholders and Westfield Securityholders; - Australian court approvals of or in relation to the proposed Schemes; and - admission of the Stapled Shares to trading on the ASX in the form of CDIs. - Risks relating to the achievement of expected synergies. While Unibail-Rodamco has experience of integrating assets and businesses, the achievement of synergies is not certain. There is a risk that the expected synergies

Annexes and Element		Disclosure requirement
		may not be realized at all or not realized to their full extent, or that they may be realized over a longer period of time, or involve greater costs to achieve, than anticipated. The ability to realize the synergies will be dependent, on other things, Unibail-Rodamco, Newco and Westfield being integrated in an efficient, effective and timely manner without material disruption to their respective businesses. Any failure to achieve the anticipated benefits and synergies could impact the financial performance and position of the New Group. See immediately below regarding integration risks. - The integration of the activities of Unibail-Rodamco and Westfield may be more costly than anticipated. The Transaction will involve the combination of the businesses of Unibail-Rodamco and Westfield which have previously operated independently. There is a risk that unexpected issues and complications may arise during the process of integration. There is a risk that the New Group may face unanticipated liabilities and costs, operational disruption and the possible loss of key employees, customers or market share if integration is not achieved in a timely and orderly manner. Unibail-Rodamco and Westfield will incur costs in connection with the Transaction. Both Unibail-Rodamco and Westfield will pay transaction fees and other expenses related to the Transaction, including financial advisers' fees, filing fees, legal and accounting fees, regulatory fees and mailing costs. - The New Group's actual financial positions and results of operations may differ materially from the unaudited pro forma financial data included in this Prospectus. The unaudited pro forma financial information presented by Unibail-Rodamco has a purely illustrative value and, by its nature, describes a hypothetical situation which assumed that the Transaction completed on either January 1, 2017 (for the purpose of preparing the pro forma statement of income), or on December 31, 2017 (for the purpose of preparing the pro forma statement of financial position). As a result, it does not reflect the actual financial position or results of operations of the New Group may have achieved had the integration of Unibail-Rodamco's and Westfield's businesses been completed during the period covered. The unaudited pro-forma financial information also does not reflect the future operating results, financial situation or financing instruments of the New Group. The unaudited pro forma financial information does not take into account, either, non-current elements such as expenses linked to the change of control or integration costs that may arise from the Transaction. Furthermore, the financial effects of any rationalization of synergies are not reflected in the unaudited pro forma financial information. As a consequence, the financial situation of the New Group may differ significantly from the financial situation presented in the unaudited pro forma financial information included in the Prospectus.

Section E – Offer

Annexes and Element		Disclosure requirement
E.1	**Net Proceeds of the Offer**	Not applicable.
	Estimate of the Total	The amount of the fees and expenses of financial advisors, lawyers, accountants, and communication consultants incurred by Unibail-Rodamco in connection with the

Annexes and Element		Disclosure requirement
	Expenses of the Transaction and Admission	Transaction and the Admission, is estimated at approximately €86 million (US$103 million). Westfield has incurred significant costs in developing the Transaction with Unibail-Rodamco to the point that it is capable of being submitted to Westfield securityholders for their consideration. These costs include negotiations with Unibail-Rodamco, retention of advisers, provision of information to Unibail-Rodamco, facilitating Unibail-Rodamco's access to due diligence and engagement of the independent expert. If the Transaction is implemented, these costs will effectively be met by Unibail-Rodamco and Newco as the ultimate controller of Westfield following implementation of the Transaction. If the Transaction is not implemented and if no superior proposal emerges and becomes effective, Westfield expects to incur total costs of approximately US$50 million, US$10.3 million of which was paid in the 2017 financial year and the remainder of which will be paid in the 2018 financial year.
E.2a	**Reason for the Offer and Use of Proceeds**	Not applicable.
E.3	**Terms and Conditions of the Offer**	The timetable below sets out on an indicative basis the main steps of the Transaction and of the Admission:

Date of this Prospectus	Approval of the Prospectus by the AMF and the AFM and publication of the Prospectus Approval of the Document E by the AMF and publication of the Document E Publication of the Unibail-Rodamco 2017 Registration Document on Unibail-Rodamco's Internet website
April 4, 2018	Publication of the first notice (*avis de réunion*) in the BALO (French official bulletin of legal notices) convening the Unibail-Rodamco General Meeting
April 12, 2018 (Sydney time)	First Scheme Court hearing for convening the general meeting of Westfield Securityholders. Registration of Scheme Booklet with the Australian Securities and Investments Commission (ASIC)
April 27, 2018	Publication of the second notice (*avis de convocation*) in the BALO convening the Unibail-Rodamco General Meeting
May 17, 2018	Unibail-Rodamco General Meeting for the Unibail-Rodamco Shareholder Approval
May 24, 2018 (Sydney time)	Westfield general meeting (to vote on the Schemes and related resolutions)
May 29, 2018 (Sydney time)	Second Scheme Court hearing in relation to the Schemes
May 30, 2018 (at the latest)	Publication by Euronext of a delisting notice of Unibail-Rodamco Shares and of an admission notice of the Stapled Shares
May 30, 2018	Effective Date Last day of trading in Westfield Securities on the Australian Securities Exchange (ASX) Payment of Unibail-Rodamco's final dividend for the 2017 fiscal year
May 31, 2018	Chess Depository Interests (CDIs) expected to commence trading on the ASX on a deferred settlement basis

Annexes and Element		Disclosure requirement	
		June 1, 2018	Record Date
		June 4, 2018	Last day of trading of the Unibail-Rodamco Shares on Euronext Paris and Euronext Amsterdam Publication by Euronext of the reference price of the Stapled Shares
		June 5, 2018	Opening of trading of the Stapled Shares on Euronext Paris and Euronext Amsterdam (9:00 a.m. CET)
		June 6, 2018	Record date of Unibail-Rodamco Shareholders entitled to Newco Class A Shares
		June 7, 2018	Implementation Date First day of delivery of Stapled Shares on Euronext Paris and Euronext Amsterdam
		June 12, 2018	First day of normal settlement trading of CDIs on ASX
E.4	**Material Interests to the Offer**	Not applicable.	
E.5	**Selling Shareholder and Lock-Ups**	Not applicable.	
E.6	**Dilution Resulting from the Offer**	Immediately following completion of the Transaction, it is expected that former Unibail-Rodamco shareholders will own approximately 72% of the Stapled Shares and former Westfield Securityholders will own approximately 28% of the Stapled Shares, on a fully diluted basis as of the date of this Prospectus (i.e., taking into account the effect of all the dilutive instruments, being ORA, ORNANE, performance shares and restricted stock options for Unibail-Rodamco and restricted stock units for Westfield, using the treasury method).	
E.7	**Estimated Expenses Charges to the Investor by the New Group**	Not applicable.	

RESUME

Le résumé se compose d'une série d'informations clés, désignées sous le terme d' « Éléments ». Les Éléments sont présentés en cinq sections A – E (numérotées de A.1 à E.7).

Le résumé contient l'ensemble des Éléments devant figurer dans le résumé d'un prospectus relatif à cette catégorie de valeurs mobilières et à ce type d'émetteur. Tous les Éléments ne devant pas être renseignés, la numérotation des Éléments dans le présent résumé n'est pas continue.

Il est possible qu'aucune information pertinente ne puisse être fournie au titre d'un Élément donné bien que celui-ci doive figurer dans le résumé du fait de la catégorie des valeurs mobilières et du type d'émetteur concerné. Dans ce cas, une description sommaire de l'Élément concerné figure dans le résumé avec la mention « Sans objet ».

Section A – Introduction et avertissements

Annexes et Elément		**Obligation d'information**
A.1	**Introduction et Avertissements**	Le présent résumé doit être lu comme une introduction au Prospectus. Toute décision d'investir dans les valeurs mobilières dont l'admission aux négociations sur un marché réglementé est demandée doit être fondée sur un examen exhaustif du Prospectus dans son ensemble par l'investisseur. Lorsqu'une action est intentée devant un tribunal à propos de l'information contenue ou incorporé par référence dans le présent Prospectus, l'investisseur plaignant peut, selon la législation nationale des États membres de l'Union Européenne ou parties à l'accord sur l'Espace Economique Européen où l'action est intentée, avoir à supporter les frais de traduction du Prospectus avant le début de la procédure judiciaire. Les personnes qui ont présenté le résumé n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du présent Prospectus ou s'il ne fournit pas, lu en combinaison avec les autres parties du présent Prospectus, les informations clés concernant les Actions Jumelées.
A.2	**Revente ultérieure de valeurs mobilières ou placement de valeurs mobilières par le biais d'intermédiaires financiers**	Sans objet.

Section B – Société

Annexes et Elément		**Obligation d'information**
B.1	**Raison sociale**	Unibail-Rodamco SE ("**Unibail-Rodamco**").
		WFD Unibail-Rodamco N.V. ("**Newco**" ou "**WFD Unibail-Rodamco**").
B.2	**Siège social**	Le siège social d'Unibail-Rodamco est sis 7, place du Chancelier Adenauer, 75016 Paris, France.
		Le siège social de WFD Unibail-Rodamco est sis Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), Pays-Bas.
	Forme juridique	Unibail-Rodamco est une Société Européenne.
		WFD Unibail-Rodamco est une société anonyme (*naamloze vennootschap*).
	Droit applicable	Unibail-Rodamco: droit français.

		WFD Unibail-Rodamco: droit néerlandais.
	Pays d'origine	Unibail-Rodamco a été constituée en France. WFD Unibail-Rodamco a été constituée aux Pays-Bas.
B.3	**Nature des opérations et principales activités**	***Unibail-Rodamco*** Unibail-Rodamco est la principale société immobilière cotée d'Europe[10]. Unibail S.A. est cotée à la bourse de Paris depuis 1972. Unibail-Rodamco est aujourd'hui à la tête d'un portefeuille de biens commerciaux de grande qualité situés dans les métropoles les plus dynamiques de l'Europe continentale, d'une valeur consolidée de 43,1 milliards d'euros[11] au 31 décembre 2017. Les activités d'Unibail-Rodamco sont axées sur des complexes commerciaux dans les principales capitales européennes, des actifs de bureaux de premier ordre au cœur et à l'ouest de Paris et de grands centres de congrès et d'exposition à Paris et en région parisienne. La stratégie d'Unibail-Rodamco repose sur une intégration verticale de l'ensemble de la chaîne de création de valeur immobilière. La combinaison de trois métiers que sont le développement, l'investissement et la gestion, confère au groupe Unibail-Rodamco une connaissance inégalée de ses marchés, doublée d'une solide expertise. Cette maîtrise lui permet de prospérer sur des marchés cycliques par essence, et sa stratégie lui permet de continuer d'investir même en cas de crises économiques. Par une approche de renouvellement actif de son portefeuille, le groupe Unibail-Rodamco réinvestit le produit de ses différentes cessions dans ses projets de construction. Fort d'actifs de grande qualité[12] ainsi que du talent de plus de 2 000 collaborateurs dont des experts dans les domaines de l'investissement, la construction, la location, la gestion et la cession d'actifs, le groupe Unibail-Rodamco est à même de générer une croissance et un rendement de très haut niveau pour ses actionnaires. ***Westfield*** Westfield possède une plate-forme unique de centres commerciaux aux États-Unis et au Royaume-Uni, ainsi qu'un important projet de développement commercial à Milan, en Italie. Westfield est un groupe international d'immobilier commercial dont les actifs sont gérés en interne et intégrés verticalement, se concentrant sur les États-Unis, le Royaume-Uni et l'Europe. La stratégie de Westfield est de créer et d'exploiter des centres de shopping de destination dans les principaux marchés en mesure d'offrir des expériences unique aux enseignes, aux marques et aux consommateurs. Westfield possède une plate-forme opérationnelle d'actifs commerciaux de classe mondiale et développe des activités en gestion immobilière, location, conception, construction, promotion, commercialisation et digital. Au 31 décembre 2017, le portefeuille de Westfield se compose de 35 centres commerciaux accueillant plus de 400 millions de visiteurs par an pour un volume annuel de ventes de 16 milliards USD. Le total des actifs sous gestion de Westfield s'élève à 34,5 milliards, dont 13,1 milliards USD (soit 38,0%) est géré pour le compte de partenaires avec des ventes annuelles de produits spécialisés de 733 USD au pied carré (approximativement 7 890 USD au mètre carré). Le portefeuille de Westfield réunit des destinations de shopping de niveau international

10 Sur la base de la capitalisation boursière au 31 décembre 2017 ; Source : FactSet.

11 Valeur de marché brute consolidée.

12 Sur la base d'un nombre d'actifs A++ selon la grille de notation de Green Street Advisors parmi les groupes cotés de l'immobilier commercial aux États-Unis et en Europe dotés d'une capitalisation boursière supérieure à 10 milliards d'euros au 31 décembre 2017.

		telles que Westfield London et Stratford City, considérés par Westfield comme deux centres de shopping de destination au Royaume-Uni et en Europe, ainsi que Century City, Garden State Plaza, San Francisco, Topanga, UTC, Valley Fair et Westfield World Trade Center aux États-Unis.
B.4a	**Principales tendances récentes**	***Unibail-Rodamco*** *Centres Commerciaux* L'économie européenne a continué de croître de façon régulière. La croissance du produit intérieur brut ("**PIB**") pour 2017[13] est estimée à + 2,3 % pour l'Union Européenne (UE-28) et à + 2,2 % pour la zone euro, en amélioration par rapport à 2016 (respectivement + 1,9 % et + 1,8 %). Cette croissance est soutenue par la consommation privée, l'amélioration de l'activité économique mondiale et les créations d'emplois. L'investissement montre également des signes de reprise. Le taux de chômage a baissé à fin novembre 2017 pour atteindre 7,3 % dans l'UE-28 (- 100 points de base par rapport à novembre 2016) et 8,7 % dans la zone euro (- 110 points de base par rapport à novembre 2016). Ces taux sont les plus bas enregistrés depuis décembre 2008 pour l'UE-28 et depuis mars 2009 pour la zone euro. Les créations d'emplois sont soutenues par la croissance de la demande, l'augmentation modérée des salaires et par les réformes structurelles mises en œuvre dans certains pays de l'UE-28. Celles-ci sont cependant impactées par le manque de personnel qualifié dans certains pays de l'UE-28, et par la fin de mesures fiscales incitatives dans d'autres pays. Les prévisions de croissance du PIB de l'UE-28 sont de + 2,1 %, en l'absence de tout choc politique ou économique majeur. La croissance moyenne pondérée du PIB des pays dans lequel Unibail-Rodamco est présent ressort à + 2,3 % pour 2018. Les risques susceptibles de peser sur ces prévisions sont à la fois d'ordre externe (risque géopolitique en Corée du Nord et au Moyen Orient, politique commerciale des États-Unis et ajustement de l'économie chinoise) et interne avec l'issue encore incertaine des négociations du Brexit, l'appréciation de l'euro et la remontée des taux. Les prévisions relatives à l'inflation pour 2018[14] s'élèvent à + 1,7 % dans l'UE-28 (+ 1,7 % en 2017) et + 1,4 % dans la zone euro (+ 1,5 % en 2017). Un environnement macro-économique sain, une croissance de la consommation des ménages et des taux de chômage en diminution favorisent habituellement les dépenses de consommation et sont susceptibles de se traduire par une hausse des loyers dans les centres commerciaux. Au cours des dernières années, l'environnement du commerce de détail a évolué, avec, d'une part, l'émergence des enseignes en ligne, et, d'autre part, la quête des consommateurs d'une expérience de consommation unique. Afin de s'adapter à ces tendances et d'attirer tant les visiteurs que d'augmenter le nombre d'enseignes en ligne désirant s'étendre dans des lieux physiques, Unibail-Rodamco a réaffirmé sa stratégie de concentration, de différenciation et d'innovation. Unibail-Rodamco possède certains des meilleurs centres de shopping de destination dans certaines des villes les plus prospères du monde. Celles-ci incluent (i) Varsovie, où le PIB/habitant est de 195% de la moyenne nationale, et où Unibail-Rodamco possède les trois meilleurs actifs de la ville, (ii) Paris, où le PIB/habitant est de 176% de la moyenne nationale et où Unibail-Rodamco possède les deux meilleurs actifs, (iii) Madrid, où le PIB/habitant est de 146% de la moyenne nationale et où Unibail-Rodamco possède les deux meilleurs actifs, et (iv) Stockholm, où le PIB/habitant est de 142% de la moyenne nationale et où Unibail-Rodamco possède les deux meilleurs actifs de

13 Source : European Commission, European Economic Forecast, Autumn 2017 (publié en novembre 2017).

14 Source : European Commission, European Economic Forecast, Autumn 2017 (publié en novembre 2017).

		la ville. En se concentrant sur des centres de shopping de destination dans les villes les plus prospères au monde, où les enseignes peuvent déployer leurs derniers concepts, Unibail-Rodamco est en mesure d'apporter aux clients une expérience unique combinant shopping, restauration et divertissement. *Bureaux* Avec 2,6 millions[15] de m² de surfaces louées en 2017, la demande placée en région parisienne a atteint son plus haut niveau depuis 2007. Cela est dû essentiellement aux transactions du croissant ouest et à celles de plus de 5 000 m². 88 transactions[16] de plus de 5 000 m² ont en effet été enregistrées en 2017 et ont représenté 1,1 million de m² (+ 23 % par rapport à 2016). 67 % ont concerné des immeubles neufs ou restructurés. Près de 1,1 million de m² ont été loués à Paris en 2017, chiffre stable par rapport à 2016. 481 000 m² ont été placés dans le Quartier Central des Affaires ("**QCA**") (+ 8 % par rapport à 2016). Le marché de La Défense a enregistré 177 000 m² placés en 2017, en ligne avec la moyenne sur dix ans. Aucune transaction significative n'a été signée, en raison principalement du manque de livraisons de grandes surfaces « prime » en 2017. Aucun changement n'est attendu en 2018. L'offre disponible en région parisienne au 31 décembre 2017 reste stable à environ 3,4 millions de m², dont 15 % de surfaces neuves ou restructurées. Le taux de vacance en région parisienne a baissé régulièrement depuis 2014, pour s'établir à 6,5 % à fin 2017 (6,8 % à fin 2016). Des écarts significatifs subsistent d'un secteur à l'autre, avec, par exemple, un taux de vacance dans le QCA d'environ 2,9 %, et une forte baisse à La Défense, de 8,2 % à fin décembre 2016 à 7,3 %. Dans d'autres secteurs comme Peri-Défense ou le croissant nord, les taux de vacance dépassent 15 %. Les valeurs locatives en région parisienne ont augmenté tout au long de l'année 2017, et particulièrement dans le QCA où les loyers ont dépassé 800 €/m², pour atteindre 850 €/m² sur les Champs-Élysées (Paris 8). À La Défense, les loyers les plus élevés ont approché 520 €/m² (Coeur Défense), en l'absence de nouvelles surfaces neuves ou rénovées. Malgré un contexte de marché favorable, les mesures d'accompagnement sont restées élevées en région parisienne en 2017, avec des variations significatives d'un secteur à l'autre en fonction de la qualité et de la quantité de l'offre disponible. Les investissements en région parisienne ont atteint 16,4 milliards d'euros[17] en 2017 (stable par rapport à 2016). Les volumes ont été tirés par le second semestre, qui enregistre 11,8 milliards d'euros de transactions (4,6 milliards d'euros au premier semestre). 45 transactions de plus de 100 millions d'euros ont été conclues en 2017, à comparer à 46 en 2016. Comme en 2016, et malgré quelques exceptions, le marché de l'investissement en 2017 a été dominé par les investisseurs français, principalement par les fonds d'investissement, les compagnies d'assurances et les SCPI. La conjonction d'une forte demande, d'un accès facile aux financements et d'une offre limitée pour les immeubles de bureaux de qualité a entraîné une nouvelle compression des taux à La Défense, où les taux « prime » ont baissé d'environ 50 points de base pour atteindre environ 4,00-4,25 %, comme le montre la cession de la Tour Hekla. Le taux « prime » à Paris QCA est resté stable par rapport à 2016 à environ 3,00-3,25 %. Une forte demande suscitant une demande placée et une occupation plus importante ainsi

15 Source : Immostat.

16 Source : BNP Paribas Real Estate.

17 Source : Cushman & Wakefield.

qu'une hausse des valeurs locatives, démontrent que le marché de bureaux se porte bien et représente un potentiel de croissance pour Unibail-Rodamco.

Les actifs de bureaux d'Unibail-Rodamco étant principalement concentrés dans la région parisienne, le risque principal susceptible d'avoir un impact sur l'activité de bureaux serait un ralentissement de l'occupation du marché de bureau parisien. Au niveau de la société, le portefeuille de projets en développement pourrait être plus onéreux qu'anticipé et générer moins de revenus.

Congrès & Expositions

Cette activité, située exclusivement en région parisienne, comprend la détention et la gestion immobilière des sites de Congrès & Expositions (Viparis). Viparis est détenue conjointement avec la Chambre de Commerce et d'Industrie Paris Île-de-France (CCIR). Viparis est consolidée en intégration globale par Unibail-Rodamco. Le métier des Congrès & Expositions est cyclique, avec des salons annuels, biennaux ou triennaux, et une répartition non homogène des salons durant l'année.

Westfield

La stratégie opérationnelle de Westfield repose sur la création et l'exploitation de centres de shopping de destination sur les plus grands marchés au monde et a été influencée par un certain nombre de tendances récentes importantes : l'évolution rapide de l'univers du commerce de détail, ainsi que l'émergence et la croissance de nouveaux distributeurs

Comme largement évoqué, le secteur du commerce de détail est en plein bouleversement sous l'impulsion des évolutions technologiques et sociétales. De nombreux magasins ferment, en particulier parmi les marques sous performantes y compris les grandes chaînes de magasins qui ont perdu leur prévalence auprès des consommateurs.

L'émergence et la croissance d'un large éventail de phénomènes comme la mode éphémère, les influenceurs et les marques de sport et loisir (*athleisure*) ainsi que la présence physique grandissante des distributeurs en ligne, compensent cette tendance à la fois au niveau des projets en développement et du portefeuille opérationnel de Westfield.

Par conséquent, la présence des enseignes et les ventes ont connu une forte transformation dans le portefeuille de Westfield ces dix dernières années.

Les grands magasins représentent désormais 28% des ventes du portefeuille de Westfield contre 42% il y a dix ans tandis que les ventes de spécialité se sont envolées de 58% à 70% en dix ans.

Au cours de cette décennie, le cumul des ventes de spécialité a augmenté de 4,6 milliards USD à 10,8 milliards USD. L'alimentation et la restauration ont plus que doublé pour représenter désormais 18 % du total des ventes de spécialité alors que les technologies et l'automobile ont presque triplé leur part pour atteindre 16 % du total des ventes de spécialité.

Aux États-Unis, Westfield a introduit 130 nouvelles enseignes et marques dans le cadre de récents projets au cours des deux dernières années au World Trade Center, à Century City et UTC. Ces enseignes et ces marques complètent parfaitement la proposition de valeur de Westfield fondée sur une conception et par des architectes récompensés, une offre de boutiques soigneusement agencées, une plate-forme digitale, des évènements et divertissements de grande envergure comme des avant-premières internationales de film et des solutions médias et marketing de pointe.

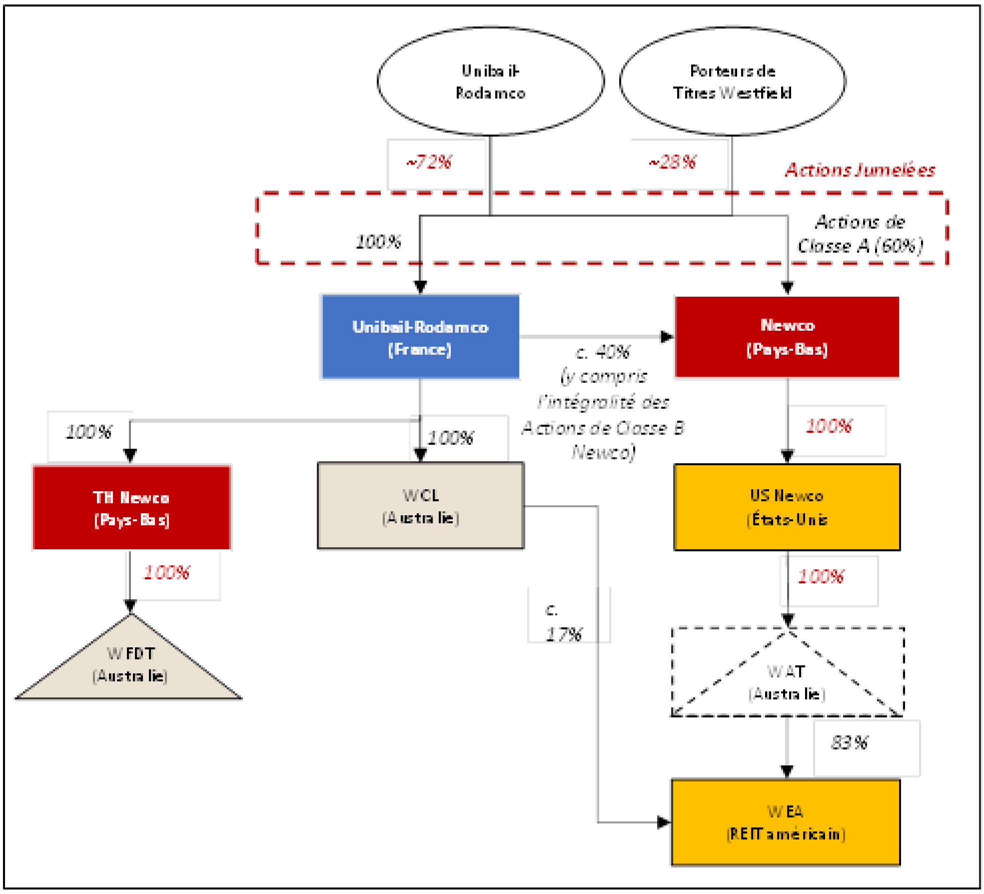
Rationalisation des grands magasins sous-performants

La récente annonce de la fermeture de grands magasins par des chaînes de premier plan aux États-Unis traduit la poursuite du mouvement de rationalisation pluriannuelle de cette catégorie de points de vente.

		Westfield maintient une stratégie active d'acquisitions stratégiques de grands magasins sous-performants afin de rénover et réorienter ces sites vers des usages plus performants comme des supermarchés, Costco, des magasins d'accessoires pour la maison, des cinémas et complexes de divertissements et loisirs, des enseignes à bas coût et des clubs de sport. Au cours de la dernière décennie, aux États-Unis, Westfield a mené à bien l'acquisition de 30 sites d'anciens grands magasins pour rénovation au sein de son portefeuille. Westfield a récemment acquis plusieurs grands magasins dont JC Penney au Garden State Plaza, Sears aux Westfield Montgomery, Valencia et Oakridge et Lord & Taylor à Annapolis et Old Orchard, en amont de futurs projets de redéploiement, et d'autres opportunités sont en cours d'étude. Ces acquisitions de grands magasins devraient faciliter les opportunités de développement à venir, enrichir fortement l'offre et l'expérience client dans les de centres de shopping de destination de Westfield et créer de la valeur. *Impact du digital et du e-commerce* Le secteur du commerce de détail connaît un bouleversement majeur aujourd'hui alors que les technologies numériques et mobiles, conjuguées à une connectivité sans limite, ont donné au consommateur un accès et une quantité d'information inégalables. Le consommateur actuel est capable de comparer dans l'instant les prix et les offres et peut passer d'une marque ou d'un produit à l'autre sans hésitation. La part de marché du commerce électronique continue à croître et de plus en plus de consommateurs, plus particulièrement les plus jeunes d'entre eux, privilégient les expériences aux biens tangibles et consacrent moins de dépenses aux modes de shopping traditionnels pour aller vers des modes expérimentaux qui couvrent notamment des activités de restauration et de loisirs. Par ailleurs, la fonction du magasin physique évolue alors que les enseignes avant-gardistes transforment leurs boutiques de différentes façons notamment en faisant une destination d'expériences uniques, un showroom avec conseils d'experts ou encore une plate-forme logistique. L'impact de ces changements sur la vente physique recouvre la rationalisation de la surface des magasins, l'importance croissante des centres de shopping de destination, la transformation des catégories et du merchandising dans les centres commerciaux et la préoccupation grandissante pour l'offre de restauration, de divertissements et de loisirs, ainsi que l'intégration des technologies numériques.
B.5	**Description du Nouveau Groupe**	Le 12 décembre 2017, Unibail-Rodamco et Westfield ont conclu un *implementation agreement* ("*Implementation Agreement*") relatif à l'opération (l'"**Opération**"). Selon les termes de l'Opération, Unibail-Rodamco fera l'acquisition de Westfield en échange d'actions et d'une rémunération en numéraire par le biais de *schemes of arrangement* de droit australien afin de créer le nouveau groupe (le "**Nouveau Groupe**"). Les actionnaires d'Unibail-Rodamco et les porteurs de titres Westfield détiendront des Actions Jumelées, composées d'une action Unibail-Rodamco et d'une action Newco. Après la réalisation de l'Opération, les Actions Jumelées seront cotées sur Euronext Amsterdam et Euronext Paris. Unibail-Rodamco établira également une cotation secondaire sur l'Australian Stock Exchange afin de permettre aux anciens porteurs de titres de Westfield de négocier localement des Actions Jumelées sous la forme de CDIs.

Unibail-Rodamco et Westfield formeront l'un des premiers[18] créateurs et opérateurs mondiaux de centres de shopping de destination dans les villes les plus prospères au monde.

A l'issue de l'Opération, l'organigramme du Nouveau Groupe devrait se présenter comme suit :



Westfield est composé de Westfield Corporation Limited ("**WCL**"), Westfield America Trust ("**WAT**") et WFD Trust ("**WFDT**") (et, selon le cas, Westfield America Management Limited ("**WAML**") en sa capacité d'entité responsable de WAT et WFDT, et les filiales de WCL, WFDT et WAT, ensemble "**Westfield**"). Unibail-Rodamco prendra le contrôle de WCL et WFDT au moyen de numéraire et par voie de transfert d'Actions Unibail-Rodamco.

Selon les termes de l'Opération, Unibail-Rodamco détiendra directement ou indirectement 100 % de WCL et WFDT, et 40 % de Newco, qui détiendra 100 % de WAT, détenant environ 83 % de WEA, via WAT, les 17 % résiduels de WEA étant indirectement détenus par WCL. Sur la base du Principe des Actions Jumelées, les mêmes actionnaires détiendront ensemble 100 % d'Unibail-Rodamco et de Newco, dont 60 % directement (Actions Newco de Catégorie A) et 40 % indirectement via Unibail-Rodamco.

Conformément aux statuts d'Unibail-Rodamco en vigueur à la réalisation de l'Opération (les "**Statuts d'Unibail-Rodamco**") et aux statuts de Newco en vigueur à la réalisation de l'Opération (les "**Statuts de Newco**"), chaque action jumelée (l' "**Action Jumelée**") est

[18] En termes de valeur brute de marché par centre commercial à 100 % parmi les groupes cotés de l'immobilier commercial aux États-Unis et en Europe dotés d'une capitalisation boursière supérieure à 10 milliards d'euros au 31 décembre 2017. Sur la base de la valeur brute de marché estimée à 100 % divisée par le nombre de centres commerciaux pour les homologues américains Simon Property Group et GGP (source : Green Street Advisors). Sur la base d'une valeur publiée à 100 % pour Klépierre divisé par le nombre total d'actifs.

		composée d'une Action Unibail-Rodamco et d'une Action Newco de Catégorie A et sera libellée en euros. En application du Principe des Actions Jumelées, les Actions Unibail-Rodamco et les Actions Newco de Catégorie A ne peuvent être cédées séparément (sauf entre les entités du Groupe Jumelé), mais uniquement sous la forme d'Actions Jumelées.
B.6	**Principaux actionnaires**	Sur la base des informations connues d'Unibail-Rodamco au 31 décembre 2017 (la dernière date praticable avant la publication du présent Prospectus)* ajusté des informations reçues par Unibail-Rodamco dans le cadre de notifications de franchissement de seuils, le tableau suivant présente les informations relatives aux personnes détenant au moins 2,5 % d'Actions Jumelées à la réalisation de l'Opération : *Nom du bénéficiaire effectif* — Nombre d'Actions Jumelées — Pourcentage d'Actions Jumelées** APG Asset Management — 6 570 507 — 4,73 % BlackRock Fund Advisors*** — 5 947 320 — 4,28 % The Vanguard Group, Inc. — 3 958 406 — 2,85 % Famille Lowy — 3 667 464 — 2,64 % Mandataires sociaux et fonds d'épargne volontaire des salariés — 1 017 978 — 0,73 % * Informations au 31 décembre 2017, à l'exception du nombre d'Actions Jumelées immédiatement après la réalisation de l'Opération (138.918.769) et le nombre d'actions détenues par les mandataires sociaux d'Unibail-Rodamco et dans le plan d'épargne entreprise (1.017.978), au 26 mars 2018. ** Sur la base d'un nombre estimé de 138.918.769 Actions Jumelées immédiatement après la réalisation de l'Opération. *** Le Groupe Blackrock détiendrait ainsi une participation globale d'environ 13.161.142 Actions jumelées, représentant environ 9,47% des Actions Jumelées.
B.7	**Informations financières sélectionnées**	Voir Élément B.8 ci-dessous.
B.8	**Informations financières pro forma sélectionnées**	Les informations financières condensées consolidées pro forma non auditées résumées ci-après contiennent l'état consolidé pro forma non audité des résultats relatif à l'exercice clos le 31 décembre 2017 et l'état consolidé pro forma de la situation financière non audité au 31 décembre 2017, accompagnés des notes explicatives y afférentes (collectivement, les « **Informations Financières Pro Forma du Nouveau Groupe** »), et ont été préparées de sorte à refléter l'impact pro forma de l'Opération. Westfield est composé de WCL, WFDT et WAT. Unibail-Rodamco prendra le contrôle de WCL et WFDT au moyen de numéraire et d'Actions Unibail-Rodamco. Ainsi, Unibail-Rodamco sera l'acquéreur de WCL et WFDT d'un point de vue comptable, tel que défini par IFRS 3. Concernant WAT et le jumellage des Actions Unibail-Rodamco et des Actions Newco de Catéorie A, Unibail-Rodamco sera également l'acquéreur, d'un point de vue comptable, conformémement à IFRS 3 et à la Décision du Comité d'Interprétation de l'IASB en date des 13-14 mai 2014 qui se prononce spécifiquement sur les accords de jumellage. Selon les termes de l'Opération, Unibail-Rodamco détiendra directement ou indirectement 100 % de WCL et WFDT, et 40 % de Newco, qui détiendra 100 % de WAT, détenant environ 83 % de WEA, via WAT, les 17 % résiduels de WEA étant indirectement détenus par WCL. Sur la base du Principe des Actions Jumelées, les mêmes actionnaires détiendront ensemble 100 % d'Unibail-Rodamco et de Newco, dont 60 % directement (Actions Newco de Catégorie A) et 40 % indirectement via Unibail-Rodamco. En raison des caractéristiques de l'Opération, Unibail-Rodamco est considéré comme étant l'acquéreur, conformément aux normes IFRS. Par conséquent WCL, WFDT et, conformément au montage juridique de l'Opération et à la gouvernance de Newco, WAT, doivent être consolidées par intégration globale par Unibail-Rodamco. Compte tenu du fait que les détenteurs d'Actions Jumelées conservent les mêmes droits et obligations envers Unibail-Rodamco et Newco, la participation économique de 60 % dans Newco directement

détenue par lesdits détenteurs sera prise en compte dans le « Résultat Net Attribuable aux Détenteurs d'Actions Jumelées » et les « Capitaux Propres Attribuables aux Détenteurs d'Actions Jumelées » dans l'état consolidé des résultats et l'état consolidé de la situation financière.

Les Informations Financières Pro Forma du Nouveau Groupe ont été extraites et doivent être lues conjointement avec les documents suivants :

– les comptes consolidés 2017 d'Unibail-Rodamco ;

– les comptes consolidés 2017 de Westfield.

L'état consolidé de la situation financière au 31 décembre 2017 et l'état consolidé des résultats pour l'exercice clos le 31 décembre 2017 d'Unibail-Rodamco sont dérivés des Comptes Consolidés 2017 d'Unibail-Rodamco. Les Comptes Consolidés 2017 d'Unibail-Rodamco ont été préparés en conformité avec les normes IFRS et ont été conjointement vérifiés par Ernst & Young Audit et Deloitte & Associés, commissaires aux comptes d'Unibail-Rodamco, tel qu'indiqué dans le rapport des commissaires aux comptes sur les comptes consolidés d'Unibail-Rodamco émis le 28 mars 2018.

L'état consolidé de la situation financière au 31 décembre 2017 et l'état consolidé des résultats pour l'exercice clos le 31 décembre 2017 de Westfield sont dérivés des Comptes Consolidés 2017 de Westfield. Les Comptes Consolidés 2017 de Westfield ont été préparés en conformité avec les normes comptables australiennes et les International Financial Reporting Standards publiées par l'IASB et ont été vérifiés par Ernst & Young, vérificateur indépendant, tel qu'indiqué dans le rapport du vérificateur indépendant sur les comptes de Westfield en date du 22 février 2018.'état consolidé pro forma non audité des résultats a été préparé dans le but de refléter les effets de l'Opération comme si cette dernière avait été réalisée le 1er janvier 2017. L'état consolidé résumé pro forma de la situation financière (non audité) a été préparé dans le but de refléter les effets de l'Opération comme si cette dernière avait été réalisée le 31 décembre 2017.

Les Informations Financières Pro Forma du Nouveau Groupe sont proposées à titre informatif et, de par leur nature, représentent une situation hypothétique et ne reflètent pas nécessairement les résultats d'exploitation ou la situation financière qui aurait été obtenus si l'Opération avait été conclue aux dates indiquées ci-avant, ni les résultats d'exploitation consolidés futurs ou la situation financière du Nouveau Groupe consolidé.

Les retraitements pro forma se fondent sur les informations disponibles à ce jour, certaines hypothèses et estimations qu'Unibail-Rodamco considère raisonnables et les informations susmentionnées communiquées par Westfield. Ces retraitements sont directement imputables au regroupement d'entreprises, étayés par des faits et estimés de manière fiable.

Les commissaires aux comptes d'Unibail-Rodamco ont émis un rapport sur les Informations Financières Pro Forma du Nouveau Group quant au caractère adéquat de l'établissement de ces information financières pro forma.

État consolidé pro forma non audité des résultats pour l'exercice clos le 31 décembre 2017, conformément aux normes IFRS

	Historique Unibail-Rodamco	**Historique ajusté Westfield (Note 1)**	**Retraitements pro forma**		**Résumé consolidé pro forma**
Devise: M€	**31 déc. 2017**	**31 déc. 2017**	**31 déc. 2017**	**Notes**	**31 déc. 2017**
Revenus locatifs	1 822,3	557,8	-		2 380,1
Charges nettes d'exploitation	(239,6)	(250,6)			(490,2)
Revenus locatifs nets	**1 582,6**	**307,2**	**-**		**1 889,8**
Revenus du développement immobilier et de gestion de projet	-	649,0	(2,1)	**2,7**	646,9
Coûts du développement immobilier et de gestion de projet	-	(557,5)	20,3	**2,7**	(537,2)

Résultat net des activités de promotion immobilière et de gestion de projets	**-**	**91,5**	**18,1**		**109,7**
Revenus des autres activités	256,1	49,8	-		305,9
Autres dépenses	(176,3)	(19,1)	-		(195,4)
Résultat des autres activités	**79,8**	**30,7**	**-**		**110,5**
Quote-part de résultat de sociétés mises en équivalence	-	594,5	91,6	**2**	686,2
Intérêts sur créances	-	-	27,0	**2**	27,0
« Contributions des sociétés mises en équivalence »	**-**	**594,5**	**118,6**		**713,1**
Frais de fonctionnement	**(123,1)**	**(106,1)**	**-**		**(229,2)**
Coûts d'acquisition et coûts liés	**(62,4)**	**(9,1)**	**(188,9)**	**5**	**(260,4)**
Revenus des cessions d'actifs de placement	592,5	243,4	-		835,9
Valeur comptable des actifs cédés	(518,7)	(255,1)	6,4	**7**	(767,5)
Résultat des cessions d'actifs	**73,8**	**(11,8)**	**6,4**		**68,4**
Revenus des cessions de sociétés	27,3	-	-		27,3
Valeur comptable des titres cédés	(27,3)	-	-		(27,3)
Résultat des cessions de sociétés	**0,0**	**-**	**-**		**0,0**
Ajustement des valeurs des actifs	**1 364,4**	**482,7**	**20,3**	**7**	**1 867,4**
Dépréciation d'écart d'acquisition/Ecart d'acquisition négatif	(9,2)	-	-		(9,2)
RÉSULTAT OPÉRATIONNEL NET	**2 906,0**	**1 379,7**	**(25,5)**		**4 260,2**
Résultat des sociétés non consolidées	0,9	-	-		0,9
Produits financiers	*119,5*	*11,7*	-		*131,2*
Charges financières	*(347,5)*	*(87,7)*	*(22,8)*		*(458,1)*
Coût de l'endettement financier net	(228,0)	(76,0)	(22,8)	**6**	(326,9)
Ajustement de valeur des Obligations à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes (ORNANEs) et des actions de préférence convertibles et remboursables	21,1	3,5	-		24,6
Ajustement de valeur des instruments dérivés et dettes	(21,3)	(38,2)	(11,7)	**10**	(71,1)
Actualisation des dettes	(0,7)	-	-		(0,7)
Quote-part de résultat de sociétés mises en équivalence	91,6	-	(91,6)	**2**	-
Intérêts sur créances	27,0	-	(27,0)	**2**	-
RESULTAT NET AVANT IMPOTS	**2 796,7**	**1 269,0**	**(178,7)**		**3 887,0**
Impôt sur les sociétés	(74,2)	104,2	(10,5)	**7**	19,5
RESULTAT NET DE LA PERIODE	**2 722,5**	**1 373,2**	**(189,2)**		**3 906,5**
Résultat net des Participations ne donnant pas le contrôle	283,0				
RESULTAT NET DE LA PERIODE- Part des actionnaires de la société mère	**2 439,5**				
Résultat net de la période attribuable aux :					
- Détenteurs d'Actions Jumelées					3 623,5
- Participations externes ne donnant pas le contrôle					283,0
Bénéfice de l'exercice					**3 906,5**
Résultat net de la période attribuable aux titulaires d'Actions Jumelées analysé par montant attribuable aux :					

– Membres d'Unibail-Rodamco [(1)]	3 184,3
– Membre de Newco [(1)]	439,3
Résultat net de la période attribuable aux titulaires d'Actions Jumelées	**3 623,5**

(1) La ligne « Membres de Newco » reflète la part de 49,55 % de WEA détenue par les porteurs d'Actions Jumelées par le biais de leur participation de 60 % dans Newco, qui détient une participation de 82,59 % dans WEA. La ligne « Membres d'Unibail-Rodamco » reflète la participation de 50,45 % au capital de WEA détenue par Unibail-Rodamco. Cette participation résulte de la participation de 17,41 % d'Unibail-Rodamco dans WEA détenue par des filiales de WCL, et de sa participation de 40 % dans Newco qui détient une participation de 82,59 % dans WEA.

État condensé pro forma de la situation financière (non audité) pour l'exercice clos le 1 décembre 2017, conformément aux normes IFRS

	Historique Unibail-Rodamco	**Historique ajusté Westfield (Note 1)**	**Retraitements pro forma**		**Résumé consolidé pro forma**
Devise: M€	**31 déc. 2017**	**31 déc. 2017**	**31 déc. 2017**	**Notes**	**31 déc. 2017**
ACTIFS NON COURANTS	**41 650,8**	**17 122,0**	**3 633,2**		**62 405,9**
Immeubles de placement	**38 524,3**	**8 671,7**	**-**		**47 196,0**
Immeubles de placement évalués à la juste valeur	*37 181,5*	*8 320,1*	-		*45 501,6*
Immeubles de placement évalués au coût	*1 342,8*	*351,6*	-		*1 694,4*
Actifs corporels	216,3	124,4	-		340,7
Écarts d'acquisition	522,4	47,8	3 649,0	**4,7**	4 219,1
Actifs incorporels	172,2	103,5	(35,4)	**7**	240,3
Prêts et créances	76,8	178,9	-		255,7
Actifs financiers	30,8	239,8	19,6	**7**	290,2
Impôts différés actifs	21,9	16,2	-		38,1
Dérivés à la juste valeur	172,8	77,3	-		250,1
Titres et investissements dans les sociétés mises en équivalence	1 913,3	7 637,4	-		9 550,7
Autres impôts et taxes	-	25,1	-		25,1
ACTIFS COURANTS	**1 590,2**	**600,3**	**(397,4)**		**1 793,1**
Prêts et créances	**-**	**22,7**	**-**		**22,7**
Clients et comptes rattachés	**416,5**	**29,7**	**-**		**446,2**
Autres créances	**541,1**	**130,0**	**-**		**671,1**
Dérivés à la juste valeur	**57,9**	**-**	**(57,9)**	**10**	**-**
Trésorerie et équivalents de trésorerie	**574,7**	**417,9**	**(339,5)**	**11**	**653,1**
TOTAL ACTIFS	**43 241,0**	**17 722,3**	**3 235,8**		**64 199,0**
- Capitaux propres attribuables aux détenteurs d'Actions Jumelées					**26 203,8**
– Membres d'Unibail-Rodamco [(1)]					24 431,0
– Membre de Newco [(1)]					1 772,8
- Participations externes ne donnant pas le contrôle					**3 838,3**
TOTAL CAPITAUX PROPRES	**22 693,2**	**9 071,1**	**(1 722,3)**	**9**	**30 042,1**
PASSIF NON COURANT	**16 851,6**	**7 855,1**	**5 075,8**		**29 782,4**

Valeur nette des Obligations à option de remboursement en numéraire et/ou en actions nouvelles et/ou existantes (ORNANE) et des actions de préférence convertibles et remboursables	1 020,5	59,3	-		1 079,8
Part non courante des emprunts et dettes financières	12 889,6	6 149,4	5 075,8	**6**	24 114,8
Part non courante des emprunts liés à des contrats de location financement	353,2	32,1	-		385,3
Dérivés à la juste valeur	315,8	18,3	-		334,1
Impôts différés passifs	1 752,5	1 530,7	-		3 283,2
Provisions long terme	30,5	-	-		30,5
Provisions pour engagement de retraite	9,3	3,8	-		13,1
Dépôts et cautionnements reçus	223,9	-	-		223,9
Dettes fiscales	0,1	-	-		0,1
Dettes sur immobilisations	256,2	61,4	-		317,6
PASSIF COURANT	**3 696,2**	**796,0**	**(117,7)**		**4 374,6**
Part courante des engagements d'achat de titres de participations ne donnant pas le contrôle	**7,0**	**-**	**-**		**7,0**
Dettes fournisseurs et autres dettes	**1 161,6**	**717,3**	**(70,4)**	**12**	**1 808,5**
Part courante des emprunts et dettes financières	**2 301,9**	**4,6**	**(47,3)**	**10**	**2 259,2**
Part courante des emprunts liés à des contrats de location financement	**2,0**	**0,5**	**-**		**2,5**
Dettes fiscales et sociales	**210,5**	**34,8**	**-**		**245,3**
Provisions court terme	**13,2**	**38,9**	**-**		**52,1**
TOTAL CAPITAUX PROPRES ET PASSIFS	**43 241,0**	**17 722,3**	**3 235,8**		**64 199,0**

(1) La ligne « Membres de Newco » reflète la part de 49,55 % de WEA détenue par les porteurs d'Actions Jumelées par le biais de leur participation de 60 % dans Newco, qui détient une participation de 82,59 % dans WEA. La ligne « Membres d'Unibail-Rodamco » reflète la participation de 50,45 % au capital de WEA détenue par Unibail-Rodamco. Cette participation résulte de la participation de 17,41 % d'Unibail-Rodamco dans WEA détenue par des filiales de WCL, et de sa participation de 40 % dans Newco qui détient une participation de 82,59 % dans WEA.

B.9 **Prévision ou estimation du bénéfice**

Unibail-Rodamco a fondé ses prévisions pour 2018 de manière autonome sur ses comptes consolidés de l'exercice clos au 31 décembre 2017.

Les principales hypothèses et estimations utilisées pour élaborer le budget et les prévisions 2018 du groupe Unibail-Rodamco sont les suivantes :

– loyers : revenus locatifs générés par le renouvellement de baux, les recommercialisations ou les vacances pour toutes les unités du portefeuille du groupe Unibail-Rodamco et revenus locatifs générés par les agrandissements et rénovations des actifs en exploitation ou la livraison de nouveaux actifs ;

– indexation : en l'absence d'indices de référence, les hypothèses d'indexation sont estimées sur la base des informations disponibles ;

– taux de change : reposent sur une combinaison de taux à terme du marché et de prévisions de Bloomberg et d'analystes au mois de janvier de la première année du plan annuel, puis actualisés chaque année dans le cadre de la préparation de chaque nouveau plan annuel ;

– la division Congrès & Expositions : les prévisions relatives aux revenus locatifs et aux revenus de services ont été établies sur la base de la fréquence des événements et du carnet de commandes au 31 décembre 2017, complétés par les prévisions d'activité ;

		– investissements : montant d'investissement requis pour mener à bien les projets du portefeuille de projets de développementdu groupe Unibail-Rodamco, entretenir les actifs du groupe Unibail-Rodamco ainsi que les produits des cessions attendues d'actifs matures ou non stratégiques ; – cessions : des actifs sont susceptibles d'être cédés en fonction de l'avis du groupe Unibail-Rodamco sur leur capacité à générer les rendements requis. Le nombre de cessions peut varier d'une année à l'autre ; – charges financières : les flux de trésorerie générés par les opérations à venir ont été estimés et le plan d'affaires inclut des hypothèses relatives aux taux d'intérêts reposant sur les prévisions du marché (taux à terme) ; les effets des instruments de couverture mis en place par le groupe Unibail-Rodamco sont intégrés au calcul des charges financières ; – impôts : l'estimation du montant des impôts repose sur le résultat des filiales du groupe Unibail-Rodamco dans chaque pays sur la base des lois et règlements connus au moment de la préparation du plan d'affaires annuel ; – principes comptables : application des normes et méthodes comptables sur lesquelles les comptes financiers consolidés 2017 sont fondés. Les taux d'indexation et de change sont des facteurs externes sur lesquels Unibail-Rodamco n'a aucune influence. Considérant (i) ce qu'Unibail-Rodamco considère comme des hypothèses raisonnables de croissance macro-économique stable et des conditions géopolitiques ainsi que l'hypothèse d'un environnement des affaires stable dans les pays dans lesquels Unibail-Rodamco opère actuellement et (ii) la croissance attendue des revenus locatifs nets résultant des rénovations locatives, des livraisons d'actifs en 2017, de l'acquisition d'une participation dans Metropole Zlicin et de la compensation partielle d'une cession d'actifs de bureaux au second semestre 2017, Unibail-Rodamco prévoit un accroissement de son résultat récurrent avant impôts compris entre 1.295 millions d'euros et 1.310 millions d'euros (après déduction des intérêts minoritaires), représentant un accroissement de 6,1% à 7,4% par rapport à l'exercice clos le 31 décembre 2017. Unibail-Rodamco prévoit que le nombre moyen d'actions augmentera d'environ 400.000 actions en 2018, représentant une augmentation de +0,4% par rapport au nombre moyen d'actions en 2017. Sur la base de ce qui précède, Unibail-Rodamco anticipe l'accroissement de son bénéfice récurrent avant impôt par action de 7,1%. En conséquence, Unbail-Rodamco prévoit pour 2018 une croissance de son résultat net récurrent par action qui viendrait s'établir entre 12,75€ et 12,90€, sur un périmètre constant, représentant une croissance du résultat net récurrent par action de 5,8% à 7,1%, à comparer au résultat net récurrent par action de 12,05€ atteint en 2017. A la réalisation de l'Opération, les prévisions d'Unibail-Rodamco sur un périmètre constant cesseront d'être valables. Unibail-Rodamco s'efforcera de fournir une mise à jour pour l'année se terminant le 31 décembre 2018 dès que cela sera possible avec une assurance raisonnable.
B.10	**Réserves contenues dans les rapports d'audit sur les informations financières historiques**	Non applicable.
B.11	**Fonds de roulement net**	Unibail-Rodamco et Newco estiment que le fonds de roulement dont dispose le Nouveau Groupe est suffisant pour satisfaire ses obligations actuelles, pendant une période d'au moins 12 mois à compter de la date du présent Prospectus.

Section C – Valeurs mobilières

Annexes et Elément		Obligation d'information
C.1	**Nature et catégorie des valeurs mobilières**	Conformément aux Statuts d'Unibail-Rodamco et aux Statuts de Newco, chaque Action Jumelée est composée d'une Action Unibail-Rodamco jumelée avec une Action Newco de Catégorie A et sera libellée en euros. Les Actions Jumelées dont l'admission aux négociations sur les marchés réglementés d'Euronext Paris et d'Euronext Amsterdam a été accordée seront constituées de l'ensemble des actions composant le capital social d'Unibail-Rodamco, ainsi que de l'ensemble des Actions Newco de Catégorie A, jumelées, soit environ 138.918.769 Actions Jumelées. Les Actions Unibail-Rodamco sont des actions ordinaires d'une valeur nominale de cinq euros (5,00€ chacune). LEI Unibail-Rodamco: 969500SHQITWXSIS7N89. Conformément aux Statuts de Newco, le capital autorisé de Newco s'élèvera à 555.000.000 euros et sera composé de 660.000.000 Actions Newco de Catégorie A et 440.000.000 Actions Newco de Catégorie B d'une valeur nominale de 0,50 euro chacune. Immédiatement après la réalisation de l'Opération, le capital social de Newco sera composé au maximum de 138.918.769 Actions Newco de Catégorie A et environ 93 million d'Actions Newco de Catégorie B. LEI Newco: 7245002R31EKBDW59H93. ***Actions Jumelées admises aux négociations*** Code ISIN : FR0013326246 Symbole : « URW »
C.2	**Devise**	Les Actions Unibail-Rodamco et les Actions Newco de Catégorie A sont libellées en euros.
C.3	**Nombre d'actions émises**	Voir l'Elément C.1 ci-dessus.
C.4	**Description des droits attachés aux titres**	Tout détenteur d'Actions Jumelées jouira des mêmes droits et sera soumis aux mêmes obligations qu'un actionnaire d'Unibail-Rodamco (au titre des Actions Unibail-Rodamco qui composent les Actions Jumelées qu'il détient) et qu'un actionnaire de Newco (au titre des Actions Newco de Catégorie A qui composent les Actions Jumelées qu'il détient). ***Actions Jumelées*** Pour permettre le jumelage effectif des Actions Unibail-Rodamco et des Action Newco de Catégorie A sous la forme d'une Action Jumelée et ainsi parvenir à une situation où les porteurs d'Actions Unibail-Rodamco et d'Action Newco de Catégorie A - autres que toute entité du Groupe Jumelé - détiennent une participation dans Unibail-Rodamco et une participation dans Newco comme s'ils détenaient une participation dans une société unique issue d'un regroupement, les Statuts d'Unibail-Rodamco et les Statuts de Newco définissent le « **Principe des Actions Jumelées** ». Le Principe des Actions Jumelées induit ce qui suit : - aucune Action Unibail-Rodamco ni aucune Action Newco de Catégorie A ne peut (i) être émise pour ou souscrite par une personne extérieure à toute entité du Groupe Jumelé, (ii) être cédée à ou, selon le droit applicable, faire l'objet d'un nantissement ou autre sûreté par une personne extérieure à toute entité du Groupe Jumelé ou (iii) faire l'objet d'une mainlevée de nantissement ou autre sûreté par une personne extérieure à toute entité du Groupe Jumelé ; sauf, pour chaque cas, conjointement avec une Action Newco de Catégorie A ou une Action Unibail-

Annexes et Elément		Obligation d'information
		Rodamco, selon le cas, sous la forme d'une Action Jumelée ; - nul droit à souscrire une ou plusieurs Actions Unibail-Rodamco ou une ou plusieurs Actions Newco de Catégorie A ne saurait (i) être conféré à une personne autre que toute entité du Groupe Jumelé ou exercé par une personne autre que toute entité du Groupe Jumelé, (ii) être résilié par une personne autre que toute entité du Groupe Jumelé, (iii) être cédé ou, selon le droit applicable, faire l'objet d'un nantissement ou d'une autre sûreté par une personne autre que toute entité du Groupe Jumelé, ou (iv) faire l'objet d'une mainlevée de nantissement ou d'autres sûretés par une personne autre que toute entité du Groupe Jumelé, sauf, dans chaque cas, conjointement avec un droit à souscrire à un nombre équivalent d'Action Newco de Catégorie A ou d'Actions Unibail-Rodamco, selon le cas, sous la forme d'un nombre équivalent d'Actions Jumelées ; - tous les actionnaires, autres que toute entité du Groupe Jumelé, doivent se garder (i) d'acquérir des Actions Unibail-Rodamco ou des Action Newco de Catégorie A, (ii) d'acquérir, d'exercer ou de résilier tout droit à souscrire une ou plusieurs Actions Unibail-Rodamco ou une ou plusieurs Action Newco de Catégorie A, ou (iii) de constituer ou d'acquérir un usufruit ou un nantissement ou toute autre sûreté portant sur les Actions Unibail-Rodamco ou sur les Action Newco de Catégorie A ou portant sur tout droit à souscrire à une ou plusieurs Actions Unibail-Rodamco ou une ou plusieurs Action Newco de Catégorie A, sauf, dans chaque cas (lorsque cela concerne une Action Unibail-Rodamco ou une Action Newco de Catégorie A), conjointement avec une Action Newco de Catégorie A ou une Action Unibail-Rodamco, selon le cas, sous la forme d'une Action Jumelée ou (lorsque cela concerne un droit de souscription à une ou plusieurs Action Unibail-Rodamco ou à une ou plusieurs Action Newco de Catégorie A) conjointement avec un droit à souscrire à un nombre équivalent d'Action Newco de Catégorie A ou d'Actions Unibail-Rodamco, selon le cas, sous la forme d'un nombre équivalent d'Actions Jumelées ; et - conformément au droit applicable, le Directoire d'Unibail-Rodamco, le Conseil de Surveillance d'Unibail-Rodamco, le Directoire de Newco et le Conseil de Surveillance de Newco doivent prendre les dispositions nécessaires pour s'assurer qu'à tout moment, le nombre d'Actions Unibail-Rodamco émises et détenues par des tiers autres que toute entité du Groupe Jumelé est égal au nombre d' Action Newco de Catégorie A émises et détenues par des tiers autres que toute entité du Groupe Jumelé. En application du Principe des Actions Jumelées, les Actions Unibail-Rodamco et les Action Newco de Catégorie A ne peuvent être cédées séparément (sauf pour les cessions au profit d'entités du Groupe Jumelé), mais uniquement sous la forme d'Actions Jumelées. ***Transfert et détention des Actions Jumelées*** Conformément à l'article L. 211-3 du Code monétaire et financier français, les Actions Jumelées, quel que soit leur forme, seront dématérialisées et leur détention sera établie par inscription dans un compte-titres. Conformément aux articles L. 211-15 et L. 211-17 du Code monétaire et financier français, les Actions Jumelées sont transférées par virement de compte à compte et le transfert de propriété des Actions Jumelées résultera de leurs inscriptions au compte-titres de l'acquéreur.

Annexes et Elément		Obligation d'information
		L'inscription d'une Action Jumelée au compte-titres de l'acquéreur entraînera le transfert de propriété d'une Action Unibail-Rodamco et d'une Action Newco de Catégorie A. ***Actions détenues dans un PEA (plan d'épargne en actions*** Les Actions Jumelées ne sont pas éligibles au PEA, y compris pour les Actions Jumelées reçues par les actionnaires d'Unibail-Rodamco qui détiennent valablement leurs Actions Unibail-Rodamco en PEA. Les actionnaires concernés auront la possibilité de régulariser leur situation en transférant les Actions Jumelées en dehors de leur PEA après la Distribution en nature des Actions Newco de Catégorie A, dans des conditions qui seront précisées prochainement par la Direction de la législation fiscale et communiquées par Unibail-Rodamco. La plus-value éventuellement réalisée lors de ce transfert bénéficiera du régime d'exonération d'impôt du PEA. ***Émission des Actions Jumelées*** Une Action Jumelée est composée d'une Action Unibail-Rodamco et d'une Action Newco de Catégorie A. Par conséquent, la création d'une nouvelle Action Jumelée pourra être effectuée par l'émission par Unibail-Rodamco d'une Action Unibail-Rodamco et par l'émission par Newco d'une Action Newco de Catégorie A. En vertu du Principe des Actions Jumelées, aucune Action Unibail-Rodamco ne peut être émise à d'autres personnes qu'une entité du Groupe Jumelé, sauf conjointement avec une Action Newco de Catégorie A sous la forme d'une Action Jumelée (et vice versa), ce qui peut par exemple être effectué en prévoyant une résolution se prononçant sur l'émission d'Actions Newco de Catégorie A conditionnée à l'adoption d'une résolution se prononçant sur l'émission d'un nombre correspondant d'Actions Unibail-Rodamco. La création d'une nouvelle Action Jumelée peut également être effectuée par l'émission par Unibail-Rodamco d'une Action Unibail-Rodamco conjointement avec le transfert d'une Action Newco de Catégorie A existante (déjumelée) auto-détenue par le Groupe Jumelé, ou par l'émission par Newco d'une Action Newco de Catégorie A conjointement avec le transfert d'une Action Unibail-Rodamco existante (déjumelée) auto-détenue par le Groupe Jumelée. ***Droits préférentiels de souscription au titre des Actions Jumelées*** En vertu du Principe des Actions Jumelées, toute émission d'Actions Jumelées avec droits préférentiels pour les porteurs d'Actions Jumelées existants peut par exemple être effectuée par l'émission à la fois par Unibail-Rodamco et par Newco de nouvelles actions avec droits préférentiels de souscription. Dans un tel cas d'émission avec droits préférentiels de souscription, le Principe des Actions Jumelées fera que le droit (préférentiel) d'un actionnaire existant de souscrire à une Action Unibail-Rodamco ne peut être exercé par ou transféré à une personne autre que toute entité du Groupe Jumelé que conjointement avec le droit correspondant de souscrire à une Action Newco de Catégorie A (et vice versa) sous la forme d'une Action Jumelée. Réciproquement, toute émissions d'Actions Jumelées sans droits préférentiels pour les porteurs d'Actions Jumelées existants exige que les droits préférentiels soient exclus (ou ne s'appliquent pas) à la fois pour la souscription des Actions Unibail-Rodamco et des Actions Newco de Catégorie A. ***Dividendes et autres distributions sur les Actions Jumelées*** Tout porteur d'Actions Jumelées détiendra à la fois des Actions Unibail-Rodamco et des Actions Newco de Catégorie A. Par conséquent, un tel porteur d'Actions Jumelées recevra les dividendes et autres distributions déclarés par Unibail-Rodamco sur les Actions Unibail-Rodamco ainsi que les dividendes et autres distributions déclarés par Newco sur les Actions Newco de Catégorie A. Il est prévu que le paiement des dividendes d'Unibail-Rodamco et des dividendes de Newco soit effectué en plusieurs versements distincts. Les

Annexes et Elément		Obligation d’information
		paiements des dividendes d’Unibail-Rodamco et des dividendes de Newco seront soumis à des traitements fiscaux différents. ***Principe des Actions Jumelées et règles régissant les offres publiques*** Tout porteur d'Actions Jumelées détiendra à la fois des Actions Unibail-Rodamco et des Actions Newco de Catégorie A. Par conséquent, tout porteur d'Actions Jumelées devra respecter à la fois les règles régissant les offres publiques en France (concernant Unibail-Rodamco) et les règles régissant les offres publiques aux Pays-Bas (concernant Newco). Compte tenu de la participation d'Unibail-Rodamco dans Newco, une Action Jumelée ne représente pas le même pourcentage de droits de vote dans Unibail-Rodamco que dans Newco. Par conséquent, un porteur d'Actions Jumelées peut franchir le seuil de 30% déclenchant l’obligation de déposer une offre publique sur la totalité des Actions Unibail-Rodamco en circulation sans être soumis à une obligation de déposer une offre publique obligatoire sur l'ensemble des Actions Newco en circulation. Toutefois, compte tenu du Principe des Actions Jumelées, un initiateur qui n'est pas une entité du Groupe Jumelé peut uniquement acquérir des Actions Unibail-Rodamco sous la forme d'Actions Jumelées, ce qui peut entraîner, pour l’initiateur, une obligation de déposer concomitamment une offre publique sur l’ensemble des Actions Newco en circulation. ***Actions Unibail-Rodamco*** Chaque Action Unibail-Rodamco donne droit à une voix lors de l’assemblée générale Unibail-Rodamco. *Émission d’Actions Unibail-Rodamco* L’émission d’Actions Unibail-Rodamco et de valeurs mobilières donnant accès au capital requiert un vote des actionnaires d’Unibail-Rodamco (les "**Actionnaires d’Unibail-Rodamco**") réunis en assemblée générale extraordinaire. Les Actionnaires d’Unibail-Rodamco peuvent déléguer le pouvoir et l’autorité d’émettre des Actions Unibail-Rodamco et des valeurs mobilières donnant accès au capital au directoire d’Unibail-Rodamco (le "**Directoire d’Unibail-Rodamco**"). Les augmentations de capital sont soumises au Principe des Actions Jumelées. *Droits préférentiels de souscription* En vertu du droit français, les Actionnaires d’Unibail-Rodamco jouissent de droits préférentiels leur permettant de souscrire au prorata de leur participation des Actions Unibail-Rodamco ou d’autres valeurs mobilières donnant accès au capital émis par Unibail-Rodamco qui leur donnent le droit, directement ou indirectement, de souscrire des valeurs mobilières donnant accès au capital émis par la société en échange d’un paiement en numéraire. Ces droits préférentiels de souscription peuvent être cédées durant la période de souscription de l’offre concernée. Les Actionnaires d’Unibail-Rodamco réunis en assemblée générale extraordinaire peuvent renoncer à ces droits préférentiels de souscription. Le Directoire d’Unibail-Rodamco et les commissaires aux comptes d’Unibail-Rodamco doivent présenter des rapports portant spécifiquement sur toute proposition de renonciation aux droits préférentiels de souscription. *Dividendes et autres distributions* En vertu du droit français et conformément aux Statuts d’Unibail-Rodamco, des dividendes peuvent être distribués sur le bénéfice distribuable qui, à l’issue de chaque exercice, se compose :

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		- du résultat net d'Unibail-Rodamco pour l'exercice concerné ; minoré de - toute contribution obligatoire au fonds de réserve légale d'Unibail-Rodamco en vertu du droit français ; plus - tout bénéfice supplémentaire déclaré par Unibail-Rodamco, mais non distribué lors des exercices précédents ; moins - toute perte reportée des exercices antérieurs ; - ainsi que de toute réserve distribuable (bénéfices distribuables et toute réserve distribuable formant le « montant distribuable »). Si Unibail-Rodamco réalise un bénéfice par rapport à la fin de l'exercice précédent, comme le révèle le bilan provisoire certifié par les commissaires aux comptes d'Unibail-Rodamco, le Directoire d'Unibail-Rodamco est en droit, conformément aux dispositions du Code de commerce français et aux autres réglementations applicables, de verser des acomptes sur dividende avant l'approbation des comptes annuels par les actionnaires, à condition que le montant des acomptes sur dividende ne soit pas supérieur au montant distribuable. Les Statuts d'Unibail-Rodamco autorisent l'assemblée générale d'Unibail-Rodamco à donner le choix à chaque actionnaire de recevoir tout ou partie de son dividende en numéraire ou sous forme d'Actions Unibail-Rodamco. Les dividendes sont distribuables aux Actionnaires d'Unibail-Rodamco au pro rata du nombre d'Actions Unibail-Rodamco qu'ils détiennent. Les dividendes doivent être versés aux Actionnaires d'Unibail-Rodamco en date de l'assemblée générale ordinaire d'Unibail-Rodamco ayant approuvé la distribution des dividendes. ***Actions Newco*** Chaque Action Newco de Catégorie A donne droit à une voix lors de l'assemblée générale de Newco. *Emission d'Actions Newco* En vertu du Principe des Actions Jumelées et sur proposition du Directoire de Newco avec l'accord du conseil de surveillance de Newco (le "**Conseil de Surveillance de Newco**"), l'assemblée générale Newco peut décider d'émettre des Actions Newco. Sur proposition du directoire de Newco (le "**Directoire de Newco**"), avec l'accord du Conseil de Surveillance de Newco, l'assemblée générale de Newco (le "**Assemblée Générale de Newco**") peut également conférer au Directoire de Newco le pouvoir d'émettre des Actions Newco. Toute résolution du Directoire de Newco visant l'émission d'Actions Newco est soumise au Principe des Actions Jumelées et nécessite l'approbation du Conseil de Surveillance de Newco. Cela s'applique également à l'octroi de droits permettant de souscrire à des Actions Newco. Avant la réalisation de l'Opération, l'Assemblée Générale de Newco autorisera de manière irrévocable le Directoire de Newco, sous réserve de l'accord du Conseil de Surveillance de Newco et en observant le Principe des Actions Jumelées, à décider d'émettre des Actions Newco et à conférer des droits de souscription d'Actions Newco, pour une durée initiale de cinq ans à compter de la réalisation de l'Opération, à hauteur du capital maximum autorisé tel qu'applicable. *Droits préférentiels des Actions Newco* À l'occasion d'une émission d'Actions Newco, chaque Actionnaire Newco jouira d'un droit préférentiel proportionnel à la valeur nominale totale de ses Actions Newco. Les Actions Newco attribuées en échange d'un apport en nature ou attribuées aux employés de Newco ou d'une Société du Groupe Newco ne confèrent aucun droit préférentiel. Ces droits préférentiels s'appliquent également en cas d'attribution de droits à la souscription

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		d'Actions Newco. Sur proposition du Directoire de Newco avec l'accord du Conseil de Surveillance de Newco, l'Assemblée Générale de Newco peut décider de limiter ou de supprimer les droits préférentiels. Sur proposition du Directoire de Newco, avec l'accord du Conseil de Surveillance de Newco, l'Assemblée Générale de Newco peut également conférer au Directoire de Newco le pouvoir de limiter ou de supprimer des droits préférentiels. Toute résolution du Directoire de Newco portant limitation ou suppression des droits préférentiels requiert l'accord du Conseil de Surveillance de Newco. Toute résolution de l'Assemblée Générale de Newco destinée à limiter ou supprimer les droits préférentiels ou à octroyer une autorisation, requiert une majorité des deux tiers (2/3) des suffrages exprimés. Avant la réalisation de l'Opération, l'Assemblée Générale de Newco autorisera de manière irrévocable le Directoire de Newco, sous réserve de l'accord du Conseil de Surveillance de Newco, à décider de limiter ou de supprimer les droits préférentiels de souscription à des Actions Newco ou à l'octroi de droits de souscription d'Actions Newco pour une durée initiale de cinq ans à compter de la réalisation de l'Opération, à hauteur du capital maximum autorisé tel qu'applicable. *Dividendes et autres distributions sur les Actions Newco* Newco peut uniquement procéder à une distribution à condition que ses capitaux propres soient supérieurs au montant de la fraction appelée et versée de son capital, majorée des réserves devant être maintenues en vertu de la loi. Les montants distribués doivent l'être en proportion du nombre total d'Actions Newco détenues. Les bénéfices figurant dans les comptes annuels de Newco au titre d'un exercice doivent être distribués selon l'ordre de priorité suivant : (i) le Directoire de Newco, avec l'accord du Conseil de Surveillance de Newco, doit déterminer la part des bénéfices qu'il convient d'allouer aux réserves de fonds propres de Newco, en prenant en compte les règles et réglementations budgétaires applicables à Newco à tout moment ; et (ii) la part résiduelle des bénéfices doit être mise à disposition de l'Assemblée Générale de Newco. Le Directoire de Newco, avec l'accord du Conseil de Surveillance de Newco, peut décider de verser des acomptes sur dividende. Sur proposition du Directoire de Newco, avec l'accord du Conseil de Surveillance de Newco, l'Assemblée Générale de Newco est autorisée à décider de procéder à une distribution prélevée sur les réserves de Newco. Les distributions doivent être versées à la date de l'Assemblée Générale de Newco et, dans le cas de distributions en numéraire, dans la devise ou les devises déterminées par le Directoire de Newco avec l'approbation du Conseil de Surveillance de Newco.
C.5	**Restriction à la libre négociabilité des titres**	En application du Principe des Actions Jumelées, les Actions Unibail-Rodamco et les Actions Newco de Catégorie A ne peuvent être cédées séparément (sauf pour les cessions au profit des entités du Groupe Jumelé), mais uniquement sous la forme d'Actions Jumelées. L'ensemble des Actionnaires d'Unibail-Rodamco et l'ensemble des Actionnaires Newco doivent respecter le Principe des Actions Jumelées. Les Actions Jumelées sont librement cessibles et il n'existe aucune restriction quant à leur cession, dans le respect du Principe des Actions Jumelées.
C.6	**Admission**	L'admission des Actions Jumelées aux négociations sur Euronext Paris et Euronext Amsterdam à la réalisation de l'Opération a été approuvée. Les informations relatives à la cotation des Actions Jumelées figureront dans un avis devant être publié par Euronext le 30 mai 2018 (au plus tard). Il est prévu que les Actions Jumelées commenceront à être négociées sur Euronext Amsterdam et Euronext Paris le 5 juin 2018.
C.7	**Politique en matière de**	La politique actuelle d'Unibail-Rodamco en matière de dividende prévoyant la distribution de 85 à 95 % du résultat récurrent net d'Unibail-Rodamco devrait demeurer inchangée

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	dividendes	après la réalisation de l'Opération, exception faite des dates de versement, qui auront alors lieu en mars et en juillet à compter de 2018. Newco prévoit de distribuer entre 85 et 95 % du résultat net récurrent de son exercice. Afin de conserver son statut d'investisseur institutionnel étranger (FII — (*fiscale beleggingsinstelling*)), Newco prévoit de se conformer à l'obligation de distribution fiscale prévoyant de verser un dividende au moins égal à son bénéfice fiscal dans les huit mois suivant la fin de chaque exercice. Newco prévoit de verser ces dividendes annuels en deux versements à compter de 2019, au titre de l'exercice clos le 31 décembre 2018, en mars et en juillet.

Section D – Risques

Annexes et Elément		Obligation d'information
D.1	**Principaux facteurs de risques propres au Nouveau Groupe et à son secteur d'activité**	Les principaux risques propres au Nouveau Groupe et à son secteur d'activité sont énumérés ci-dessous : - Le portefeuille immobilier du Nouveau Groupe et les revenus de ses investissements pourraient pâtir de la situation économique, des fluctuations de la valeur et des loyers de ses immeubles et d'autres facteurs. Le rendement d'un investissement correspondant aux actifs du Nouveau Groupe dépend en grande partie du montant des loyers générés par les immeubles et des dépenses nécessaires à leur exploitation, y compris la gestion et la maintenance des immeubles, ainsi que de l'évolution de la valeur de marché des immeubles. Les loyers et la valeur de marché des immeubles du Nouveau Groupe peuvent être affectés de manière significative par un certain nombre de facteurs, notamment: - la nature cyclique du secteur immobilier ; - la situation générale des économies nationales et locales dans lesquelles le Nouveau Groupe opère, comme la croissance (ou la contraction) du produit intérieur brut, les tendances du marché de l'emploi, la confiance des ménages, les ventes au détail et le niveau de l'inflation et des taux d'intérêt ; - la situation du marché immobilier local, comme le niveau de la demande et de l'offre de centres commerciaux, de bureaux et d'espaces de congrès et d'expositions ; - la capacité à développer et rénover ses propriétés afin d'optimiser le rendement des investissements résultant de l'augmentation des loyers et de la valorisation de l'actif ; - la capacité à attirer et retenir les locataires et les clients par les activités de services connexes ; - la perception par les locataires et les utilisateurs des centres commerciaux de l'attrait, de la commodité et de la sécurité des biens immobiliers ; - la commodité et la qualité des centres commerciaux concurrents et d'autres points de vente comme le développement de l'e-commerce, et d'autres tendances observées dans le secteur de la vente de détail ; - la situation financière des locataires et, en particulier, des locataires clés et des locataires de bureaux ;

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		- les taux de vacance élevés ou en hausse ; - l’évolution de la législation applicable en matière de location immobilière ; - les attaques terroristes, ou d’autres incidents de sécurité importants sur le site d’un ou plusieurs de ses immeubles ; et - des facteurs externes, dont des événements mondiaux importants tels que les guerres ou les catastrophes naturelles comme les inondations et les tremblements de terre. L’inflation peut avoir un impact sur les opérations du Nouveau Groupe par ses effets sur les coûts et donc sur la rentabilité et la performance des différents biens immobiliers. Une baisse de la performance globale des actifs du Nouveau Groupe en raison de l’inflation peut potentiellement non seulement diminuer ses bénéfices réels, mais également avoir un impact sur ses frais de gestion. - La notation de crédit du Nouveau Groupe pourrait être revue à la baisse dans le futur. Même si l’Opération doit entraîner une amélioration du profil financier, le maintien de la notation de crédit actuelle d’Unibail-Rodamco ne peut être garanti, car il dépend de l’évaluation d’Unibail-Rodamco par des tiers. À l’avenir, les agences de notation pourraient attribuer au Nouveau Groupe ou à ses instruments de dette une notation inférieure aux notations actuelles d’Unibail-Rodamco et/ou de Westfield. Une telle dégradation pourrait contraindre le Nouveau Groupe à se financer à des conditions moins favorables et augmenter ses coûts de financement. - Des conséquences défavorables pourraient survenir si une entité juridique du Nouveau Groupe ne parvenait pas à bénéficier d’un traitement fiscal favorable en vertu du statut de FII, SIIC (*Société d'Investissement Immobilier Cotée*), SOCIMI (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*) et REIT (*U.S. real estate investment trust*). Si les entités juridiques concernées du Nouveau Groupe n’étaient plus éligibles aux statuts de FII, SIIC, SOCIMI ou REIT, le Nouveau Groupe devrait acquitter un impôt sur les revenus aux Pays-Bas, en France, en Espagne ou aux États-Unis (y compris tout impôt minimum alternatif applicable, pour les périodes fiscales commençant au plus tard le 31 décembre 2017), selon le cas, sur ses revenus imposables aux taux ordinaires de l’impôt sur les sociétés. En pareil cas, le résultat net des entités juridiques concernées du Nouveau Groupe disponible pour investissement ou distribution aux actionnaires serait fortement réduit pour chacune des années concernées.
D.3	**Principaux risques relatifs à l’Opération et aux Actions Jumelées**	Les principaux risques liés à l’Opération et aux Actions Jumelées sont les suivants : - La réalisation de l’Opération est subordonnée à plusieurs conditions suspensives, qui peuvent l’empêcher ou la retarder. La réalisation de l’Opération est subordonnée à plusieurs conditions suspensives,. Certaines de ces conditions suspensives échappent au contrôle d’Unibail-Rodamco, de Newco et de Westfield. Il ne peut être garanti que les conditions suspensives à l’Opération seront satisfaites ou feront l’objet d’une renonciation dans un délai opportun ou d’aucune manière. La non-satisfaction ou la satisfaction tardive des conditions suspensives pourrait empêcher ou retarder la réalisation de l’Opération, ce qui pourrait réduire les avantages qu’Unibail-

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		Rodamco escompte de l'Opération, augmenter les coûts liés à l'Opération et entraver le succès de l'intégration des activités d'Unibail-Rodamco et de Westfield. L'Opération est subordonnée en particulier aux conditions suspensives suivantes, à savoir notamment : - les approbations et consentements des autorités de régulation de l'Union européenne et d'Australie. Les autorités compétentes peuvent imposer des mesures ou conditions et il ne peut être garanti qu'Unibail-Rodamco et Westfield obtiendront les consentements et approbations nécessaires des autorités de régulation. De plus, les conditions imposées par les autorités de régulation dans le cadre de l'Opération pourraient avoir un impact négatif important sur les activités, les résultats opérationnels, la situation financière et les perspectives d'Unibail-Rodamco ; - l'approbation des actionnaires d'Unibail-Rodamco et des Porteurs de Titres Westfield ; - l'approbation par la cour australienne des (ou en lien avec les) Schemes proposés ; et - l'admission des Actions Jumelées aux négociations sur l'ASX sous la forme de CDI. - Risques relatifs à la réalisation des synergies escomptées : Malgré l'expérience de l'intégration d'actifs et d'activités que possède Unibail-Rodamco, la réalisation de synergies n'est pas certaine. Il existe un risque que les synergies escomptées ne se réalisent pas du tout ou pas totalement, ou qu'elles se réalisent sur une période plus longue, ou qu'elles nécessitent des coûts supérieurs à ceux prévus pour se réaliser. La capacité à réaliser les synergies dépendra, entre autres, du fait que l'intégration d'Unibail-Rodamco, de Newco et de Westfield, soit réalisée de manière efficiente, efficace et opportune, sans interruption importante de leurs activités respectives. La non-réalisation des avantages et synergies escomptés pourrait affecter la performance et la situation financière du Nouveau Groupe. - L'intégration des activités d'Unibail-Rodamco et de Westfield pourrait s'avérer plus coûteuse que prévue : L'Opération impliquera la combinaison des activités d'Unibail-Rodamco et de Westfield qui fonctionnaient précédemment en toute indépendance. Il existe un risque que des problèmes et complications non prévus surgissent au cours du processus d'intégration. Il existe un risque que le Nouveau Groupe soit confronté à des passifs et coûts non prévus, à une perturbation des opérations et à une éventuelle perte d'employés clés, de clients ou de parts de marché si l'intégration n'était pas achevée dans les délais et selon le processus planifié. Unibail-Rodamco et Westfield engageront des coûts dans le cadre de l'Opération. Unibail-Rodamco et Westfield paieront toutes deux des frais et autres dépenses liées à l'Opération, y compris des honoraires de conseillers financiers, des frais de dépôt, des frais juridiques et comptables et des coûts d'expédition. - La situation financière et le résultat opérationnel réels du Nouveau Groupe peuvent différer significativement des informations financières pro forma non auditées contenues dans le Prospectus :

Annexes et Elément		Obligation d’information
		Les informations financières pro forma non auditées présentées par Unibail-Rodamco dans le Prospectus sont fournies uniquement à titre illustratif et décrivent, par leur nature, une situation hypothétique dans laquelle l’Opération aurait été finalisée le 1er janvier 2017 (aux fins de préparation du compte de résultat pro forma) ou le 31 décembre 2017 (aux fins de préparation du bilan pro forma). Par conséquent, ces informations ne reflètent pas la situation financière ou le résultat opérationnel que le Nouveau Groupe aurait réellement connu si l’intégration des activités d’Unibail-Rodamco et de Westfield avait été finalisée durant la période considérée. Les informations financières pro forma non auditées ne reflètent pas non plus le futur résultat opérationnel, la situation financière ou les instruments de financement du Nouveau Groupe. Les informations financières pro forma non auditées ne prennent pas en compte les éléments exceptionnels tels que les dépenses liées au changement de contrôle ou les coûts d’intégration susceptibles d’être occasionnés par l’Opération. Par ailleurs, les effets financiers de toute rationalisation des synergies ne sont pas reflétés dans les informations financières pro forma non auditées. Par conséquent, la situation financière du Nouveau Groupe peut différer significativement de celle présentée dans les informations financières pro forma non auditées contenues dans le Prospectus.

Section E – Offre

Annexes et Elément		Obligation d’information
E.1	**Montant total net du produit de l’offre**	Non applicable.
	Estimation des dépenses liées à l’Opération et à l’Admission	Le montant des honoraires et frais des conseillers financiers, juridiques, comptables et consultants en communication encourus par Unibail-Rodamco dans le cadre de l’Opération est estimé à environ 86 millions d’euros (103 millions de dollars US). Westfield a encouru des coûts importants afin de réaliser l’Opération avec Unibail-Rodamco à tel point qu’ils seront soumis au vote des actionnaires de Westfield. Ces coûts incluent les négociations avec Unibail-Rodamco, l’implication de conseils, la fourniture d’information à Unibail-Rodamco, la facilitation de l’accès d’Unibail-Rodamco aux due diligences et l’engagement d’un expert indépendant. Si l’Opération est réalisée, ces coûts seront effectivement pris en charge par Unibail-Rodamco et Newco en tant qu’entités de contrôle de Westfield à l’issue de la réalisation de l’Opération. Si l’Opération n’est pas réalisée et si aucune proposition supérieure n’est formulée et mise en œuvre, Westfield prévoit de supporter une charge totale d’environ 50 millions de dollars US, dont 10,3 millions de dollars US ont été réglés lors de l’exercice 2017 et le solde sera réglé au cours de l’exercice 2018.
E.2a	**Raison de l’offre et utilisation du produit de l’offre**	Non applicable.

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<tr><th colspan="2">Annexes et Elément</th><th>Obligation d'information</th></tr>
<tr><td>E.3</td><td>Modalités et conditions de l'offre</td><td>Le calendrier ci-dessous donne une indication des principales étapes de l'Opération et de l'Admission :

<table>
<tr><td>Date du présent Prospectus</td><td>Approbation du Prospectus par l'AMF et l'AFM et publication du Prospectus.
Visa du Document E par l'AMF et publication du Document E.
Publication du Document de Référence 2017 d'Unibail-Rodamco sur le site internet d'Unibail-Rodamco.</td></tr>
<tr><td>4 avril 2018</td><td>Publication au BALO de l'avis de réunion de l'Assemblée Générale d'Unibail-Rodamco.</td></tr>
<tr><td>12 avril 2018
(heure de Sydney)</td><td>Première audience de la Scheme Court pour convocation de l'assemblée générale des Porteurs de Titres Westfield.
Enregistrement du Scheme Booklet auprès de l'Australian Securities and Investments Commission (ASIC).</td></tr>
<tr><td>27 avril 2018</td><td>Publication au BALO de l'avis de convocation de l'Assemblée Générale d'Unibail-Rodamco.</td></tr>
<tr><td>17 mai 2018</td><td>Assemblée Générale d'Unibail-Rodamco pour obtenir l'approbation des actionnaires.</td></tr>
<tr><td>24 mai 2018
(heure de Sydney)</td><td>Assemblée générale de Westfield (pour approuver les Schemes et les résolutions associées).</td></tr>
<tr><td>29 mai 2018
(heure de Sydney)</td><td>Seconde audience de la Scheme Court concernant les Schemes.</td></tr>
<tr><td>30 mai 2018
(au plus tard)</td><td>Publication par Euronext Paris et Euronext Amsterdam d'un avis de radiation des Actions Unibail-Rodamco et d'un avis d'admission des Actions Jumelées.</td></tr>
<tr><td>30 mai 2018</td><td>Date de Prise d'Effet.
Dernier jour de négociation des Titres Westfield sur l'Australian Securities Exchange (ASX).
Paiement du dividende final d'Unibail-Rodamco pour l'exercice 2017.</td></tr>
<tr><td>31 mai 2018</td><td>Premier jour prévu de négociations des Chess Depository Interests (CDIs) sur ASX, en règlement différé.</td></tr>
<tr><td>1er juin 2018</td><td>Date d'Enregistrement.</td></tr>
<tr><td>4 juin 2018</td><td>Dernier jour de négociation des Actions Unibail-Rodamco sur Euronext Paris et Euronext Amsterdam.
Publication par Euronext du prix de référence des Actions Jumelées.</td></tr>
<tr><td>5 juin 2018</td><td>Ouverture de la négociation des Actions Jumelées sur Euronext Paris et Euronext Amsterdam (9 heures CET).</td></tr>
<tr><td>6 juin 2018</td><td>Date d'enregistrement pour les Actionnaires d'Unibail-Rodamco admissible à recevoir des Actions Newco de Catégorie A.</td></tr>
<tr><td>7 juin 2018</td><td>Date de Réalisation.
Premier jour de livraison des Actions Jumelées sur Euronext Paris et Euronext Amsterdam.</td></tr>
<tr><td>7 juin 2018</td><td>Premier jour de négocation des CDIs sur ASX (règlement normal).</td></tr>
</table></td></tr>
<tr><td>E.4</td><td>Intérêts</td><td>Non applicable.</td></tr>
</table>

Annexes et Elément		Obligation d'information
	pouvant influer sensiblement sur l'offre	
E.5	**Actionnaire cédant et Convention de blocage**	Non applicable.
E.6	**Dilution résultant de l'offre**	Immédiatement après la réalisation de l'Opération, les anciens Actionnaires d'Unibail-Rodamco devraient détenir environ 72 % des Actions Jumelées et les anciens Porteurs de Titres Westfield devraient détenir environ 28 % des Actions Jumelées, sur une base entièrement diluée à la date du présent Prospectus (c'est-à-dire en prenant en compte l'effet de tous les instruments dilutifs, que ce soient les ORA, les ORNANE, les actions de performance et les stock-options réservées pour Unibail-Rodamco et les titres réservés pour Westfield, en appliquant la "*treasury method*").
E.7	**Estimations des dépenses facturées à l'investisseur par le Nouveau Groupe**	Non applicable.

1. RISK FACTORS

*Before investing in the Stapled Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on Unibail-Rodamco and Newco (the group of companies owned and/or controlled by Unibail-Rodamco and Newco together, the "**New Group**"), their business, revenues, prospects, results and financial condition. In that event, the value of the Stapled Shares could decline and an investor might lose part or all of his investment.*

All of these risk factors and events are contingencies which may or may not occur. The New Group may face a number of these risks described below simultaneously or one or more risks described below may occur at different times. Neither the numbering, which has been included to help prospective investors when risk factors are referenced in other chapters of this Prospectus, nor the order in which risks are presented is necessarily an indication of the likelihood of the risks actually materializing, nor of the potential significance of the risks or of the scope of any potential harm to the business, revenues, prospects, results and financial condition of the New Group.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although Unibail-Rodamco and Newco believe that the risks and uncertainties described below are the material risks and uncertainties concerning the New Group's business and the Stapled Shares, they are not the only risks and uncertainties relating to the New Group and the Stapled Shares. Other risks, events, facts or circumstances not presently known to Unibail-Rodamco, Newco and/or Westfield, or that they currently deem to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the New Group's business, revenues, prospects, results and financial condition. The value of the Stapled Shares could decline as a result of the occurrence of any such risks, events, facts or circumstances or as a result of the events, facts, or circumstances described in these risk factors, and investors could lose part or all of their investment.

1.1. RISKS RELATED TO THE NEW GROUP AND ITS BUSINESS

The following risk factors are based on assumptions of the risk factors that the New Group could face upon completion of the Transaction.

Industry risks

Recessionary or low economic growth conditions in the New Group key markets may have an adverse effect on its business.

Recessionary or low economic growth conditions in the New Group key markets could impact its business and financial performance and may heighten the potential for realization of one or more of the risks outlined in this section, including:

- a reduced ability to lease space in its assets;
- impaired financial condition of its tenants, co-ownership partners or joint venture partners;

– reduced rental income and ancillary services;
– adverse movements in the valuation of its assets; and
– reduced ability to undertake its development and redevelopment activity.

The New Group real estate portfolio and the returns from its investments could be adversely affected by economic conditions, fluctuations in the value and rental income of its properties and other factors.

Returns from an investment in the New Group assets depend largely upon the amount of rental income generated from the properties and the expenses incurred in the operations, including the management and maintenance of the properties, as well as changes in the market value of the properties.

Rental income and the market value of the New Group properties may be adversely affected by a number of factors, including:

– the cyclical nature of the real estate sector;
– the overall conditions in the national and local economies in which the New Group operates, such as growth (or contraction) in gross domestic product, employment trends, consumer sentiment, retail sales and the level of inflation and interest rates;
– local real estate conditions, such as the level of demand for and supply of retail, office and convention & exhibition spaces;
– its ability to develop and redevelop its properties in order to maximize returns on investment from both increased rental income and capital appreciation of the asset;
– its ability to attract and retain tenants and customers for ancillary services;
– the perception of prospective tenants and shoppers of the attractiveness, convenience and safety of the properties;
– the convenience and quality of competing shopping centres and other retail options such as the growth of e-commerce, as well as other trends in the consumer retail industry;
– the financial condition of its tenants and, in particular, its anchor tenants and office tenants;
– high or increasing vacancy rates;
– changes in real estate tenancy laws;
– terrorist attacks on, or other significant security incidents at, one or more of its assets; and
– external factors including major world events such as war, or natural disasters such as floods and earthquakes.

Inflation can impact the New Group operations through its effect on costs and hence the profitability and performance of individual properties. A decline in the overall performance of the New Group assets due to inflation can potentially reduce its real earnings as well as impact its management fees.

Substantially all of the New Group's tenants' leases contain provisions designed to lessen the impact of inflation on its results. In most countries, such provisions include clauses enabling the New Group to receive periodic contractual rent increases during the term of the lease or, to a much lesser extent, percentage rents based on tenant's gross sales, which generally increase as prices rise, or both. In the United Kingdom, standard lease terms provide for upward only market reviews every five years during the term of the lease. Most leases (except for most anchor and mini-major leases in the United States) require the tenants to pay a proportionate share of operating expenses, including common area maintenance, real estate taxes and insurance, reducing the New Group exposure to increases in costs and operating expenses resulting from inflation. However, the substantial majority of its leases in the United States require the retailers to pay fixed amounts for common area expenses with fixed annual escalations which are intended to cover inflation. As a result, the New Group may not be able to recover all of its expenses if inflation exceeds the fixed annual increases for these tenants.

Inflation may have a negative effect on some of the New Group other operating items. Interest costs and general and administrative expenses may be adversely affected by inflation as these costs could increase at a rate higher than rents. The New Group enters into interest rate swap contracts and fixed rate debt as a means of reducing its exposure to fluctuations in interest rates.

In addition, other factors may adversely affect an asset's value without necessarily affecting its current revenues and operating income, including:

- changes in laws and governmental regulations, including real estate tenancy, zoning, planning, environmental or tax laws;
- potential environmental or other legal liabilities;
- unforeseen capital expenditures;
- supply and demand for real estate properties;
- availability of financing;
- changes in interest rates;
- supply of new property facilities and other investment assets; and
- demand for shopping centres from investors.

Competition with other participants in the real estate industry could have an adverse impact on the New Group's income and on the New Group's ability to acquire properties, develop land and secure tenants effectively.

The New Group faces competition from other European and United States property groups and other commercial organizations active in the European and United States property markets. The New Group also faces the threat of new competitors emerging both generally and in particular trade areas. Competition in the property market may lead to an oversupply of retail and office premises through overdevelopment, to prices for existing properties or land for development being inflated through competing bids by potential purchasers or to the rents to be achieved from existing properties being adversely impacted by an oversupply of retail and office spaces. Accordingly, the existence of such competition may have a material adverse impact on the New Group's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory cost.

In addition, the New Group shopping centres and office buildings are generally located in developed retail and office areas, many of which compete with other shopping centres and office buildings or neighborhood office buildings or shopping centres within their primary trade area. The amount of rentable space in the relevant primary trade area, the quality of facilities and the nature of stores and offices at such competing shopping centres and office buildings could each have a material adverse effect on its ability to lease space and on the level of rents the New Group can obtain. In addition, retailers at its shopping centres face increasing competition from other forms of retailing, such as discount shopping centres and clubs, outlet malls, catalogues, video and home shopping networks, direct mail, telemarketing and shopping via the Internet.

Changes in consumer shopping patterns and preferences, including as a result of the growth of e-commerce, may lead to a decline in consumer traffic at the New Group properties and could have an adverse impact on its results of operations.

A significant portion of the New Group's revenues depend on rental income from tenants whose ability to pay rent depends on their ability to generate and maintain retail sales. Retail sales are subject to rapid and occasionally unpredictable changes in consumer sentiment or preferences, including changes to economic conditions, interest rates, levels of disposable income and consumer confidence. If the New Group, or its tenants, misjudges consumer sentiment or preferences, or fails to respond to changing consumer sentiment or preferences, this may result in a decline in its rental income and financial performance.

Consumers spending may become increasingly directed to alternative retail channels, such as "big box" shopping centres, discount malls and clubs, outlet malls, catalogues, video and home shopping networks, direct mail order, telemarketing, e-commerce websites and mobile applications. A shift in consumer spending towards alternative retail channels may lead to a decline in consumer traffic in the New Group's properties, which could result in, among other things, a decline in the revenue of its tenants and in a decline in demand for retail space at its properties, each of which could have an adverse impact on its results of operations. In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "bricks and mortar" retailing in recent years. With consumers increasingly using online shopping, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels.

Many retailers are as advanced as the consumers in adopting digital and mobile technology. The New Group's shopping centres may gradually lose their appeal and relevance for new age consumers and retailers, and may be unable to compete successfully with such online retail platforms. Whether the New Group is able to meet this challenge depends on its ability to execute its strategy to connect both groups of consumers and retailers (and the digital world) to its physical shopping centres and ensure its shopping centres continue to play a significant role in modern day life.

Changes in user office patterns and preferences, including as a result of the growth of mobility, may lead to a decline in office's square meters rented to companies at the New Group's properties and could have an adverse impact on its results of operations.

A significant portion of the New Group's revenues depend on rental income from tenants in office buildings whose needs might change in terms of location, number of square meters and services. Office needs are subject to rapid and occasionally unpredictable changes in demand, including changes to economic conditions, interest rates and user confidence. If the New

Group misjudges the change in demand or preferences, or fails to respond to changing demand or preferences, this may result in a decline in its rental income and financial performance.

Changes in user convention and exhibition patterns and preferences, including as a result of the growth of Internet, may lead to a decline in convention and exhibition's square meters rented to trade show organization companies at its properties in France and could have an adverse impact on the New Group's results of operations.

A significant portion of the New Group's revenues depend on rental income from convention and exhibition portfolio whose ability to rent spaces and services might change in terms of location, number of square meters and services. If the New Group misjudges the change in demand or preferences, or fails to respond to changing demand or preferences, this may result in a decline in its income and financial performance.

Business risks

The New Group's results of operations could be adversely affected by its inability to continue to lease space in its assets on economically favorable terms, if at all, or by tenant default.

The New Group's performance depends on its ability to lease space in its assets on economically favorable terms, if at all. As a majority of all of its earnings, excluding property revaluations and mark-to-market valuations of derivative financial instruments, are derived from rental income, the New Group results of operations may be adversely affected if a significant number of tenants or anchor tenants were unable to meet their obligations to the New Group under their leases or if there is a decrease in demand for new retail, office and convention and exhibition spaces in redeveloped properties so that the New Group is unable to find new tenants at economically favorable rental prices. If the retail sales of stores operating in its shopping centres decline significantly due to economic conditions, closure of anchor stores or for other reasons, tenants might be unable to pay their existing minimum rents or common area maintenance charges (since these fixed rents and charges would represent a high percentage of their sales). Further, if tenants' sales decline, new tenants would be less likely to be willing to pay minimum rent as high as they would otherwise pay. During times of economic recession or low economic growth, such as those experienced in the United States and Europe in recent years, these risks increase.

The New Group has temporary leasing programs pursuant to which the New Group leases some shopping centre space on a short-term basis, usually for a term of between 30 days to two years, either pending its ability to secure suitable long term tenants or as a deliberate strategic decision. The New Group may be unable to re-lease any such space upon expiration of a short-term lease, which could adversely affect its results of operations.

A negative effect on the financial condition of an anchor tenant could adversely affect the New Group's results of operations.

The bankruptcy or insolvency, or a downturn in the business, of any of its anchor tenants or an anchor-owned store, or the failure of any anchor tenant to renew its lease when it expires or continue to operate its store, could adversely affect the New Group results of operations, especially where an anchor tenant accounts for a significant amount of the New Group total rental income. In addition, closure of anchor stores could adversely affect retail sales of other stores operating in the shopping centre because productive anchor tenants play an important part in generating customer traffic and making shopping centres desirable locations for retailers generally. Certain department stores and other retailers (including some of the New Group anchor tenants) have experienced, and may continue to experience for the foreseeable future, competition from alternative retail options such as those accessible via the Internet and other forms of pressure on their business models. As pressure on these department stores and retailers increases, their ability to maintain their stores, meet their obligations both to the New Group and to their external lenders and suppliers, withstand takeover attempts by investors or rivals or avoid bankruptcy and/or liquidation may be impaired and result in closures of their stores.

The New Group has already faced some closings of anchors in 2017 in the United States such as Macy, Sears and JC Penney notably.

In March 2017, the Macy's store located at Sarasota Square in Sarasota, Florida, one of Westfield's regional properties, was closed. In July 2017, the JC Penney store located at Sunrise in Massapequa, New York, one of Westfield's regional properties, was closed. In September 2017, the Sears store located at Sarasota Square in Sarasota, Florida was closed. In October 2017, the Sears store located at UTC in San Diego, California, one of Westfield's flagship properties, was closed. There were no such department store closures in Westfield's properties in 2016. Westfield has been proactive in acquiring department stores to unlock valuable space in its shopping centres and facilitating development opportunities. Otherwise as of March 21, 2018, being the latest practicable date, Westfield is not aware of any further announcements by anchor retailers of the future closure of any anchor stores within the Westfield portfolio. In Westfield's United States portfolio, the anchor retailers contributed 4.5% of total rental income in the United States for the year ended 31 December 2017. Many of the New Group anchor tenants have a clause in their leases that allows the anchor tenants to cease operating, reduce their rent, or terminate their lease if other anchor stores or a percentage of non-anchor tenants at the same property are not occupied and operating. Some non-anchor tenants may be entitled to modify the economic or other terms of their existing leases in the event of such closures. Also, some of the non-anchor tenant leases permit those tenants to terminate their leases or reduce their rent if a number of anchor tenants or a percentage of non-anchor tenants cease to operate at such properties for a specified period of time. Further, these actions could adversely affect the New Group ability to re-lease the space that is vacated and could adversely affect its results of operations.

The leases of certain anchor tenants may permit those tenants to transfer their interests at shopping centres to other retailers, subject in some cases to the New Group consent. Additionally, anchor tenants in the United States who own their own stores may transfer their interests in those stores, subject to the new owners' compliance with existing reciprocal easement agreements relating to those stores. The transfer to a new anchor tenant could adversely affect customer traffic in a shopping centre and thereby reduce the income generated by that shopping centre and could also allow some other anchors and other tenants to make reduced rental payments or to terminate their leases at that mall. Each of these occurrences could adversely affect the New Group income.

A negative change in the financial condition of any of the New Group anchor tenants discussed above could result in a substantial decrease in such tenants' revenues, which in turn could have a negative impact on the overall performance of the affected mall.

The New Group may be unable to expand and redevelop its existing properties or develop new properties successfully.

The New Group's financial performance depends in part upon the continued development of new properties and improvement of its existing properties. As of December 31, 2017, the New Group had many major redevelopment projects under construction in the United States, the United Kingdom and Europe. The New Group will be subject to the risks associated with its expansion and development activities, including risks resulting from:

- construction not being completed on budget and on schedule;
- properties not being leased on the terms anticipated by the feasibility study prepared for the particular project especially if the income derived from the new development or redeveloped properties is lower than expected; or
- its or its joint venture partners' inability to obtain funding on favorable terms, or at all, for its proposed development and redevelopment program.

Development, redevelopment, and expansion activities may also involve the following risks:

- failure to obtain, or delay in obtaining, required permits, licenses or approvals;
- changes in laws and governmental regulations including zoning, planning and environmental laws;
- changes in political and economic environments;
- industrial disputes may delay projects and/or add to the cost of developments;
- construction costs of a project may exceed original estimates or available financing, possibly making the project unprofitable;
- temporary disruption of income from a property being redeveloped;
- failure to maintain leased rates for existing retail and office spaces and the inability to lease new retail and/or office spaces, rent abatements, and termination of lease agreements and pre-sale agreements;
- loss of customers due to inconvenience caused by construction;
- incurrence of substantial expenditures before the redevelopment project produces income; and
- delays due to inadequate supply of labor, scarcity of construction materials, lower than expected sales productivity levels, inclement weather conditions, land contamination, difficult site access, objections to the development raised by community interest groups, environmental groups and neighbors, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes.

If a redevelopment or development project is unsuccessful or does not proceed, its investment cost may exceed the value of the project on completion or the New Group may incur predevelopment costs that have to be written off. Its financial performance may be adversely affected in these circumstances.

The New Group may undertake development or redevelopment activities for a third party (including a co-owner) on a fixed price, fixed time basis. Under such arrangements, the New Group would face the additional risk of, among other things, delays resulting in liquidated damages against it, design problems or defects that may result in rectification or costs or liabilities that the New Group cannot recover, or its inability to fulfil its statutory and contractual obligations in relation to the quality of its materials and workmanship, including warranties and defect liability obligations.

Given the significant size and scale of its expansion and development activities, the New Group may incur additional indebtedness at any time and from time to time to fund required capital expenditures. Its significant debt levels may affect the way the New Group carries on its business in the future and have other adverse effects on the New Group. The New Group currently has a significant amount of debt.

The New Group may have conflicts of interest and/or disputes with its joint venture partners or co-owners in jointly owned properties.

Historically, Unibail-Rodamco as an asset manager was focused on retaining control over its assets whereas Westfield, as a developer, has frequently undertaken development projects with joint venture partners. Unibail-Rodamco has, from time to time, entered into joint ventures opportunistically.

As a result, a number of shopping centres in the New Group's portfolio are held through joint ventures or co-ownership arrangements. In a number of its joint ventures or co-ownership arrangements the New Group does not have exclusive control over the development, financing, leasing, management and other aspects of the shopping centres.

As of February 2018, Unibail-Rodamco owned 18 shopping centres and 8 other retail assets and projects through joint ventures, such assets collectively represent 33% of total retail proportionate GMV. The value of Unibail-Rodamco's holdings amounts to a proportionate GMV of €43.6 billion as at December 31, 2017. The Westfield Group owns interests in and manages 35 shopping centres of which 28 are held through joint ventures and co-ownership arrangements. As of December 31, 2017, the Westfield Group had US$34.5 billion in assets under management of which US$13.1 billion (or 38.0%) is managed on behalf of joint venture partners.

From time to time the New Group is required to obtain the approval of its joint venture partner to make major decisions in respect of co-owned properties, for example, redevelopment and refurbishment, refinancing, the sale of shopping centres or surplus land and the purchase of additional land. Co-owners may be competitors and/or have economic or other business interests or goals that are inconsistent with the New Group's business interests or goals, and may be in a position to take actions contrary to the New Group's policies or objectives. Disputes between the New Group and co-owners may result in litigation or arbitration that would increase its expenses and may prevent its officers and/or directors from focusing their time and effort on its business.

In addition, pre-emptive provisions or rights of first refusal may apply to sales or transfers of interests in these co-owned properties. These provisions may work to its disadvantage because, among other things, the New Group might be required to make decisions about buying or selling interests in these properties at a time that is disadvantageous to the New Group.

There is also the risk that these co-owners might become bankrupt or default on their obligations, resulting in their interests becoming subject to external administration, transferred to creditors or sold to third parties, or otherwise act in a manner that adversely affects the New Group, or which forces the New Group to take an action (*e.g.*, purchase of that interest pursuant to pre-emptive rights) which it would not otherwise have taken.

The New Group may be adversely affected if third parties terminate their management and development agreements with the New Group.

Due to the increase in the number of the New Group joint venture arrangements over recent years mainly in the United States, the portion of its income derived from property management and development fees has increased and the portion of its income derived from direct property ownership has decreased. The New Group may undertake additional transactions in the future that expand its property management activities and the fees the New Group derives from this part of its business.

Mainly in the United Kingdom, the United States and in Germany, the New Group has management and development agreements with third parties under which the New Group undertakes management (with respect to shopping centres in which such third parties are a joint-venture partner with the New Group), leasing, development and other services. Each of these agreements may be terminated by its counterparty if the New Group breaches the agreement (subject to specified cure periods) or under certain other conditions, such as the New Group no longer owning a certain proportion of the property, and any act or omission that constitutes corporate fraud, willful misconduct or gross negligence.

If third parties with whom the New Group has management and development agreements were to terminate those agreements, its income may be adversely affected. In addition, the New Group may be liable to third parties for damages if it breaches these management and development agreements.

Illiquidity of its investments in property could adversely affect the New Group ability to vary its investment portfolio if necessary.

Investments in property are relatively illiquid, and some of the New Group's properties are subject to contractual limitations on transfer. This illiquidity limits its ability to vary its portfolio promptly in response to changes in economic or other conditions. In times of recession, low economic growth or disruption in financial markets, there are fewer potential buyers of shopping centre assets, and it may be difficult for such potential buyers to obtain financing on acceptable terms, or at all. In addition, the completion of any potential divestment transaction can be dependent on the acquirer obtaining funding from a third party. To the extent that a potential acquirer fails to obtain the required funding, the New Group may not be able to settle any such transaction, which may cause a reduction of its expected liquidity. There is no assurance that the New Group will be able to dispose of a property at the desired time or at a price greater than its total investment in the property.

The New Group's financial performance and the value of a property would be adversely affected if the revenue from that property declines and other related expenses remain unchanged.

Significant expenditures associated with each real estate investment, such as mortgage payments, maintenance costs and taxes, are generally not reduced when circumstances cause a reduction in revenue from the investment. Under these circumstances, the financial performance and value of the relevant property would be adversely affected.

The New Group faces a number of risks in connection with any acquisitions of property assets and related redevelopment projects that the New Group may undertake.

The New Group may pursue acquisitions of property assets and related redevelopment projects as opportunities arise that meet its criteria and if funding is available. Property assets and redevelopment projects may be acquired directly or indirectly through acquisition of entities that own development projects and properties. Such acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of the property assets. While the New Group's policy is to undertake appropriate due diligence in order to assess these risks, unexpected problems and latent liabilities or contingencies such as the existence of hazardous substances (for example, asbestos or other environmental liabilities) may still emerge.

Additionally, the indirect acquisition of properties and related redevelopment projects through, for example, the takeover of another listed property-owning entity may not allow for the usual standard of due diligence for a specific property acquisition to be undertaken.

Acquisition activities will also involve the following risks:

– the acquired properties may not achieve anticipated rental rates or leased rates;

– assumptions or judgments with respect to improvements to the financial returns (including the leased rates and rents of a completed project) of acquired properties may prove inaccurate;

– the New Group may abandon acquisition opportunities that the New Group uses funds to explore and incur transaction costs that cannot be recovered;

– the New Group may be unable to obtain anchor tenants, financier and co-owner or joint venture approvals, if applicable, for expansion activities; and

– the New Group may be unable to obtain necessary regulatory licenses and approvals for expansion activities.

By growing through acquisition, the New Group will face the operational and financial risks commonly encountered with such a strategy, including continuity or assimilation of operations or employees, dissipation of its management resources and impairment and restructuring of relationships with employees and tenants of the acquired property as a result of changes in ownership and management. In addition, depending on the type of transaction, it can take a period of time to realize the full benefits of the acquisition. Moreover, during a period following such a transaction, its operating results may decrease compared to results prior to the transaction.

Furthermore, if the New Group acquires property assets or undertake development projects outside of the countries in which the New Group currently operates, such as its entry into Milan, Italy or Brussels, Belgium, the above risks would be heightened. This arises from its possible unfamiliarity and lack of experience with local conditions. The New Group may also face additional risks to those stated above.

The New Group may also face financial risks associated with incurring additional indebtedness to make acquisitions. Its significant debt levels may affect the way the New Group carries on its business in the future and have other adverse effects on the New Group. The New Group currently has a significant amount of debt. To the extent acquisitions are funded by short term or bridge financing facilities, the New Group also faces the risk of not being able to refinance such financing facilities prior to their stated maturities on favorable terms, or at all. During times of economic uncertainties or global credit market disruption, this risk increases.

The New Group faces risks associated with operating in multiple countries and expanding into new markets outside of the Europe, the United Kingdom and the United States.

The New Group operates properties in Europe, the United Kingdom and in the United States. In the future, the New Group may pursue expansion and development opportunities in additional markets. International development and ownership activities carry risks that may be different from those related to its existing properties and operations. These risks generally include, among others:

– the costs and difficulties of managing operations in multiple jurisdictions with wide geographical reach;
– differing foreign political and economic environments, regionally, nationally and locally;
– difficulties of complying with the variety of laws and regulations of each of the jurisdictions, including obtaining and maintaining authorizations, laws affecting funding, corporate governance, property ownership, development activities, operations, anti-corruption, taxes and litigation;
– managing any extra-territorial reach of the laws of jurisdictions such as the French Sapin II law regarding anti-corruption, the U.S. Foreign Corrupt Practices Act, and the UK Bribery Act;
– differences in business practices, including lending, employment and labor practices;
– differences in cultures, social expectations and language;
– adverse tax consequences or inefficiencies arising from carrying on operations in a large number of countries and potentially in new jurisdictions;
– obstacles to repatriation of earnings and cash; and
– multiplicity of cross-border transactions and exchange rate risks.

The New Group may decide to dispose of more assets than anticipated.

Depending on internal and external conditions, the New Group may decide to dispose of a larger amount than the €3 billion initially earmarked as part of its disposal program. Depending on the use of proceeds from these potential additional disposals, this may reduce the earnings per share of the New Group compared to the expected trajectory and might have a negative impact on accretion.

The New Group also faces a number of risks as the New Group grows its business and expand into new markets.

Development and acquisition activities in different markets carry different inherent risks, such as those described above. These differences may mean that practices and strategies that have been successful in one market may not be able to be successfully adopted for another market. The difficulties in managing these different risks increase due to its unfamiliarity with and lack of experience in the new markets, especially during the initial period when the New Group first enters the markets and learns to adapt its strategies in those markets.

Integration of new businesses may be costly and may occupy a large amount of management time and there is a risk that the New Group will not derive the optimum value which the New Group expects from the integration of new businesses. Any failure of the execution of growth initiatives may have an adverse effect on its future financial performance and position.

While the New Group will initially have operations in developed markets (Europe, the United Kingdom and United States) the New Group may expand its business to emerging or developing markets. Investments in such markets involve risks not typically associated with investments in developed markets. While some of the more advanced emerging market countries have experienced rapid growth and industrialization, there is no assurance that this growth rate will be maintained. Such markets are more likely than developed markets to experience volatility, inefficiencies and anomalies which are not necessarily compensated by higher return in investment.

Such different and heightened risks include restrictions on foreign ownership of assets, inability to verify local information or opinions obtained overseas (including audit work), difficulty in establishing robust internal controls and risk management system for the local operations, greater risk of related party transactions from reliance on a limited number of key persons for the local operations, greater difficulty in enforcing intellectual property rights, perceived lack of a rule of law, corruption or fraud, less uniformity in accounting and reporting requirements, lack of publicly available information, uncertain trade policies, restrictive currency regulations and foreign exchange controls, expropriation and/or nationalization of assets, confiscatory taxation, political instability, including authoritarian government, military intervention in governmental decision making, confrontation with neighboring countries, armed conflict, civil war and social instability as a result of political, religious, ethnic and/or socio-economic unrest.

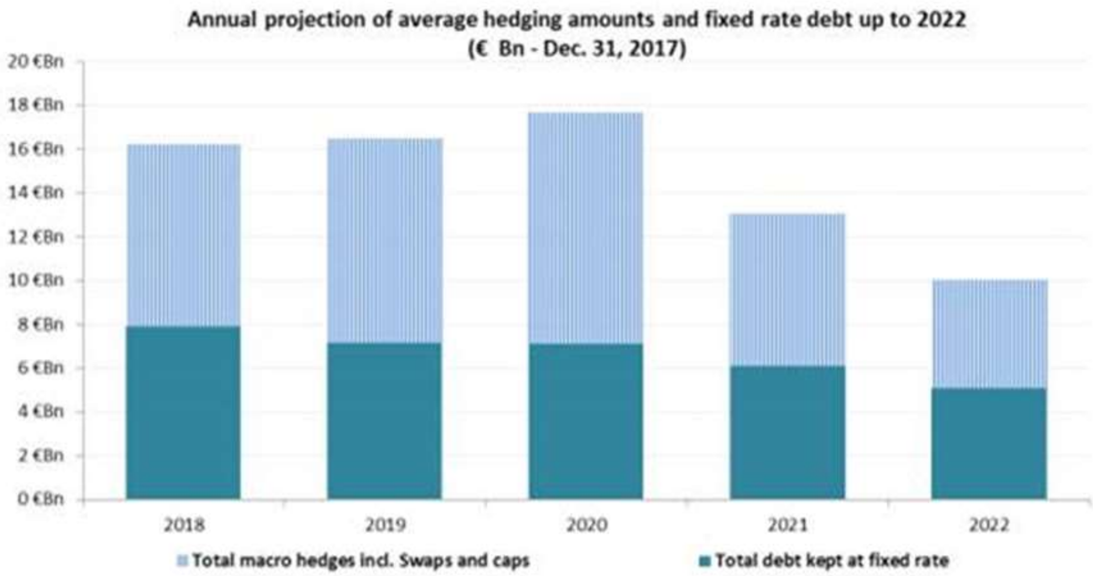
Risks related to interest rate, currencies, and capital markets

Failure to hedge effectively against adverse fluctuations in interest rates could negatively impact the New Group's results of operations.

The New Group is subject to the risk of rising interest rates associated with borrowing on a floating rate basis. The New Group may manage all or part of its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that such arrangements may not be effective in reducing its exposure to movements in interest rates. To the extent the New Group does not hedge or does not hedge effectively against movements in interest rates, such interest rate movements may adversely affect its results of operations.

Due to documentation, designation and effectiveness requirements under IFRS, the New Group's interest rate derivative financial instruments used for hedging interest rate exposure do not usually qualify for hedge accounting. As a consequence, the New Group may experience volatility in its reported earnings due to changes in the mark-to-market valuations of its interest rate derivative financial instruments. There can be no assurance that the New Group will not incur non-cash losses in future periods.

Although the New Group's interest rate hedging transactions are undertaken to achieve economic outcomes in line with its treasury policy, there can be no assurance that such transactions or treasury policy will be effective. The following table shows, as at December 31, 2017, Unibail-Rodamco's debt which is kept at a fixed rate, and the hedging instruments used to hedge the variable rate loans and fixed debt immediately converted into variable rate debt through Unibail-Rodamco's macro hedging policy.



Unibail-Rodamco's anticipated debt is fully hedged until 2020 (excluding the debt to be raised to finance the Transaction) while the anticipated debt for 2021 and 2022 is hedged at circa 80% and 60%, respectively. These ratios are on Unibail-Rodamco standalone basis. Westfield's floating rate debt is not hedged.

As part of the Transaction, the New Group's debt will increase. At this stage, a part of this new debt is hedged over the 5 next years. The New Group will decide on whether to hedge the remaining part or not depending on market conditions.

In addition to interest rate risk, the New Group will be exposed to numerous other risks currently faced by Unibail-Rodamco and Westfield, such as currency risk and other market risks.

The New Group is expected to enter into new swap or hedging arrangements, the impact of which may be less favorable than anticipated, or may affect its financial position or prospects.

Fluctuations in foreign exchange rates could negatively affect the New Group's earnings and its ability to satisfy its obligations under its outstanding indebtedness.

The New Group derives several currencies denominated earnings from its property investments in Europe, the United Kingdom and in the United States where several currencies exist such as Euro, U.S. dollar, British pound, Swedish krona and Czech koruna and Polish zloty. In the future the New Group may enter into new markets where other currencies might be used. If its business expands into other jurisdictions (outside Eurozone) it will be exposed to the currencies of those jurisdictions. To the extent the New Group does not hedge or does not hedge effectively against movements in the exchange rate of these currencies, such exchange rate movements may adversely affect its earnings and/or balance sheet. The New Group may manage the impact of exchange rate movements on both its earnings and balance sheet by entering into hedging transactions, including derivative financial instruments.

The New Group will prepare its consolidated financial statements in Euro, while the financial statements of each of its subsidiaries will be prepared in the functional currency of that entity. Accordingly, fluctuations in the exchange rate of the functional currencies of the New Group's foreign currency entities against the functional currency of the New Group will impact its results of operations and financial condition.

Economic conditions, currency exchange rate fluctuations and regulatory changes leading up to and following the United Kingdom's exit from the European Union ("Brexit") could have a material adverse effect on the New Group's business and results of operations.

The longer term effects of Brexit will depend on any agreements that the UK makes to retain access to European Union markets, either during a transitional period or more permanently. The real estate industry faces substantial uncertainty regarding the impact of the potential Brexit. Potential adverse consequences of Brexit include, but are not limited to: global economic uncertainty and deterioration, volatility in currency exchange rates, adverse changes in regulation of the real estate industry, disruptions to the markets the New Group invests in and the tax jurisdictions the New Group operates in (which may adversely impact tax benefits or liabilities in these or other jurisdictions), and/or negative impacts on the operations and financial conditions of its tenants. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which European Union laws to replace or replicate. Any of these effects of Brexit, among others, could have a material adverse impact on the New Group's business and results of operations.

Financing risks

Certain of Westfield's financing and operating agreements contain clauses related to a change of control which may be exercised by counterparties.

Some contracts to which Westfield Group entities are a party (including leases, supply contracts, joint venture agreements, financing arrangements and customer contracts) may contain change of control provisions that will, or may if certain conditions pertain, be triggered by the Transaction. The consent or agreement of third parties to such change of control may be required in certain cases. Where this is the case, the third parties to the contracts may not be willing to provide the relevant consent. In addition, third parties to such contracts may seek to alter the terms of such contracts at the time of providing their consent, as a condition to providing that consent.

As at the date of this Prospectus, Unibail-Rodamco is not aware of any material circumstances which would cause such consents to not be obtained. In respect of the bank debt financing, the New Group will seek appropriate assurance (to the extent possible) from its relevant financial counterparties that any change of control resulting from the Transaction will not lead to the exercise of termination or repayment rights under the review events for that financing. If appropriate assurance is not received, then there is a risk that Westfield's current bank debt facilities would need to be refinanced or terminated after completion of the Transaction. Two of Westfield's facilities amounting to approximately US$196 million contain clauses related to change of control matters and/or delisting of Westfield Securities: a bilateral line equal to US$150 million (with US$0 million drawn as of December 31, 2017) and the surety performance bond program (which is not treated as debt for accounting purposes). Certain performance bonds have been issued under the program (approximately US$ 46 million), but no amount under the program has been drawn or called upon. If the waivers are not obtained before the completion of the Transaction, the lines will be cancelled by counterparties.

The credit rating of the New Group may be negatively revised in the future.

Prior to the announcement of the Transaction, Unibail-Rodamco's corporate long term issuer credit ratings were "A" (stable outlook) by Standard & Poor's and Fitch Ratings. As a result of the announcement of the Transaction, Standard & Poor's confirmed "A" rating (stable outlook), Fitch Ratings placed "A" rating (under Rating Watch Negative) and Moody's assigned "A2" (outlook stable). Fitch Ratings indicated that Unibail-Rodamco's rating would be downgraded to "A-" should the Transaction materialize.

Prior to the announcement of the Transaction, Westfield's corporate credit ratings were "A3" (negative outlook) by Moody's and "BBB+" (stable outlook) by Standard & Poor's. As a result of the announcement of the Transaction, Moody's placed Westfield's "A3" rating (on review for upgrade) and Standard & Poor's placed Westfield's BBB+ Ratings on CreditWatch Positive.

These ratings are based on various assumptions, including cash flow projections, new debt issuance (including the Hybrid Securities), disposals and cross-guarantees. These ratings may be impacted if these assumptions do not materialize.

Even though the Transaction is expected to lead to an improved financial profile, the maintenance of Unibail-Rodamco's current credit rating cannot be guaranteed as its depends on the assessment of Unibail-Rodamco by third-parties. In the future, the rating agencies could assign the New Group or its debt instruments a lower rating than the current ratings of Unibail-Rodamco and/or Westfield. Such a downgrade may lead the New Group to finance itself at less favorable conditions and could increase the New Group's financing costs. In such a case, the New Group may be limited in undertaking certain acquisitions, capital expenditures or change its dividend policy because the increased cost of financing causes the projects to not meet its investment criteria. This could have an adverse impact on the New Group's potential for growth and its results of operations and financial condition. The financial covenants of Unibail-Rodamco do not however contain any acceleration clause in case of downgrade, except on certain debt instruments in case of a change of control. For instance, there is an acceleration clause in Unibail-Rodamco's 2014 ORNANEs and 2015 ORNANEs in case of (i) a friendly change of control and (ii) loss of more than two notches in Unibail-Rodamco's ratings or a rating withdrawal by all the rating agencies. Moreover, as at the date of this Prospectus, Unibail-Rodamco does not use its existing credit lines. It is impossible to assess the impact of a downgrade on the access to liquidity nor on the capacity to refinance the Bridge Loan put in place for the Transaction.

Failure for Unibail-Rodamco to obtain the approval of holders of 2014 ORNANE and 2015 ORNANE to implement the Transaction may lead to increased transaction costs and would require Unibail-Rodamco to maintain, as an exception to the Stapled Share Principle, a limited number of shares that would not be tradable on the regulated markets of Euronext Paris and Euronext Amsterdam.

Holders of Unibail-Rodamco 2014 ORNANE and 2015 ORNANE (together the “**Bonds**”) will be consulted to approve the implementation of the Transaction and certain amendments to the terms and conditions of the Bonds, including the substitution of the Unibail-Rodamco Shares, which any holder of Bonds would receive in the event of exercise of its conversion right, by the Stapled Shares (see section 11.2.3 “— Share capital — *ORNANE (bonds redeemable in cash and/or new and/or existing shares)*” of this Prospectus). No assurances can be given that holders of the Bonds will approve the implementation of the Transaction. In the event that the proposed Transaction would not be approved by holders of the Bonds, the Unibail-Rodamco Management Board may decide, in accordance with the provisions of the Bonds’ terms and conditions, and on a discretionary basis, to override such decision not to approve the Transaction and to proceed with the Transaction by offering holders of the Bonds to redeem the relevant Bonds, pursuant to Article L. 228-72 of the French Commercial Code, at a price equal to par. In such circumstances, Unibail-Rodamco will be required to redeem all or part of the Bonds which will lead to increased costs to implement the Transaction. Additionally, if the Bonds’ terms and conditions are not amended, holders of Bonds would continue to be entitled to receive Unibail-Rodamco Shares upon exercise of their conversion right with limited liquidity. In application of the Stapled Share Principle, such Unibail-Rodamco Shares would not be transferrable on the regulated markets of Euronext Paris and Amsterdam separately from Newco Class A Shares in the form of Stapled Shares (see section 11.1 “— Description of Stapled Shares” of this Prospectus). Unibail-Rodamco would be required to provide for an exception to the Stapled Share Principle in order to grant holders of Bonds, and maintain a limited number of, Unibail-Rodamco Shares that would only be tradable off-market. For illustrative purposes, assuming all holders of Bonds would have exercised their conversion right under the Bonds as of March 15, 2018, given the Unibail-Rodamco Share price, holders of Bonds would not have been entitled to receive any Unibail-Rodamco Shares.

The New Group may be exposed to liquidity risks.

The New Group's strategy depends on its ability to raise financial resources, either in the form of debt (mainly bonds, bank financing and commercial paper) or equity capital, so that it can finance its general operating requirements and its investments. It is possible (for example in the event of disruption in the bond or equity markets, a reduction in the lending capacities of banks, changes affecting the property market or investor appetite for property companies, a credit rating downgrade (including as a result of the Transaction and the incurrence of the related financial indebtedness) or a change in business activities, financial situation or the New Group's ownership structure) that the New Group could – at any given point in time – encounter difficulties in raising funds and, as a result, lack the access to liquidity that it needs. These events could also affect the cost of its financing for new and existing indebtedness (including its financing of the Transaction and the potential refinancing thereof through the debt capital markets in relation thereto), force the New Group to include financial and other restrictive covenants in any new indebtedness, significantly damage the New Group's financial condition, results and profitability and lead to an increase of the financial expenses of the New Group, all of which could result in the New Group being unable to satisfy its obligations in relation to the notes issued by the New Group.

In this context, Unibail-Rodamco has put in place undrawn back-up facilities for an amount mentioned in the paragraph "Funds raised" of section 4.5.1 of the 2017 Registration Document.

Additionally, some of the Unibail-Rodamco's financing contracts are subject to financial covenants and the occurrence of material adverse changes. More details on the Unibail-Rodamco's covenants and ratio levels can be found in the paragraph "Financial structure" of section 4.5.4 of the 2017 Registration Document.

The New Group will face financial risks due to its increased level of debt following the Transaction.

The consolidated liabilities of the New Group following the Transaction will also include outstanding Westfield indebtedness, which is not intended to be refinanced in connection with the Transaction.

The increased level of debt and the ensuing need to dedicate a substantial portion of its cash flow from operations to payments of interest and principal on its debt or to comply with any restrictive terms of its debt, could have significant consequences for the New Group. Such consequences include the following:

– increasing its vulnerability to general adverse economic and industry conditions,

– limiting its ability to fund future working capital and capital expenditure, engage in future acquisitions or development activities or otherwise fully realize the value of its assets and opportunities,

– limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates,

– affecting its distribution policy;

– impairing its ability to obtain additional financing in the future, and

– placing the New Group at a competitive disadvantage compared to its competitors that have less debt.

The New Group's ability to make payments on its outstanding indebtedness will depend upon market conditions, and unfavorable conditions could increase costs beyond what is anticipated. Such costs could have a material adverse impact on cash flows or its results of operations or both. In addition, an inability to refinance all or a substantial amount of these debt obligations when they become due would have a material adverse effect on the financial condition and results of operations of the New Group.

In addition, Unibail-Rodamco intends to seek that, once the completion of the Transaction has taken place, certain guarantees are given by certain companies currently forming part of the Westfield Group (the "**Westfield Cross-Guarantees**") in respect of certain existing and future debt of Unibail-Rodamco, with the aim being to have all senior corporate debt of any entity of the New Group treated *pari passu* (such senior debt issued by the Westfield Group to be guaranteed by Unibail-Rodamco and Newco once the completion of the Transaction has taken place). The Westfield Cross-Guarantees would be in addition to the guarantees provided by Unibail-Rodamco (in respect of notes not issued by Unibail-Rodamco itself) and by Newco (in respect of notes not issued by Newco itself).

There is no certainty that all or any Westfield Cross-Guarantees will be given, nor as to which companies may give the Westfield Cross-Guarantees, nor as to how quickly after the completion of the Transaction the Westfield Cross-Guarantees will be implemented. If some or all of the Westfield Cross-Guarantees are not implemented after completion of the Transaction, the credit rating of the New Group may be downgraded by one or more rating agencies. In that event, the cost of financing for the New Group in the future may be increased and its access to funding could deteriorate. This may in turn have an adverse effect on the New Group's ability to invest, in particular in its development pipeline.

If the New Group is unable to raise funds on favorable terms, including refinancing its existing debt and for its development and redevelopment program, its business, its cost of funding and its ability to develop or redevelop existing properties could be adversely affected.

The real estate investment and development industry is highly capital intensive. The New Group's ability to raise funds on favorable terms, including to refinance its existing debt and, as the case may be, the Bridge Loan and for its development and redevelopment program, depends on a number of factors (some of which are out of its control) including general economic, political and capital market conditions, credit availability and the performance, reputation and financial strength of its business. An adverse change in one or more of those factors could increase the cost of funding or reduce the availability of funding for its development or redevelopment projects or increase its refinancing risk for maturing debt facilities.

Any disruption in global credit markets, such as the disruptions associated with the global financial crisis and the European sovereign debt crisis, significantly increases the risks associated with refinancing the New Group existing debt facilities or obtaining new funding for its development and redevelopment program on acceptable terms, or at all. If funding is unavailable to the New Group, it may not be able to proceed or continue with its development and redevelopment program and may need to seek alternative funding, including divestments or equity raisings. The New Group may need to amend its distribution policy and accelerate disposals, affecting therefore its growth projections. The New Group currently has a significant amount of debt. This significant debt level may affect the way the New Group carries on its business in the future and have other adverse effects on the New Group.

Fluctuations in the fair market value of the New Group properties reflected in revaluations could have an adverse impact on its results of operations and its leverage ratio.

In accordance with IFRS, the New Group carries its property investments on its balance sheet at their fair market values valued twice a year (with exception of certain development projects). The value of the New Group's asset is sensitive to variation according to the valuer's assumptions (yield, rental value, occupancy rate) and is subject to materials variations that may impact the New Group's profile and/or results. If a substantial decrease occurs in the fair market value of its properties, its results of operations could be adversely affected and, as a result, the New Group may have difficulty maintaining its desired leverage ratio and other financial measures. This may reduce its flexibility in planning for, or reacting to, changes in its business or industry including its ability to commence new redevelopment projects. There can be no assurance that the New Group will not incur non-cash write-downs arising from property revaluations in future periods.

In addition, a number of the New Group's financing agreements contain leverage ratio covenants that are typically calculated as the ratio of its total borrowings less cash to total market value of its assets net of cash. Accordingly, a reduction in the value of its properties as a result of mark to market valuations of its assets could have an adverse impact on the leverage ratios contained in the New Group financing agreements.

The New Group may be exposed to risks concerning the adequacy of provisions to cover future losses.

The New Group provisions may prove to be inadequate to cover its actual losses. To the extent that provisions are insufficient to cover its actual losses or loss adjustment expenses, the New Group would have to add to these provisions and incur a charge to its earnings.

Any insufficiencies in provisions have a material adverse effect on the New Group consolidated financial condition, results of operations and cash flows.

The New Group may be exposed to counterparty risks on its hedging activities or credit facilities.

A large number of major international financial institutions are counterparties to the interest rate and/or foreign exchange rate, deposits or credit facilities contracted by the New Group. In case of a counterparty default, the New Group could lose all or part of its deposits or may lose the benefit from hedges or credit facilities signed with such counterparties. This could then result in an increase in interest rate and/or currency exposures and have a significant adverse effect on the New Group, its results, its financial position and its capacity to face its financial obligations.

Fluctuations in UK and U.S. currencies may affect the New Group's earnings, growth prospects and/or financial position.

The New Group will be exposed to the currencies of the jurisdictions where it operates (including EUR, USD, GBP and SEK). To the extent the New Group would not be hedged effectively (or at all) against these currencies foreign exchange rates movements or a counterparty risk would materialize, such movements may adversely affect New Group's earnings, growth prospects and/or financial position.

The New Group may be subject to the risk of rising interest rates associated with borrowing on a floating rate basis.

The New Group may be exposed to interest rate fluctuations on its existing or future variable rate borrowings or be subject to a counterparty risk from the financial institutions providing interest rates hedging. A change in rates could impact the New Group earnings, cash flows and its overall cost of financing.

Other risks

The New Group's properties and operations may be uninsured or underinsured against various catastrophic losses and failure to maintain adequate insurance may result in a default under the New Group's debt instruments.

The New Group carries material damage, business interruption and liability insurance on its properties, as well as cyber security insurance, with policy specifications and insured limits that the New Group believes are customarily carried for similar properties and operations. However, potential losses of a catastrophic nature such as those arising from floods, earthquakes, terrorism or other similar catastrophic events may be either uninsurable, or, in its judgment, not insurable on a financially reasonable basis, or may not be insured at full replacement cost or may be subject to larger excesses.

The New Group currently carries insurance with respect to terrorism and will continue to seek appropriate coverage having regard to the nature of its properties and operations. The renewal of insurance will be dependent on a number of factors such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved.

The New Group also carries earthquake insurance on its properties located in seismically active areas in an amount and with deductibles that the New Group believes are commercially reasonable.

If an uninsured loss occurs, the New Group could lose both its invested capital in and anticipated profits from the affected property as well as face claims in particular from the New Group tenants. Additionally, although the New Group carries specific insurance against cyber security events, such insurance coverage may be inadequate to compensate the New Group for any related losses the New Group incurs. See paragraph "— Cyber security risks and cyber incidents could adversely affect the New Group's business and disrupt operations" below.

Many of the New Group's debt instruments, including its mortgage loans secured by its properties, its unsecured bank loan facilities and debt securities contain covenants requiring the New Group to maintain certain levels of insurance for its business and assets. If the New Group fails to maintain insurance as required under these covenants, the New Group would breach its insurance covenants under its debt instruments, which would allow the lenders to declare an event of default and accelerate repayment of the debt. In addition, lenders' requirements regarding coverage for these risks could adversely affect its ability to finance or refinance the New Group's properties and to expand its portfolio.

The New Group is exposed to counterparty credit risk from its financing activities and insurance policies that may adversely affect its financial performance.

Counterparty credit risk is the risk of a loss being sustained by the New Group as a result of payment default by the counterparty with whom the New Group has placed funds on deposit or secured credit lines or entered into hedging transactions to hedge its interest rate and foreign exchange risks. The extent of its loss could be the full amount of the deposit or, in the case of hedging transactions or secured credit lines, the cost of replacing those transactions and secured credit lines. The New Group only deals with counterparties that the New Group believes are of good credit standing and the New Group has assigned a maximum exposure to each of them according to its assessment of their credit-worthiness. These determinations are based upon their credit ratings and other factors. Even banks, insurance and financial institutions with high credit ratings can default, and several of them have experienced severe difficulties in recent years. Counterparty credit risk also arises to the extent that a claim made under an insurance policy is not paid due to the insolvency or illiquidity of the insurance company.

There can be no assurance that the New Group will successfully manage this risk or that such payment defaults by counterparties will not adversely affect its financial condition or performance.

Regulatory issues and changes in laws could adversely affect the New Group's income and its ability to take advantage of acquisition opportunities.

The New Group is subject to the risk that there may be changes in laws that reduce its income or increase its costs. For example, there could be changes in real estate tenancy laws that limit its recovery of certain property operating expenses, new or revised legislation on climate change and energy such as emissions trading, targets for renewable energy and energy efficiency, the costs of which may not be recoverable from tenants, changes or increases in real estate taxes that cannot be recovered from its tenants or changes in environmental laws that require significant capital expenditures.

Regulatory issues and changes in laws and accounting standards could adversely affect the New Group's reported earnings and its reported financial performance.

The New Group is subject to the risk that there may be changes in laws and accounting standards as well as changes in the interpretation of such laws and accounting standards that may change the basis the New Group is required to use to prepare its financial statements, which may adversely affect its reported earnings and its reported financial performance.

Unreliable forecast or material accounting issues could adversely affect the New Group's reported earnings and its reported financial performance.

Unreliable forecasts and/or accounting mistakes might have a material impact on financial accounts which may lead to profit warnings and result in material financial indemnities, claims and regulatory sanctions and loss of reputation.

When managing assets for third parties, the New Group might also be liable for material financial impacts in case of errors. Such errors might result in material financial indemnities, claims and regulatory sanctions and loss of reputation.

Changes in tax laws may adversely impact the New Group's expected tax liabilities and affect the business, results of operations and financial condition of the New Group.

The New Group is subject to a variety of tax laws and regulations (including tax treaties), and changes in tax laws, or changes in the way tax laws are interpreted in the various jurisdictions in which the New Group operates, may impact its tax liabilities. Complying with new tax laws or regulations and, any changes to the real estate transfer tax rates, the FII regime, the SIIC regime, the SOCIMI regime or the REIT regime or in the enforcement of such regimes, could force the New Group to alter its business strategy or operations, leading to additional costs or loss of revenue, which could materially adversely affect the business, results of operation and financial condition of the New Group, and hence on the market price of the Stapled Shares.

Any increase in the New Group effective tax rate could have a material impact on the New Group's financial results.

Adverse consequences could arise in the event a legal entity of the New Group fails to qualify for favorable tax treatment under the FII, SIIC, SOCIMI and REIT regimes.

The FII, SIIC, SOCIMI and REIT regimes provide favorable tax treatment to qualifying entities. Qualification under the foregoing regimes involves the application of highly technical provisions. Although the New Group believes that the applicable legal entities of the New Group have operated and currently operate or will operate, as far as Newco is concerned, in a manner so as to qualify for the FII, SIIC, SOCIMI and REIT regimes (as the case may be), no assurance can be given that they are, or will remain, so qualified.

For Newco to obtain and maintain FII status, it must uninterruptedly meet certain conditions, amongst which are investment requirements, leverage restrictions, a profit distribution obligation, shareholder requirements and management and control restrictions. See section 6.9.2 "— Newco Tax Status" of this Prospectus. In order to be eligible for FII status, Newco must on an on-going basis successfully manage its activities, indebtedness and governance structure. Nevertheless, failure to fulfil all conditions may also be outside of Newco's control, for instance with respect to shareholder requirements.

If Newco fails to meet the conditions to apply the FII regime at any point during a given financial year, the FII status would be cancelled with retroactive effect as from the start of such financial year. However, in the event of non-fulfilment of the obligation to timely distribute all earnings from the prior financial year, the FII status would be cancelled with retroactive effect as from the start of that prior financial year.

WEA has elected to, and, subject to ongoing analysis, U.S. Newco intends to elect to be taxed as a REIT under sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"). The New Group believes WEA has been organized and operated in a manner which allows it to qualify for taxation as a U.S. REIT under the Internal Revenue Code. The New Group intends to continue to operate WEA in this manner and, subject to ongoing analysis, to operate U.S. Newco in this manner. However, qualification and taxation as a U.S. REIT depend upon the ability of U.S. Newco and WEA to satisfy several requirements (some of which are outside the New Group's control), including tests related to U.S. Newco's and WEA's annual operating results, asset diversification, distribution levels and diversity of stock ownership. The various U.S. REIT qualification tests set forth in the Internal Revenue Code are highly technical and complex. Accordingly, there can be no assurance that WEA has operated in accordance with these requirements or that U.S. Newco and WEA will continue to operate in a manner so as to qualify or remain qualified as REITs. Furthermore, even if U.S. Newco and WEA qualify as REITs, each of U.S. Newco and or their shareholders (i.e., WCL, Newco, or any of their subsidiaries through which U.S. Newco or WEA are held) may be subject to U.S. federal income, excise, withholding, or other taxes. For example, in general, dividends paid by WEA to its non-U.S. shareholders are currently subject to U.S. withholding tax at varying rates.

If the applicable legal entities of the New Group lose their qualification under the FII, SIIC, SOCIMI or REIT regime, the New Group will be required to pay Dutch, French, Spanish or United States federal income taxes (including, for taxable years beginning on or before December 31, 2017, any applicable alternative minimum tax), as applicable, on its taxable income at regular corporate tax rates. In that case, the net earnings of the concerned legal entities of the New Group available for investment or distribution to shareholders would be significantly reduced for each of the years involved. Furthermore, if Newco's FII status is cancelled, dividends paid to it by U.S. Newco would be subject to a 30% withholding tax rate under current U.S. federal income tax law, rather than the 15% withholding tax rate available under the U.S.-Netherlands income tax treaty. Each of the foregoing consequences may have an adverse effect on the New Group's financial position and therefore the valuation of the Stapled Shares.

Changes have been announced to the Dutch tax law which could adversely affect Newco.

As announced in the 2017 Dutch Coalition Agreement (Regeerakkoord 2017 "*Vertrouwen in de toekomst*") dated October 10, 2017, and as recently confirmed in the Dutch Tax policy agenda (*Fiscale Beleidsagenda*) dated February, 23, 2018, amendments to the FII regime are planned to take effect as of 1 January 2020 that would disallow the direct investment in Dutch real estate assets by an FII. Whilst the consequences of these changes to the FII regime are as yet unclear, it may have an adverse effect on Newco if and to the extent it owns, directly or indirectly, Dutch real estate assets at such future date.

Newco and/or Unibail-Rodamco may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. holders of the Stapled Shares.

Depending upon the value of the assets of Newco and Unibail-Rodamco, which is determined in part by the market value of the Newco and Unibail-Rodamco shares, and the composition of Newco and Unibail-Rodamco's assets and income over time, either entity could be classified as a passive foreign investment company, (a "**PFIC**"), for U.S. federal income tax purposes. Neither Newco nor Unibail-Rodamco has analyzed whether it is a PFIC for U.S. federal income tax purposes for its current taxable year or any previous year. Accordingly, Newco and/or Unibail-Rodamco may be a PFIC for its current taxable year ended December 31, 2018 and in future taxable years.

A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (i) at least 75% of its gross income is passive income or (ii) on average at least 50% of the gross value of its assets at the end of each quarter of its taxable year is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business) and gains from commodities and securities transactions.

A U.S. holder (as defined in section 13.3 "The United States — General" of this Prospectus) of shares in a PFIC generally will be subject to reporting requirements and might incur significantly increased U.S. federal income tax on gain recognized on the sale or other disposition of such U.S. holder's PFIC shares and on the receipt of distributions on such shares to the extent such gain or distribution is treated as an "excess distribution" under the applicable U.S. federal income tax rules. Further, if Newco or Unibail-Rodamco were to be classified as a PFIC for any year during which a U.S. holder holds the PFIC shares, such shares would continue to be treated as PFIC shares for all succeeding years during which such U.S. holder holds the PFIC shares even if Newco or Unibail-Rodamco, as applicable, ceased to be treated as a PFIC under the rules set forth above. U.S. holders are urged to consult their tax advisors regarding the potential application of the PFIC rules to their ownership of

Unibail-Rodamco Shares and Newco Shares. For more information, see section 13.3.3 "— Ownership and Sale or Other Taxable Disposition of the Stapled Shares — Passive Foreign Investment Company Rules" of this Prospectus.

Compliance or failure to comply with safety regulations and requirements for disabled people could result in substantial costs.

A number of local laws and regulations where the New Group operates exist and may require modifications to existing buildings on its properties or restrict some renovations by requiring improved safety or access to such buildings by disabled persons. Additional legislation or regulations may impose further obligations on owners with respect to improved safety of buildings and access by disabled persons. The costs of compliance with such laws and regulations may be substantial, and limits or restrictions on completion of some renovations may limit implementation of its investment strategy in some instances or reduce overall returns on its investments. The New Group could be adversely affected by the costs of compliance with such laws and regulations.

The New Group is subject to extensive environmental regulations that could impose significant costs or liabilities on it.

As an owner and operator of real property in Europe the United Kingdom and the United States, the New Group is subject to extensive regulation under environmental laws. These laws vary by jurisdiction and are subject to change. Current and future environmental laws could impose significant costs or liabilities on the New Group.

For instance, under certain environmental laws, current or former owners or operators of real property may become liable for costs and damages resulting from soil or water contaminated by hazardous substances (for example, as a result of leaking underground storage tanks). These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances. Persons who arrange for the disposal of hazardous substances (for example, at a landfill) also may be liable. In some cases, liability may be joint and several. These laws may result in significant unforeseen costs to the New Group, or impair the New Group's ability to sell or rent real property or to borrow money using contaminated property as collateral, on terms acceptable to the New Group or at all.

The presence of hazardous substances on its properties could result in personal injury claims. These claims could result in costs or liabilities that could exceed the value of the property on which hazardous substances are present. Environmental incidents could adversely affect the operations of a property including its closure.

Asbestos-containing materials are present in a number of its properties as a consequence of building practices typical at the time the properties were constructed. Environmental and safety laws regulate these materials and allow personal injury claims for damages due to exposure to such materials. Although the costs and liabilities associated with such laws have not been material to the New Group in the past, there can be no assurance that they will not be material in the future.

It is its practice on acquisition, where considered necessary, to subject the properties to an environmental assessment (commonly referred to as Phase I, which generally involves a review of records with no visual inspection of the property or soil or ground water sampling) by independent consultants. However, these assessments may fail to identify all environmental problems. Based on these assessments and its past experience, the New Group is not aware of any environmental claims or other liabilities that would require material expenditures by the New Group. However, the New Group could become subject to such claims or liabilities in the future.

Terrorist attacks or other security incidents or war could harm the demand for and the value of the New Group's properties.

Terrorist attacks or other security incidents or war could damage infrastructure or otherwise inhibit or prevent access to the New Group's properties or harm the demand for, and the value of, the New Group's properties. Certain of its properties are well-known landmarks or located near well-known landmarks and may be perceived as more likely terrorist targets than similar, less recognizable properties, which could potentially reduce the demand for, and value of, these properties. Further, future terrorist attacks or other security incidents could discourage consumers from shopping in public places like its shopping centres. A decrease in consumer retail demand or tenancy demand could make it difficult for the New Group to renew the leases, or re-lease its properties, at lease rates equal to or above historical rates or then-prevailing market rates. To the extent that its tenants are impacted by future terrorist attacks or other security incidents, their ability to continue to honor obligations under their existing leases with the New Group could be adversely affected.

Cyber security risks and cyber incidents could adversely affect the New Group's business and disrupt operations.

Cyber incidents, such as gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, can result from deliberate attacks or unintentional events. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, extortion of money, liability for stolen assets or information, increased cyber security protection costs, litigation and reputational damage adversely affecting customer, retailer or investor confidence or other adverse effects on its business.

The New Group is developing applications or information technology systems to connect the digital consumer with its shopping centres, retailers, brands and tenants, which may involve the collection, storage, and transmission of credit card information and personal identification data of consumers. If the security of the consumer data stored on its servers or transmitted by its networks were to be breached, the New Group could become subject to litigation, the New Group could be required to pay fines, costs and/or penalties imposed as a result of legislation or regulation in Europe, the United Kingdom and the United States in which the New Group operates in now or in the future and its reputation could be adversely affected, which could negatively impact consumers' use of its digital technologies. Similarly, its tenants collect, store and transmit credit card information and personal identification data of their customers in connection with the operation of their businesses. If a significant tenant or significant number of tenants were to experience a breach in their information technology security, their results of operations could be adversely impacted, which in turn could result in a substantial decrease in the revenues directly or indirectly controlled by such tenants and adversely impact the overall performance of the affected shopping centres.

Holders of Stapled Shares may have limited influence in a Newco General Meeting because Unibail-Rodamco holds 40% of Newco's issued and outstanding share capital.

Following the Implementation Date, Unibail-Rodamco will hold 40% of Newco's issued and outstanding share capital. As a result, compared to a Unibail-Rodamco General Meeting, holders of Stapled Shares will have less influence in a Newco General Meeting on matters to be decided by the Newco General Meeting, including the appointment, suspension and dismissal of Newco MB Members and Newco SB Members. See also section 10.2 “Management Board, Supervisory Board and Employees — Newco” of this Prospectus.

Unibail-Rodamco and Newco are holding companies and as a result are dependent on dividend payments to provide them with the funds necessary to meet their financial obligations.

Unibail-Rodamco and Newco are holding companies with no material direct business operations. The principal assets of Unibail-Rodamco and Newco will be the equity interests they directly or indirectly hold in their operating subsidiaries. As a result Unibail-Rodamco and Newco will be dependent on loans, dividends and other payments from their subsidiaries and potentially gains from the sale of their assets. The ability of Unibail-Rodamco Subsidiaries and Newco Subsidiaries to pay dividends and make other payments depends on their earnings and may be subject to statutory, legal or contractual limitations.

Risk management policies and procedures may fail.

After the completion of the Transaction, the New Group risk committee is expected to review and assess all identified risk factors in order to implement adequate mitigating measures to reduce the impact of such identified risk factors.

Therefore, the New Group will seek to adopt and implement risk management policies and procedures that it considers appropriate under the circumstances. The New Group may be unable to adequately identify, evaluate and quantify relevant risks, or it may fail in reducing risks or maintaining them at levels that are acceptable to the New Group. Any such failure could materially adversely affect the New Group’s reputation, business, financial condition or results of operations.

1.2. RISKS RELATED TO THE TRANSACTION AND THE STAPLED SHARES

Failure to complete the Transaction due to a termination of the Implementation Agreement could negatively impact the share price and the future business and financial results of Unibail-Rodamco.

If the Transaction is not completed due to a termination of the Implementation Agreement, the businesses of Unibail-Rodamco may be adversely affected and, without realizing any of the benefits of having completed the Transaction, Unibail-Rodamco could be subject to a number of risks, including the following:

- Unibail-Rodamco may be required, under certain circumstances (such as Westfield terminating the Implementation Agreement due to material breach by Unibail-Rodamco), to pay Westfield a break fee of approximately US$150 million;
- resources having been devoted by Unibail-Rodamco’s management to complete the Transaction could otherwise have been devoted to day-to-day operations and other

opportunities that may have been beneficial to Unibail-Rodamco on a stand-alone company basis.

In addition, Unibail-Rodamco could be subject to litigation related to any failure to complete the Transaction or related to any enforcement proceeding commenced against Unibail-Rodamco to perform its obligations under the Implementation Agreement. If the Transaction is not completed, these risks may materialize and may adversely affect Unibail-Rodamco's businesses, financial condition, financial results and share price.

Unibail-Rodamco is subject to a range of risks due to the existence of the Transaction.

Unibail-Rodamco is subject to a number of risks due to the existence of the Transaction, including the following:

– pursuant to the Implementation Agreement, Unibail-Rodamco is subject to certain restrictions on the conduct of its businesses prior to completing the Transaction, which may adversely affect its abilities to execute certain of its respective business strategies;

– Unibail-Rodamco has incurred and will continue to incur significant implementation costs and fees associated with the Transaction;

– Unibail-Rodamco may experience negative reactions to the Transaction from the financial markets, including negative impacts on its share price; and

– Unibail-Rodamco may experience negative reactions from its customers, regulators and employees; and matters relating to the Transaction (including integration planning) require substantial commitments of time.

The completion of the Transaction is subject to a number of conditions precedent, which may prevent or delay it.

The completion of the Transaction is subject to a number of conditions precedent, as described in section 3.7 "— Implementation Agreement" of this Prospectus. Certain of these conditions precedent are beyond the control of Unibail-Rodamco, Newco and Westfield. There can be no guarantee that the conditions precedent to the Transaction will be satisfied or waived in a timely fashion or at all. Any failure or delay in satisfying the conditions precedent could prevent or delay the completion of the Transaction, which could reduce the benefits that Unibail-Rodamco expects to obtain from the Transactions, increase the costs associated with the Transaction and impede successful integration of Unibail-Rodamco's and Westfield's businesses.

In particular, the Transaction is subject to various conditions precedent including as follows:

– approvals and consents from regulatory authorities in the European Union and Australia. The relevant authorities may impose measures or conditions and there can be no guarantee that Unibail-Rodamco and Westfield will obtain the necessary consents, orders and approvals from regulators. In addition, any conditions imposed by regulators in connection with the Transaction could have a material adverse impact on Unibail-Rodamco's business, results of operations, financial position, and prospects;

– the approval by Unibail-Rodamco's shareholders and Westfield Securityholders;

– Australian court approvals of or in relation to the proposed Schemes; and

– admission of the Stapled Shares to trading on the ASX in the form of CDIs.

Two subsidiaries of Westfield, Westfield Europe Limited and Westfield UK Operations Limited, are authorised and regulated by the UK's Financial Conduct Authority ("**FCA**"). Unibail-Rodamco was therefore required to make a filing pursuant to section 178(1) of the Financial Services and Markets Act 2000 ("**FSMA**") and to receive, in accordance with section 189(4)(a) of FSMA, the FCA's approval (or deemed approval) of its acquisitions of "control" (as defined in sections 181 and 182 of the FSMA) over these two entities, prior to the completion of the Transaction.

On 14 March 2018, Unibail-Rodamco received a notice of approval from the FCA in relation to the changes in control over both Westfield Europe Limited and Westfield UK Operations Limited.

Regulatory Risk Factors

Westfield Europe Limited and Westfield UK Operations Limited are regulated by the FCA, although Westfield has stated that neither entity is currently carrying on regulated activities. The FCA has prescribed rules, principles and guidance (the "**FCA Rules**") with which these subsidiaries must comply. The FCA has broad investigative and disciplinary powers, including the power to impose fines and vary or cancel regulatory permissions. Failure to comply with the FCA Rules could lead to liability for damages to third parties, disciplinary action, public censures, fines, the imposition of other penalties, customers being compensated for losses or the revocation or variation of authorizations to conduct business, in whole or in part, which could negatively impact our reputation, among other things.

Westfield Europe Limited and Westfield UK Operations Limited are subject to laws regarding money laundering, financing of terrorism and laws prohibiting these entities, their employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, including the United Kingdom's Proceeds of Crime Act 2002 and Bribery Act 2010 (including the Fourth European Union Anti Money Laundering Directive, implemented in the United Kingdom by the Money Laundering Regulations 2017, which imposes additional requirements with respect to determining beneficial ownership and identifying politically exposed persons).

Westfield Europe Limited and Westfield UK Operations Limited cannot predict the nature, scope or effect of future regulatory requirements to which they might be subject or the manner in which existing laws might be administered or interpreted.

Unibail-Rodamco does not currently control Westfield and its subsidiaries and will not control Westfield's business until completion of the Transaction.

Westfield and its subsidiaries are currently not controlled by Unibail-Rodamco. Whilst the Implementation Agreement contains provisions which require Westfield to conduct its businesses in the ordinary course and other restrictions on its business, the fact is that Unibail-Rodamco will not obtain control until completion of the Transaction. There can be no assurance that before completion of the Transaction, Westfield's business will be operated in the same way that Unibail-Rodamco would operate it. However, Westfield must conduct its business in the ordinary course, and in substantially the same manner in which it has been conducted in the 12 month period prior to the date of the Implementation Agreement and Westfield is prohibited from taking certain actions. The information on Westfield contained in the Prospectus has been primarily derived from public sources and other information which has been provided by Westfield. Unibail-Rodamco has relied on such information in its preparation of this Prospectus. Furthermore, the Transaction has required and will likely continue to require substantial time and focus from both the Unibail-Rodamco's and Westfield's management teams, which could adversely affect their availability to operate their business prior to Transaction implementation. Likewise, other employees may be uncomfortable with the Transaction or feel otherwise affected by it, which could have an impact on work quality and retention.

The value of the Stapled Shares in consideration of the Transaction may vary.

At the date of the Implementation Agreement, Unibail-Rodamco has offered 0.01844 Stapled Share plus US$2.67 in cash for each Westfield Security. As this ratio is fixed, the number of Stapled Shares to be received by Westfield Securityholders in the context of the Transaction will remain unchanged even if the market value of Stapled Shares differs relative to the pre-Transaction implementation market values of Unibail-Rodamco and Westfield, however where the application of this fixed exchange ratio would result in the issue of a fraction of a Stapled Share, the aggregate number of Stapled Shares delivered to the individual Scheme Participant will be rounded down to the nearest whole number.

No adjustment will be made to such ratio due to fluctuations in the market price of Unibail-Rodamco Shares or Westfield Securities. Accordingly, any such fluctuations may adversely affect the market value of Unibail-Rodamco Shares (including the market value of the Stapled Shares) from time to time.

Risks relating to the achievement of expected synergies.

While Unibail-Rodamco has experience of integrating assets and businesses, the achievement of synergies is not certain. There is a risk that the expected synergies described in section 3.2 "— Rationale of the Transaction" of this Prospectus may not be realized at all or not realized to their full extent, or that they may be realized over a longer period of time, or involve greater costs to achieve, than anticipated.

The ability to realize the synergies will be dependent, on other things, Unibail-Rodamco, Newco and Westfield being integrated in an efficient, effective and timely manner without material disruption to their respective businesses. Any failure to achieve the anticipated benefits and synergies could impact the financial performance and position of the New Group. See immediately below regarding integration risks.

The integration of the activities of Unibail-Rodamco and Westfield may be more costly than anticipated.

The Transaction will involve the combination of the businesses of Unibail-Rodamco and Westfield which have previously operated independently. There is a risk that unexpected issues and complications may arise during the process of integration. There is a risk that the New Group may face unanticipated liabilities and costs, operational disruption and the possible loss of key employees, customers or market share if integration is not achieved in a timely and orderly manner. Unibail-Rodamco and Westfield will incur costs in connection with the Transaction. Both Unibail-Rodamco and Westfield will pay transaction fees and other expenses related to the Transaction, including financial advisers' fees, filing fees, legal and accounting fees, regulatory fees and mailing costs. Potential factors that may influence a successful integration include:

– difficulty in managing a significantly larger organization;
– difficulty in coordinating geographically separate organizations;
– difficulty in aligning and executing the strategy of the New Group;
– difficulty in consolidating corporate and administrative infrastructures and eliminating duplicative operations;
– difficulty in integrating management information systems;
– difficulty in merging the culture and management styles of two organizations;
– lower than expected cost savings;
– unintended losses of key employees;
– unanticipated market conditions; and/or
– changes in the regulatory environment, or regulatory conditions imposed in connection with the Transaction, impacting the ability of the New Group to leverage its increased scale, presence and market intelligence to achieve anticipated benefits.

Integration planning based on public information is taking place to mitigate the risk of these issues occurring. However, a risk remains that difficulties may arise.

The New Group may have difficulty attracting, motivating and retaining executives and other key employees due to uncertainty associated with the Transaction.

The New Group's success after completion of the Transaction will depend in part upon its ability to retain people who are currently key employees of Unibail-Rodamco and Westfield. Employee retention may be particularly challenging during the pendency of the Transaction and the following integration of Unibail-Rodamco and Westfield, as employees may experience uncertainty about their future roles. If there is a departure of key employees during the pendency, or as a result, of the Transaction, the integration of the companies could prove more difficult than anticipated, and the New Group's business could be adversely affected. Furthermore, the New Group may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business, and the New Group's ability to realize the anticipated benefits of the Transaction may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labor unions or works councils or the integration of employees into the New Group. Although that potential concern is identified as a major topic and covered as such in the integration planning, no assurance can be given that the New Group will be able to attract or retain its employees as successfully as Unibail-Rodamco and Westfield have in the past, or that the New Group will have the benefit of the ongoing employment of current employees of Unibail-Rodamco and Westfield following the Transaction. To mitigate that risk, the New Group will pay special attention to design a remuneration policy aiming to attract, motivate, reward and retain best talents. The founding principles of the New Group remuneration policy will contain a competitive total remuneration (fixed income, STI, LTI plans and benefits), a differentiated and selective rewarding approach (based on merit and individual performance), a non discrimination policy (race, gender and any other personal criteria) and a structured and common validation process within the group to ensure fairness and accurate comparisons.

Completion of the Transaction could result in the termination of management positions or employment contracts of certain executives or employees of Unibail-Rodamco or Westfield and resulting in significant indemnity payments.

Certain key executives and other employees of Unibail-Rodamco or Westfield and their respective subsidiaries may terminate their management positions or their employment contracts on their own initiative or that of the New Group as a result of the Transaction. If members of the New Group's senior management depart, the New Group may not be able to find effective replacements in a timely manner, or at all, and its business may be disrupted.

Claims and litigation against Unibail-Rodamco, Westfield and/or the New Group may arise in connection with the Transaction.

In connection with the Transaction, Unibail-Rodamco and/or Westfield could face new claims and litigation, in particular brought by partners, suppliers, competitors and/or regulators of Unibail-Rodamco or Westfield, or by investors in connection with the Transaction.

Unibail-Rodamco has not had the opportunity to conduct in-depth due diligence and unforeseen liabilities of Westfield may have a negative effect on its business and results of operations.

The negotiations between Unibail-Rodamco and Westfield were conducted on the basis of the information that was publicly available to each party and on voluntary limited disclosure by each party to the other. Unibail-Rodamco undertook a limited due diligence on Westfield prior to execution of the Implementation Agreement.

In addition, Westfield has provided Unibail-Rodamco only with limited access to Westfield's accounting records, Unibail-Rodamco and Newco do not have the information necessary to verify certain adjustments and assumptions independently, and therefore were not able to verify such adjustments and assumptions, with respect to Westfield's financial information when preparing the unaudited pro forma financial information and synergy and cost saving information included in this Prospectus. In particular, certain financial and other information in this Prospectus include estimates based on Westfield's 2017 publicly reported information. Any financial information regarding Westfield that may be detrimental to Unibail-Rodamco and/or Newco and that has not been publicly disclosed by Westfield, or misapprehensions in Unibail-Rodamco's or Newco's estimates due to limited access to Westfield's non-public information, may have an adverse effect on the benefits Unibail-Rodamco and/or Newco expect to achieve from the Transaction as well as result in material inaccuracies in the illustrative financial information and synergy and cost saving information included in this Prospectus.

Whilst Unibail-Rodamco considers the due diligence investigations to have been adequate in the circumstances, the investigations were undertaken within a limited time frame and Unibail-Rodamco has not been able to verify the accuracy, reliability or completeness of all of the information provided to it against independent data. There is thus no assurance that the due diligence conducted was conclusive and that all material issues and risks have been identified. Furthermore, consistent with market practice in Australia the warranties provided by Westfield in the Implementation Agreement are more limited than what a seller in a privately negotiated share acquisition agreement would normally provide.

As a result, following completion of the Transaction, unknown liabilities of Westfield may arise, or expected types of liabilities may be greater than anticipated, and this may have a negative impact on the profitability, results of operations, financial position, market value and share price of the New Group, which Unibail-Rodamco might otherwise have discovered if it had conducted a complete due diligence review and obtained extensive warranties from Westfield. See section 3.7.7 of this Prospectus for further information about representations and warranties contained in the Implementation Agreement that Westfield, on the one hand, and Unibail-Rodamco, on the other hand, have made to each other.

Following completion of the Transaction, the Stapled Shares may not be included in the CAC40, the AEX, Eurostoxx 50, SBF120, EPRA and ASX 100 and ASX 200 indices.

Unibail-Rodamco is currently a component of the CAC40, AEX, Eurostoxx 50, SBF120 and EPRA indices and Westfield is currently a component of the ASX 100 and ASX 200 indices (amongst others). Unibail-Rodamco intends that, following completion of the Transaction, the New Group will be included in CAC40, AEX, Eurostoxx 50, SBF120, EPRA and ASX 100 and ASX 200 indices, amongst others, and at the current time has no indication this will not be the case. Unibail-Rodamco has been informed that Euronext's *Conseil Scientifique*, an independent committee, confirmed the eligibility of the New Group for the CAC index family (which includes CAC40 and SBF120) and the AEX index family. Although Unibail-Rodamco has no indication this will be the case, it is possible, however, that following completion of the Transaction, CAC40, AEX, Eurostoxx 50, SBF120, EPRA or the ASX 100 and ASX 200 indices will decline to include the New Group in their indices. Moreover, even if the New Group is initially included in either index, it is possible that one or more indices may decide to exclude the New Group in the short, medium or long term. If the New Group is not included, or does not remain, in the CAC40, AEX, Eurostoxx 50, SBF120, the EPRA or the ASX 100 and ASX 200, institutional investors that are required to track the performance of the CAC40, AEX, Eurostoxx 50, SBF120, EPRA or ASX 100 and ASX 200 indexes respectively, or the funds that impose index inclusion as an investment condition may be required to sell the Stapled Shares they own, which could adversely affect the price and trading volume of the Stapled Shares.

The ruling requested from the French tax authorities in connection with the Distribution in Kind could be denied or revoked after being obtained.

A French tax ruling (*agrément*) has been requested from the French tax authorities to ensure that the Distribution in Kind benefits from the favorable corporate income tax regime set forth in Article 115-2 bis of the French general tax code (*code général des impôts*, "**FTC**"). This tax regime mainly provides for (i) the Distribution in Kind not being considered as a taxable distribution of dividend and (ii) a tax deferral regime with respect to the potential capital gain on the contribution by Unibail-Rodamco of the shares of U.S. Newco to Newco.

Although there can be no assurance that the French tax ruling will be obtained, the granting of this tax ruling is not discretionary. The French tax authorities are required by the FTC to grant the tax ruling if they are satisfied that the conditions set out under Articles 115,2 bis and 210-0 A of the FTC are met (see section 13.1.8 "— Spin-off of Newco to Unibail-Rodamco Shareholders" of this Prospectus). Unibail-Rodamco has obtained an agreement on the principle that the Distribution in Kind should be eligible for the ruling.

The tax ruling will be based on a number of declarations and representations as to factual matters made by Unibail-Rodamco to the French tax authorities. If any such declarations and representations are not satisfactory to the French tax authorities, they could refuse to grant the tax ruling, though this risk appears remote based on the agreement on principle obtained by Unibail-Rodamco.

A decision by the French tax authorities not to grant the tax ruling would trigger the retroactive application of the standard French tax regime, which would thus result in adverse tax consequences to the New Group that could affect its results of operations and financial position. Without the tax ruling, the Distribution in Kind would be regarded as an ordinary distribution of dividends in France in respect of Unibail-Rodamco, with potential dividend withholding tax impact. Besides, Unibail-Rodamco Shareholders whose tax residency is in France, who would be liable to tax as if they had received a dividend. However a decision not to grant the Tax ruling should not give rise to adverse capital gains tax consequence for the New Group in connection with the contribution by Unibail-Rodamco of the shares in U.S. Newco to Newco and the Distribution in Kind as there should be no capital gain derived upon either the contribution or the subsequent Distribution in Kind.

If the French tax authorities were to consider that the declarations and representations as to factual matters made by Unibail-Rodamco to them are not accurate, the French tax authorities could withdraw the tax ruling after it has been obtained, with the same consequences as those set out above, together with potential interest for late payment or penalties.

In addition, the tax ruling will be based on certain commitments made by Unibail-Rodamco and Newco and, possibly, by certain Unibail-Rodamco Shareholders. For Unibail-Rodamco Shareholders who would own either on the date of the approbation of the contribution or on the date of the Distribution in Kind at least 5% of the Unibail-Rodamco voting rights, a commitment to keep shares for at least three years (respectively the Unibail-Rodamco Shares and the Newco Class A Shares) would be required.

The failure to comply with these commitments may cause the French tax authorities to revoke the tax ruling after it has been obtained, with the same consequences as those set out above, together with potential interest for late payment or penalties.

As a result of the Transaction, the New Group may record a significant amount of goodwill, which could thereafter be subject to the risk of impairments in the event of adverse changes to the underlying assumptions as to the results and cash flows from the acquired businesses.

The New Group may record substantial amounts of goodwill in connection with the Transaction. These amounts will be recorded based on the excess of the amounts paid to acquire Westfield based on the fair value of their respective assets and liabilities at the Implementation Date. For the purposes of the New Group Pro Forma Financial Information, a preliminary amount of €3.7 billion of goodwill was recorded with respect to the acquisitions of Westfield. According to IFRS, this amount is preliminary and the definitive amount of goodwill to be recorded will be determined within 12 months as from the Implementation Date, based on the fair value of the applicable assets and liabilities on the Implementation Date, including assets or businesses of Westfield, which it does not value and carry on its balance sheet in the manner Unibail-Rodamco does. The definitive amount of goodwill may be significantly different from the preliminary amount. See section 8.2 "— New Group Pro Forma Financial Information" of this Prospectus.

The New Group's actual financial positions and results of operations may differ materially from the unaudited pro forma financial data included in this Prospectus.

The unaudited pro forma financial information presented by Unibail-Rodamco in section 8.2 "—New Group Pro Forma Financial Information" of this Prospectus has a purely illustrative value and, by its nature, describes a hypothetical situation which assumed that the Transaction completed on either January 1, 2017 (for the purpose of preparing the pro forma statement of income), or on December 31, 2017 (for the purpose of preparing the pro forma statement of financial position). As a result, it does not reflect the actual financial position or results of operations of the New Group may have achieved had the integration of Unibail-Rodamco's and Westfield's businesses been completed during the period covered. The unaudited pro-forma financial information also does not reflect the future operating results, financial situation or financing instruments of the New Group. The unaudited pro forma financial information does not take into account, either, non-current elements such as expenses linked to the change of control or integration costs that may arise from the Transaction. Furthermore, the financial effects of any rationalization of synergies are not reflected in the unaudited pro forma financial information. As a consequence, the financial situation of the New Group may differ significantly from the financial situation presented in the unaudited pro forma financial information included in the Prospectus.

The pro forma financial information may not be representative of Unibail-Rodamco and Westfield's future performance as part of the New Group.

Adjustments were made to Westfield's 2017 financial statements and to Unibail-Rodamco's 2017 financial statements in the pro forma financial information included in the Prospectus, based upon currently available information and upon assumptions that Unibail-Rodamco management believes are reasonable in order to reflect, on a pro forma basis, the impact of the Transaction. See section 8.2 "— New Group Pro Forma Financial Information" of this Prospectus for a description of the adjustments and assumptions made in the preparation of such pro forma financial information. The estimates and assumptions used to compile the pro forma financial information in the Prospectus may be materially different from the New Group's actual experience. Accordingly, the pro forma financial information included in the Prospectus is illustrative only and does not purport to indicate any results that could have actually been achieved by the New Group had the above transactions been completed on the assumed dates or for the periods presented or which may be realized by the New Group in the future.

Risks related to the stapling of the Unibail-Rodamco Shares and the Newco Class A Shares.

The proposal to staple the Unibail-Rodamco Shares and the Newco Class A Shares which will together constitute the Stapled Shares is a novel structure and rarely used in the European Union. Whilst any legal and regulatory risks associated with the stapling arrangements will largely have been addressed prior to implementation of the Transaction, the Stapled Shares will be governed by the laws of two different jurisdictions, namely France and The Netherlands. Consequently, with regards to the Unibail-Rodamco Shares and the Newco Class A Shares, the stapling of the Unibail-Rodamco Shares and the Newco Class A Shares, as well as with regards to the rights and obligations of Stapled Shares holders, differences exist in the way each of those shares and the Stapled Shares and the Stapled Shares holders are treated in these two jurisdictions. Investors will, following a possible de-stapling, hold the Unibail-Rodamco Shares and the Newco Class A Shares as separate securities. The possible de-stapling will also affect the listing of the Unibail-Rodamco Shares and the Newco Class A

Shares and their market price. There is no certainty that holding the Unibail-Rodamco Shares and the Newco Class A Shares separately will have an equivalent economic benefit as holding the Stapled Shares. See section 11.1 "Description of Stapled Shares" of this Prospectus for further information on the Stapled Share Principle.

Despite the stapling arrangements, Unibail-Rodamco and Newco will not have a common supervisory board or a common management board. From an operational and a tax perspective, Unibail-Rodamco and Newco will remain independent companies.

The trading of the Stapled Shares after completion of the Transaction may cause the market price of the Stapled Shares to fall.

Following completion of the Transaction, the Stapled Shares will be publicly traded on Euronext Paris, Euronext Amsterdam, and on ASX in the form of CDIs, enabling former Unibail-Rodamco shareholders and former Westfield Securityholders to sell the Stapled Shares they receive in the Transaction. Such sales of Stapled Shares may take place promptly following the Transaction and could have the effect of decreasing the market price for Stapled Shares owned by former Unibail-Rodamco shareholders and Westfield Securityholders below the market price of the Unibail-Rodamco Shares or Westfield Securities owned by such Unibail-Rodamco shareholders and Westfield Securityholders prior to completion of the Transaction.

Shareholders in countries with currencies other than the Euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of Stapled Shares.

The Stapled Shares are quoted only in Euro and any future payments of dividends on Unibail-Rodamco Shares will be denominated in Euro and any future payments of dividends on Newco Class A Shares will be denominated in Euro and/or in U.S. dollar. The U.S. dollar or Australian dollar - or other currency - equivalent of (i) any dividends paid on Unibail-Rodamco Shares and Newco Class A Shares, (ii) any distributions made upon sale of assets, merger, tender offer or similar transaction denominated in Euro, or (iii) any payment received in connection with any sale of Stapled Shares could be adversely affected by the appreciation of the Euro against these other currencies.

After completion of the Transaction, a stockholder of each company will have a reduced ownership and voting interest in the New Group in percentage terms than they currently have in either Unibail-Rodamco or Westfield.

Immediately following completion of the Transaction, it is expected that former Unibail-Rodamco shareholders will own approximately 72% of the Stapled Shares and former Westfield Securityholders will own approximately 28% of the Stapled Shares, on a fully diluted basis as of the date of this Prospectus (*i.e.*, taking into account the effect of all the dilutive instruments, being ORA, ORNANE, performance shares and restricted stock options for Unibail-Rodamco and restricted stock units for Westfield, using the treasury method).

Consequently, each former Unibail-Rodamco Shareholder and Westfield Securityholder will have a reduced ownership and voting interest in percentage terms in the New Group vis-à-vis their current ownership and voting interests in Unibail-Rodamco and Westfield respectively. This will mean the votes they can cast at general meetings of Unibail-Rodamco and Newco after implementation of the Transaction will, as a percentage of all votes that can be cast, be lower than is the currently the case with respect to general meetings of Unibail-Rodamco and

Westfield respectively, and therefore less influence is potentially exercisable over the management and policies of the New Group *vis-à-vis* Unibail-Rodamco and Westfield currently.

Illustration: Impact of the contribution on the capital interest of a Unibail-Rodamco Shareholder holding 1% of Unibail-Rodamco's share capital prior to the contribution

	Shareholder interest (% of share capital)
Before contribution[(1)]	1%
After contribution	0.72%

(1) *Based on the number of shares comprising the share capital at December 31, 2017, i.e., 99,856,676 shares.*

Illustration: Impact of the contribution on the voting rights interest of a Unibail-Rodamco Shareholder holding 1% of Unibail-Rodamco's voting rights prior to the contribution

	Shareholder interest (% of voting rights)
Before contribution[(1)]	1%
After contribution	0.72%

(1) *Based on the number of shares comprising the share capital at December 31, 2017, i.e., 99,856,676 shares.*

The New Group may not be able to make the same cash distributions as former Unibail-Rodamco shareholders and former Westfield Securityholders may have received in the past.

The New Group may not be able to make the same cash distributions as former Unibail-Rodamco shareholders and former Westfield Securityholders may have received in the past. The New Group’s ability to make distributions depends on it receiving sufficient cash distributions from its underlying operations, and it cannot assure former Unibail-Rodamco Shareholders and former Westfield Securityholders that the New Group will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities, if any.

Stapled Shares to be received by Unibail-Rodamco shareholders and Westfield Securityholders as a result of the Transaction will have different rights than the Unibail-Rodamco Shares and Westfield Securities they hold prior to the Implementation of the Transaction.

Upon completion of the Transaction, the rights of former Unibail-Rodamco shareholders and Westfield Securityholders who become shareholders of the New Group will be governed by the Unibail-Rodamco Articles and by the laws of France as well as by the Newco Articles and by the laws of The Netherlands. The rights associated with Unibail-Rodamco Shares and Newco Class A Shares are different from the rights associated with Westfield Securities. Material differences between the rights of securityholders of Westfield on the one hand and of shareholders of Unibail-Rodamco and of Newco on the other hand, include differences with respect to, among other things, distributions, dividends, repurchases and redemptions, dividends in shares/bonus issues, preemptive rights, the election of directors, the removal of directors, the fiduciary and statutory duties of directors, conflicts of interests of directors, the indemnification of directors and officers, limitations on director liability, the convening of annual meetings of shareholders and special shareholders meetings, notice provisions for meetings, the quorum for shareholders meetings, the adjournment or postponement of shareholders meetings, the exercise of voting rights, shareholders action by written consent, shareholders suits, shareholders approval of certain transactions, rights of dissenting shareholders and provisions relating to the ability to amend governing documents. See sections 11.2 "— Description of Unibail-Rodamco's Share Capital" and 11.3 "—Description of Newco's Share Capital" of this Prospectus.

French law and the French Afep-Medef Corporate Governance Code of Listed Companies of November 2016 (the "**Afep-Medef Code**") apply to Unibail-Rodamco. The contents of French law and the Afep-Medef Code may differ from the corporate governance principles in The Netherlands and Australia. As a result, this may affect the rights of holders of Stapled Shares and holders of Stapled Shares may not have the same level of protection as shareholders in The Netherlands or Australia. See section 10.8 "— Corporate Governance Codes" of this Prospectus.

Conversely, Dutch law and the Dutch Corporate Governance Code dated 8 December 2016 ("**DCGC**") apply to Newco. The contents of Dutch law and the DCGC may differ from the corporate governance principles in France and Australia. As a result, this may affect the rights of holders of Stapled Share and holders of Stapled Shares may not have the same level of protection as shareholders in France or Australia. See section 11 "Description of the Stapled Shares and the Share Capital of Unibail-Rodamco and Newco" of this Prospectus.

The issuance of Unibail-Rodamco Shares and Newco Class A Shares may have an effect on the market price of the Stapled Shares.

Future sales or issuances of a substantial number of Unibail-Rodamco Shares and Newco Class A Shares in the public markets, or the perception of such sales or issuances, could depress the trading price of the Stapled Shares. Unibail-Rodamco cannot predict the effect that future sales or issuances of Unibail-Rodamco Shares and Newco Class A Shares or other equity related securities would have on the market price of the Stapled Shares.

The New Group may need additional funds in the future and may issue additional Stapled Shares in lieu of incurring indebtedness which may dilute existing holders of Stapled Shares or the New Group may issue securities that have rights and privileges that are more favorable than the rights and privileges accorded to holders of Stapled Shares. See section 12.2 "— Unibail-Rodamco's Shareholding in Newco" of this Prospectus for further information.

Granting equity compensation in the form of Stapled Shares to officers and employees of the New Group will be complex and potentially more costly than in the past.

Equity compensation has traditionally formed an important component in the compensation packages of numerous key employees of Unibail-Rodamco and Westfield. Equity compensation in many cases offered beneficial accounting treatment and favorable tax and social treatment (particularly in France), as compared to cash-based compensation. The structure of the New Group and the reliance on Stapled Shares will introduce significant complexity into the granting of equity compensation, and may increase costs and lead to loss of eligibility for favorable tax regimes. As a result, the New Group may incur greater compensation expenses in respect of incentives than in the past and the transition of Unibail-Rodamco's broader practice of equity compensation to the New Group may increase costs.

No trading market currently exists for the New Group's Stapled Shares.

Prior to the Transaction, there has been no market for the Stapled Shares. On the second business day before the Implementation Date, the Stapled Shares will be listed for trading on the regulated markets of Euronext Paris and Euronext Amsterdam (starting 9:00 a.m. CET). However, there can be no assurance that an active market for the Stapled Shares will develop after closing of the Transaction, or if it develops, that such market will be sustained. In the absence of an active trading market for the Stapled Shares, investors may not be able to sell their Stapled Shares at the time that they would like to sell.

The market price of the Stapled Shares may be affected by factors different from those currently affecting the price of Unibail-Rodamco Shares or Westfield Securities.

Upon completion of the Transaction, Unibail-Rodamco shareholders and Westfield Securityholders will become holders of the Stapled Shares. Although the New Group will generally be subject to the same risks that each of Westfield and Unibail-Rodamco currently face, the operating results, as well as the market price of the Stapled Shares, may in the future be affected by factors different from those factors currently affecting Westfield and Unibail-Rodamco as independent, standalone companies. The New Group may also face additional risks and uncertainties that Westfield and Unibail-Rodamco may currently not be exposed to as independent, stand-alone companies. Such uncertainties could relate to the geographies in which either Unibail-Rodamco or Westfield does not currently operate.

There has been no prior public market for the Stapled Shares, and the market price of the Stapled Shares may be volatile.

Stapled Shares will be listed on the regulated markets of Euronext Paris, Euronext Amsterdam, and on the ASX in the form of CDIs. The market price of the Stapled Shares may be volatile. Broad general economic, political, market and industry factors may adversely affect the market price of the Stapled Shares, regardless of the New Group's actual operating performance. Factors that could cause fluctuations in the price of the Stapled Shares include:

– actual or anticipated variations in the New Group's revenues and operating results and the results of competitors;
– changes in financial projections by the New Group, if any, or by any securities analysts that might cover the New Group;
– changes in the investments or asset composition of the New Group;
– write-downs or perceived credit or liquidity issues affecting the assets of the New Group;
– the level of indebtedness of the New Group and/or adverse market reaction to any indebtedness incurred in the future;
– conditions or trends in the industry, including regulatory changes or changes in the securities marketplace;
– market perception of the New Group, its business and assets;

- announcements by the New Group or its competitors of significant acquisitions, strategic partnerships or divestitures;
- announcements of investigations or regulatory scrutiny of the New Group’s operations or lawsuits filed against it;
- additions or departures of key personnel; and
- issuances or sales of Stapled Shares, including sales by its directors and officers or its key investors.

Flowback.

If a large number of Westfield Securityholders do not intend to continue to hold the Stapled Shares received as Scheme Consideration and instead choose to sell, there is a risk that the trading price of Stapled Shares will be adversely impacted by selling. The Sale Agent will be issued CDIs attributable to certain Ineligible Foreign Holders, certain Minimum Holders and fractional entitlements to CDIs that have been subject to rounding. The precise number of CDIs issued to the Sale Agent will not be known until after the scheme record date (being the date for determining a Westfield Securityholder's entitlement to receive the Scheme Consideration). However on the basis of the recent composition of the Westfield Securityholder register[19], the Stapled Shares underlying the CDIs issued to the Sale Agent are expected to be less than 0.5% of total number of Stapled Shares issued under the Transaction.

The Stapled Shares’ market price will reflect the value of both Unibail-Rodamco and Newco.

The Stapled Shares being admitted to trading under a single quotation line, the Stapled Shares’ market price will reflect the value of both the Unibail-Rodamco Share and the Newco Class A Share. However, the market price of the Stapled Shares will not provide the individual market price of the Unibail-Rodamco Share nor that of the Newco Class A Share. Conversely, after completion of the Transaction the market price of the Stapled Shares may not reflect the sum of the value of Unibail-Rodamco and Westfield.

[19] Determination of Ineligible Foreign Holders based on Westfield Securityholder register as at February 28, 2018. Determination of Minimum Holders based on Westfield Securityholder register as at March 14, 2018 assuming a Unibail-Rodamco share price of €190.60.

2. IMPORTANT INFORMATION

2.1. RESPONSIBILITY STATEMENT

2.1.1 Persons responsible for the Prospectus

On behalf of Unibail-Rodamco's Management Board

Mr. Christophe Cuvillier
Chairman of the Unibail-Rodamco Management Board, and
Unibail-Rodamco Chief Executive Officer

Mr. Jaap Tonckens
Member of the Unibail-Rodamco Management Board, and
Unibail-Rodamco Chief Financial Officer

On behalf of Newco's Management Board

Mr. Gerard Sieben
Member of the Newco Management Board

Mr. Jean-Marie Tritant
Member of the Newco Management Board

2.1.2 Declaration of the persons responsible for the Prospectus

"*We, Christophe Cuvillier, Jaap Tonckens, Gerard Sieben and Jean-Marie Tritant, hereby declare, after having taken all reasonable care to ensure that such is the case, that the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission that is likely to affect its import[20].*

We, Christophe Cuvillier and Jaap Tonckens have received from the statutory auditors a completion letter (lettre de fin de travaux), in which they indicate that they have verified the information relating to the financial position and the financial statements of Unibail-Rodamco and the New Group Pro Forma Information presented in this Prospectus, and have read this Prospectus in its entirety.

We, Christophe Cuvillier, Jaap Tonckens, Gerard Sieben and Jean-Marie Tritant, have relied upon the letter received by Westfield from Ernst & Young and transmitted to us by Westfield, by which Ernst & Young has consented to be named as the auditors of Westfield and of WAT in the Prospectus in the context of the Admission and to the inclusion in the Prospectus of their audit reports dated February 24, 2016, February 23, 2017, and February 22, 2018, in respect of Westfield's financial statements for the years ended December 31, 2015, December 31, 2016, and December 31, 2017, and of their audit reports dated March 21, 2016, March 17, 2017, and March 13,2018, in respect of WAT's financial statements for the years ended December 31, 2015, December 31, 2016, and December 31, 2017, respectively in the form and context in which they are included."

[20] Having considered that Westfield has agreed in accordance with the Implementation Agreement to prepare, and be responsible for, the information about Westfield contained in the sections of the Prospectus identified in section 2.10 "– Information about Westfield" of this Prospectus, on the basis set out in section 2.10 of this Prospectus.

2.2. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

- *European Union IFRS Information*

The Unibail-Rodamco consolidated financial statements for the years ended December 31, 2015, December 31, 2016 and December 31, 2017 included in this Prospectus have been prepared in accordance with International Financial Reporting Standards as applicable in the European Union ("**IFRS**") as at the date of the relevant financial statements and have been jointly audited by Deloitte & Associés and Ernst & Young Audit.

The 2017 Westfield consolidated financial statements included in this Prospectus has been prepared in accordance with International Financial Reporting Standards as issued by the IASB and have been audited by Ernst & Young (Australia).

- *Non-IFRS Information*

The Prospectus presents certain measures that are not measures defined by IFRS, including GMV, net rental income, (run-rate) synergies, development pipelines and EPRA performance measures information. These are supplemental measures of the New Group's performance which are used for management purposes and should not be considered in isolation or as an alternative to net result, shareholders' equity, net rental income or any other performance measure derived in accordance with IFRS. In addition, such measures, as defined by Unibail-Rodamco and Westfield, may not be comparable between Unibail-Rodamco and Westfield or to other similarly titled measures used by other companies.

The measures are intended only to supplement performance indicators in accordance with IFRS, and not to replace them. These measures should always be used together with the performance indicators provided for by IFRS and not in isolation, because their ability to convey meaningful information is limited in various respects. In particular, GMV does reflect changes in valuation of the Unibail-Rodamco's properties, which can vary substantially from period to period and can have a negative effect on net result reported under IFRS.

Development pipeline includes (i) committed projects: projects currently under construction, for which Unibail-Rodamco owns the land (or building rights) and has obtained all necessary administrative authorizations and permits; (ii) controlled projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land (or building rights), but where not all administrative authorisations are obtained yet; (iii) secured exclusivity projects: projects identified, for which Unibail-Rodamco has the exclusivity but where negotiations for land, building rights or project definition are still underway.

EPRA performance measures are industry key performance indicators as defined by the European Public Real Estate Association.

FFO (***Funds from Operations***) is a widely used measure of performance of real estate investment groups within the property industry. FFO is defined by the National Association of Real Estate Investment Trusts (NAREIT), a United States based representative body for publicly traded real estate companies with an interest in United States real estate and capital markets, as net income (computed in accordance with United States Generally Accepted Accounting Principles), including interest capitalized on property development and excluding gains (or losses) from sales of property plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

The Westfield Group's measure of FFO is based on the NAREIT definition, adjusted to reflect that Westfield Group's profit after tax and non-controlling interests reported in accordance with Australian accounting standards and IFRS. The Westfield Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of leasing incentives and related leasing costs and intangible amortisation and impairment from the reported profit after tax.

GMV (Gross Market Value) is defined as the Total Acquisition Cost (TAC), as assessed by the appraisers during the valuation process.

Like-for-like NRI is the Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any material change to square meters and currency exchange rate differences in the periods analysed.

NMV (Net Market Value) is a Net Disposal Price (NDP) determined from the GMV by deducting theoretical transfer tax and transaction costs incurred by the buyer.

NRI (Net Rental Income) is equal to the Gross Rental Income less Net Service Charges, Doubtful Debtors, Non Rechargeable Expenses and Property Management Expenses.

Recurring Profit Before Tax designates the Net Result Before Tax for the period excluding the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments on the full cancelled commitment period when the maturity of the financial instruments is beyond the current period, bond tender premiums, currency gains/losses on revaluation of balance sheet items, the net result on disposals, impairment of goodwill, or recognition of negative goodwill, as well as costs directly related to a business combination and other non-reccuring items.

Run-rate synergies is defined as estimation of the future fully implemented revenue and cost synergies expected on a yearly basis.

- *Rounding & Negative Amounts*

Certain figures contained in the Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in the text or a column or a row in tables contained in the Prospectus may not conform exactly to the total figure given for that column or row.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by "negative" before the amount.

- *Currency*

All references in the Prospectus to "Euros", "euros" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union (Eurozone). All references to “U.S. dollars”, “USD”, “US$” or “$” are to the lawful currency of the United States. All references to “AUD” or “A$” are to the lawful currency of Australia. All references to “GBP”, “GB£” or “£” are to the lawful currency of the United Kingdom.

- *Exchange Rates*

Unibail-Rodamco publishes its historical consolidated financial statements in Euros. The tables below set forth period end, average, high and low exchange rates of U.S. dollars per Euro and Australian dollars for each period indicated published by the European Central Bank (the “**ECB**”) expressed in U.S. dollars and Australian dollars for €1.00. The exchange rates below are provided solely for information and convenience. No representation is made that the Euro could have been, or could be, converted into U.S. dollars or Australian dollars at all or at the exchange rates stated. The exchange rates set forth below demonstrate trends in exchange rates, but the actual exchange rates used throughout this prospectus may vary.

U.S. dollars per €1.00	**Year Ended December 31,**				
	2013	**2014**	**2015**	**2016**	**2017**
High	1.381	1.395	1.204	1.157	1.206
Low	1.277	1.214	1.055	1.036	1.039
Rate at end of period	1.379	1.214	1.089	1.054	1.199
Average rate per period	1.328	1.329	1.110	1.107	1.130

Australian dollars per €1.00	**Year Ended December 31,**				
	2013	**2014**	**2015**	**2016**	**2017**
High	1.552	1.572	1.615	1.608	1.569
Low	1.223	1.383	1.375	1.411	1.369
Rate at end of period	1.542	1.483	1.490	1.460	1.535
Average rate per period	1.378	1.472	1.478	1.488	1.473

The following table sets forth, for each of the last six months, the low and high exchange rates for U.S. dollars expressed in Euros and the exchange rate at the end of the month based on the noon buying rate as described above.

U.S. dollars per €1.00	**September 2017**	**October 2017**	**November 2017**	**December 2017**	**January 2018**	**February 2018**
High	1.206	1.186	1.195	1.199	1.246	1.249
Low	1.174	1.161	1.156	1.174	1.193	1.221
Rate at end of period	1.181	1.164	1.185	1.199	1.246	1.221

The following table sets forth, for each of the last six months, the low and high exchange rates for Australian Dollars expressed in Euros and the exchange rate at the end of the month based on the ECB rate as described above.

Australian dollars per €1.00	**September 2017**	**October 2017**	**November 2017**	**December 2017**	**January 2018**	**February 2018**
High	1.508	1.528	1.566	1.569	1.543	1.576
Low	1.485	1.499	1.509	1.532	1.524	1.557
Rate at end of period	1.508	1.521	1.566	1.535	1.536	1.564

- *WAT Financial Information*

As further described in section 3.6.1 "—Key Transaction Steps for purposes of completing the Transaction" of this Prospectus, the Transaction will be implemented by means of the Schemes which are inter-conditional. Unibail-Rodamco does not intend to acquire WCL and WFDT without WAT which will be acquired by Newco. This acquisition is reflected in the New Group Pro Forma Financial Information (see section 8.2 "—New Group Pro Forma Financial Information" of this Prospectus).

As a result of the stapling of the Unibail-Rodamco Shares with Newco Class A Shares, the same shareholders will together hold 100% of Unibail-Rodamco and of Newco, of which 60% directly (Newco Class A Shares) and 40% indirectly through Unibail-Rodamco. Upon completion of the Transaction, because of the Share Stapling Principle, shareholders (other than an entity of the Stapled Group) can only transfer (and may only acquire) a Unibail-Rodamco Share together with a Newco Class A Share in the form of a Stapled Share and not separately. Therefore, the meaningful and most sensible information to make an informed investment decision with respect to the New Group and for the public in general will be the consolidated financial statements of Unibail-Rodamco in which Newco will be consolidated.

In addition, as reflected in the New Group Pro Forma Financial Information in anticipation of Unibail-Rodamco future reporting in its consolidated financial statements, the presentation of "Total equity" and "Net result for the period" in the pro forma statement of financial position and the pro forma statement of income respectively discloses the split of equity and net result between Unibail-Rodamco members and Newco members of the stapling arrangement (see section 8.2.2 "—Unaudited pro forma condensed consolidated financial information" of this Prospectus).

Newco being a newly created entity, it has no historical information available. The Prospectus includes the WAT Financial Information and auditor's reports relating thereto. WAT will be 100% held by Newco, and the WAT Financial Information contains the consolidated operating results and consolidated assets related to the U.S. operations of Westfield, which are to be acquired by Newco as part of the Transaction and will be consolidated by Newco going forward.

The material differences between Newco's consolidated financial statements post-completion of the Transaction and WAT Financial Information will mainly relate to (i) the funding of the acquisition of WAT by Newco and (ii) the purchase accounting. The acquisition of WAT will be funded by a combination of debt and a share capital increase. The acquisition of WAT and its subsidiaries will be accounted for as a business combination in accordance with IFRS 3 which requires that identifiable assets and liabilities assumed be measured at their fair value as of the acquisition date.

2.3. MARKET AND INDUSTRY SOURCES

All references to market data, industry statistics and industry forecasts in the Prospectus consist of estimates compiled by industry professionals, organizations, analysts, publicly available information or Unibail-Rodamco's own knowledge of its sales and markets.

Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions.

In the Prospectus, Unibail-Rodamco and Newco make certain statements regarding their competitive and market position. Unibail-Rodamco and Newco believe these statements to be true, based on market data and industry statistics.

The information in the Prospectus that has been sourced from third parties has been accurately reproduced and, as far as Unibail-Rodamco and Newco are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate service providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management. BNP Paribas Real Estate is a subsidiary of BNP Paribas.

BRE Global

Independent third-party approvals organization assessing and certifying environmental products and services.

Cushman & Wakefield

Cushman & Wakefield is a privately held commercial real estate firm offering services including, among others, consulting, property valuation and appraisal.

EPRA

The European Public Real Estate Association is the voice of the publicly traded European real estate sector, with mission to promote, develop and represent publicly listed property companies.

European Commission

Institution of the European Union, responsible for proposing legislation, implementing decisions, upholding the European Union treaties and managing the day-to-day business of the European Union.

Eurostat

Statistical office of the European Union situated in Luxembourg organized as a service of the Commission and headed by an independent director-general. Its task is to provide the European Union with statistics at the European level that enable comparisons between countries and regions.

FSIF

The French Federation of Real Estate and Property Companies (FSIF) studies, promotes and represents the collective and professional interests of its members and seeks out and deploys all appropriate resources capable of supporting them.

Immostat

Independent entity (French legal form *GIE*) created in 2001 by the main brokers in French Commercial Real Estate: BNP Paribas Real Estate, CBRE, JLL and Cushman & Wakefield to harmonize market statistics used by its members for Commercial Real Estate in the Greater Paris Region.

IVSC

International Valuation Standards Council is an independent, not-for-profit organization that acts as the global standard setter for valuation practice and the valuation profession, serving the public interest.

JLL

Jones Lang LaSalle, Inc. (JLL) is a professional services and investment management company specializing in real estate, with services including, among others, valuations and consulting and investment management.

National indices

- France: Institut Français du Libre-Service (IFLS),
- Spain: Instituto Nacional de Estadistica,
- Central Europe: Česky statisticky urad (Czech Republic),
- Polska Rada Centrow Handlowych (Poland),
- the Nordics: HUI Research (Sweden),
- Danmarks Statistik (Denmark),
- Germany: Destatis-Genesis (Federal Statistical Office)

OECD

Organization for Economic Co-operation and Development (OECD) is an international economic research and discussion organization, based in Paris.

PwC Corporate Finance

PwC Corporate Finance and its professionals provide M&A related investment banking advisory services. PwC Corporate Finance specializes in advising domestic and international clients on divestitures and acquisitions, debt and equity private placements and capital markets advisory services across the globe. PwC Corporate Finance is owned by PricewaterhouseCoopers LLP.

RICS (Royal Institution of Chartered Surveyors)

One of the world's leading professional bodies for qualifications and standards in land, property and construction.

Soft computing

Soft Computing is a data-driven digital marketing specialist. They exploit the full potential of the data to improve the customer experience and the return on investment of their digital marketing.

2.4. INFORMATION ON UNIBAIL-RODAMCO'S PORTFOLIO

Appraisers

Since June 30, 2015, three international and qualified appraisal firms, Cushman & Wakefield (formerly DTZ), JLL and PwC, value Unibail-Rodamco's retail, office, convention & exhibition and service portfolios. These appointments followed the expiry of the previous appraisal mandates on December 31, 2014. Cushman & Wakefield, JLL and PwC were selected following a tender process with 12 different appraisal firms, ensuring the nomination of the best appraisers in their respective geographies.

JLL and Cushman & Wakefield appraise the retail and office properties of the Unibail-Rodamco Group. The valuation process has a centralized approach, intended to ensure that, on the Unibail-Rodamco Group's international portfolio, pan-European capital market views are taken into account. Unibail-Rodamco has allocated properties across the two appraisers by region for comparison and benchmarking purposes. France, being the largest region, is assessed by both firms. PwC assesses Convention & Exhibition venues as well as the services activities. Assets are appraised twice a year (in June and December), except service companies, which are appraised once a year.

Appraisal methods used by appraisers are compliant with international standards and guidelines as defined by RICS (Royal Institution of Chartered Surveyors), IVSC (International Valuation Standards Council) and FSIF (*Fédération des Sociétés Immobilières et Foncières*).

Appraiser	Property location	% of total portfolio
Cushman & Wakefield	France / The Netherlands / Central Europe	49%
JLL	France / Germany / Nordics / Spain / Austria	41%
PwC	France / Germany	7%
At cost or under sale agreement.		3%
		100%

Figures may not add up due to rounding.

Fees paid to appraisers are determined prior to the valuation campaign and are independent from the value of properties appraised. A detailed report, dated and signed, is produced for each appraised property. None of the appraisers has received fees from the Unibail-Rodamco Group representing more than 10% of their turnover.

Under the New Group rotation policy, rotation of appraisers will take place every three to five years.

Valuation methodology

Independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology and / or the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per square meter and the fair market values established through actual market transactions.

Appraisers have been given access to all information relevant for valuations, such as the Unibail-Rodamco Group's confidential rent rolls, including information on vacancy, break options, expiry dates and lease incentives, performance indicators (*e.g.*, footfall and sales where available), letting evidence and the Unibail-Rodamco Group's cash flow forecasts from annually updated detailed asset business plans. Appraisers make their independent assessments of current and forward looking cash flow profiles and usually reflect risk either in the cash flow forecasts (*e.g.* future rental levels, growth, investment requirements, void periods and incentives), in the applied required returns or discount rates and in the yield applied to capitalize the exit rent to determine an exit value.

Valuation scope

As at December 31, 2017, 97% of Unibail-Rodamco's portfolio was appraised by independent appraisers.

Investment Properties Under Construction ("**IPUC**") for which a value could be reliably determined, are required to be accounted for at fair value and were assessed by external appraisers.

IPUC are taken at fair value once management considers that a substantial part of the project's uncertainty has been eliminated, such that a reliable fair value can be established. Unibail-Rodamco uses generic guidelines to establish the residual level of risk, focusing notably on uncertainty remaining in construction and leasing.

IPUC were valued using a discounted cash flow or yield method approach (in accordance with RICS and IVSC standards[21]) as deemed appropriate by the independent appraiser. In some cases, both methods were combined to validate and cross-check critical valuation parameters.

The Parly 2 Cinema project, Gaîté Montparnasse hotel, Villeneuve 2 renovation and Versailles Chantiers Offices have been assessed at fair value for the first time as at December 31, 2017. The Shift project has been assessed at fair value since year-end 2016.

The remaining assets of the portfolio (3%) were valued as follows:

- At cost for IPUC for which a reliable value could not yet be established. These include assets under development: Trinity, Vélizy 2 extension and renovation, Gaîté Montparnasse retail and office, Mall of The Netherlands, La Part-Dieu extension, as well as all development projects included in the "Controlled" and "Secured exclusivity" categories;
- At acquisition price for assets acquired in 2017 that were not appraised.

[21] RICS: Royal Institution of Chartered Surveyors; IVSC: International Valuation Standards Council.

For further information about Unibail-Rodamco's properties valuation, refer to sections 1.4 and 1.5 of the 2017 Registration Document.

2.5. INFORMATION ON WESTFIELD'S PORTFOLIO

Valuation methodology

Investment properties are carried at the Westfield directors' assessment of fair value, after taking into account the analysis of the external valuers, where appropriate and as defined below. Investment properties include both shopping centre investments and development projects and construction in progress.

The Westfield directors' assessment of fair value of each shopping centre takes into account the latest external valuations from external valuers (identified below) commissioned in each of the jurisdictions where the relevant shopping centre is located. The valuations are generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties. Such assumptions and judgement are not disclosed by Westfield.

The Westfield directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. From time to time during a development, Westfield directors may commission an external 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 external valuation is obtained.

External valuations are conducted in accordance with guidelines set by RICS Valuation – Global Standards 2017 and RICS – Professional Standards UK – January 2014 which is mandatory for Chartered Surveyors for the UK properties and Uniform Standards of Professional Appraisal Practice for the U.S. properties.

The external valuers have been given access to all information relevant for valuations, such as Westfield's confidential rent rolls, including information on vacancy, break options, expiry dates and lease incentives, performance indicators (*e.g.*, footfall and sales where available), letting evidence and Westfield's forecasts. The external valuers make their assessments of current and forward looking cash flow profiles and usually reflect risk either in the cash flow forecasts (*e.g.*, future rental levels, growth, investment requirements, void periods and incentives), in the applied required returns or discount rates and in the yield applied to capitalise the exit rent to determine an exit value.

Valuation scope

As at December 31, 2017, 90.4% of Westfield's portfolio was appraised by external valuers. Investment properties under construction ("**IPUC**") for which a value could be reliably determined, are required to be accounted for at fair value and were assessed by the independent external appraisers.

IPUC are accounted for at fair value once management considers that a substantial part of the project's uncertainty has been eliminated, such that a reliable fair value can be established.

Westfield uses generic guidelines to establish the remaining level of risk, focusing notably on uncertainty remaining in construction and leasing.

IPUC were valued using a discounted cash flow or yield method approach (in accordance with RICS and IVSC standards (RICS: Royal Institution of Chartered Surveyors; IVSC: International Valuation Standards Council)) as deemed appropriate by the external valuers. In some cases, both methods were combined to validate and cross-check critical valuation parameters.

The remaining assets (9.6%) were valued at cost, for IPUC for which a reliable value could not yet be established, as well as assets significantly impacted by developments (including Milan, Croydon, Horton Plaza and Annapolis) and land or department stores purchased for redevelopment.

Appraisers

Fees paid to appraisers are determined prior to the valuation process commencing and are independent from the value of properties appraised.

A detailed report, dated and signed, is produced for each appraised property.

None of the appraisers has received fees from Westfield representing more than 10% of their turnover.

The following qualified external valuers were appointed by Westfield to carry out property appraisals for the 2017 financial year:

The appraisers of the UK Portfolio are:

CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB
United Kingdom

GVA Grimley Limited
65 Gresham Street
London
EC2V 7NQ
United Kingdom

The appraisers of the U.S. Portfolio are:

Altus Group U.S. Inc.
34 Exchange Place
902 Plaza 2, 9th Floor
Jersey City
NJ 07311
USA

Cushman & Wakefield, Inc.
1290 Avenue of the Americas, 9th Floor
New York, NY 10104-6178
USA

Cushman & Wakefield Western, Inc.
601 South Figueroa Street, 47th Floor
Los Angeles, CA 90017-5752
USA

Duff & Phelps, LLC
311 South Wacker Drive, Suite 4200
Chicago Il 60606
USA

Valuation Dates

Westfield's portfolio is appraised externally annually by independent and qualified appraisers. Appraisals are generally performed as of either June 30 or December 31. On each of those dates, approximately half the portfolio is subject to external appraisal. As of that date, the remaining half is subject to director appraisal. The entire Westfield portfolio is subject to external appraisal each year with the exception of certain properties under development and sundry properties.

The valuation dates of the UK portfolio and the U.S. portfolio are June 30, 2017, or December 31, 2017. The appraisers did not revalue the properties as at the date of this Prospectus and make no statement as to the fair values as at that date.

2.6. NOTICES TO INVESTORS

The distribution of the Prospectus in certain jurisdictions may be restricted by law. Persons in possession of the Prospectus are required to inform themselves about and to observe any such restrictions. The Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Stapled Shares in any jurisdiction in which such offer or invitation would be unlawful.

Any securities referred to herein have not been and will not be registered under the Securities Act of 1933, as amended ("**Securities Act**") or applicable state securities laws, and any offer or sale of such securities in the United States ("**U.S.**") or to, or for the account or benefit of, U.S. persons will be made pursuant to a transaction that is not required to be registered under the Securities Act or under applicable state securities laws. No securities referred to in this Prospectus will be listed for trading on a securities exchange in the United States. See the preliminary "Important Notice" section of this Prospectus for further details.

No securities are being offered for sale or subscription in connection with the business combination between Unibail-Rodamco and Westfield. Accordingly, this Prospectus is not intended to be an offer to sell or to subscribe for or a solicitation of an offer to purchase or to subscribe for the shares described herein, especially in any jurisdiction in which such an offer or solicitation would be unlawful under the laws of that jurisdiction.

This Prospectus has been filed with the AMF in France and the AFM in The Netherlands pursuant to the Prospectus Directive only in connection with the listing of the Stapled Shares on Euronext Paris and Euronext Amsterdam. This Prospectus has not been filed nor approved by any other competent authority of any state of the European Economic Area, having implemented the Prospectus Directive. This Prospectus does not constitute an offer to any person in France, The Netherlands or any other state of the European Economic Area. Any failure to comply with such restrictions may contravene applicable securities laws. Investors should consult their usual financial, accounting, legal, tax and/or other professional advisor(s).

Unibail-Rodamco filed a document E ("**Document E**") with the AMF, relating to Unibail-Rodamco's share capital increase in the WCL Share Scheme. For further information on Unibail-Rodamco's share capital increase in the WCL Share Scheme, see section 3.6.3 "— Overview of Unibail-Rodamco's share capital increase in the WCL Share Scheme" of this Prospectus and the Document E approved by the AMF under visa No. E.18-009 dated March 28, 2018, which is available on Unibail-Rodamco's website (http://www.unibail-rodamco.com), and on the AMF's website (http://www.amf-france.org).

2.7. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements contained in or incorporated by reference into this Prospectus are not historical facts, but are statements of future expectations and other forward-looking statements that reflect Unibail-Rodamco and Westfield and their combined business, management's business strategies, expansion and growth of operations, future events, trends or objectives and expectations, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks, contingencies and uncertainties that could cause actual results, performance or events to differ materially from those explicitly or implicitly included in such statements.

Forward-looking statements generally will be accompanied by words such as "anticipate", "believe", "plan", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "possible", "potential", "predict", "project", "will", "will continue", "should", "would be" or "seeks", or similar expressions or their negatives or other variations thereof, comparable terminology, or by discussions of strategy, plans or intentions. These statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated by such statements. Factors that could cause such differences in actual results include:

- risks and uncertainties attendant related to doing business in numerous countries that may be exposed to, or may have recently experienced, economic or governmental instability;
- legal, regulatory, environmental and tax risks;
- risks relating to the Unibail-Rodamco's and Westfield's financing policies and activities;

- conflicts of interest;
- customers and market concentration;
- general competitive and market factors on a global, regional and/or national basis;
- changes in economic or technological trends; and
- potential environmental claims, costs, liabilities or other obligations.

The forward-looking statements made in this Prospectus are liable to change or to be amended due to uncertainties related in particular to the economic, financial, competitive and regulatory environment facing Unibail-Rodamco and Westfield. Such forward-looking statements are set forth in different sections of this Prospectus and contain information relating to Unibail-Rodamco's intentions, estimates and objectives concerning in particular the market in which it will operate, its strategy, growth, results, financial situation, cash resources and forecasts.

By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances which may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The forward-looking statements contained in this Prospectus are provided solely as of the date of this Prospectus. Unibail-Rodamco and Westfield do not assume any obligation to update any public information or forward looking statement in this Prospectus to reflect new information, future events or circumstances or for any other reason after the date of this Prospectus, except as may be required by applicable laws, and any opinion expresses in this Prospectus is subject to change without notice. The New Group will operate in a competitive environment that is constantly evolving. Unibail-Rodamco and Westfield's management cannot therefore foresee all of the risks, uncertainties or other factors that may affect its activity, their potential impact on its activity or the extent to which the materialization of a risk or of a combination of risks could have results significantly different from those mentioned in any forward-looking information, it being noted that none of these forward-looking statements constitute a guarantee of actual future results.

Key risks, uncertainties and other factors that could cause actual results to differ from those expected are set out more fully in the section 1 "*Risk Factors*" of this Prospectus. Investors should specifically and carefully consider these factors, which could cause actual results to differ from expected results, before making an investment decision.

2.8. CREDIT RATINGS OF THE NEW GROUP

Prior to the announcement of the Transaction, Unibail-Rodamco's corporate long term issuer credit ratings were "A" (stable outlook) by Standard & Poor's and Fitch Ratings and Westfield's corporate credit ratings were "A3" (negative outlook) by Moody's and "BBB+" (stable outlook) by Standard & Poor's.

Following the announcement of the Transaction, rating agencies assigned the following rating for the New Group after the closing:

- On December 12, 2017, Standard & Poor's affirmed its long term rating "A" with stable outlook for the New Group and Unibail-Rodamco while placing Westfield's "BBB+" rating on CreditWatch positive;

- On December 12, 2017, Fitch Ratings placed Unibail-Rodamco "A" long term rating on Rating Watch Negative. Upon completion of the Transaction, Fitch will downgrade the New Group's rating to "A-".
- On December 13, 2017 Moody's assigned the New Group and Unibail-Rodamco a long term rating of "A2" with stable outlook while placing Westfield's "A3" rating on review for upgrade.

See section 1.1 "— Risk related to the New Group and its business — The credit rating of the New Group may be negatively revised in the future", "— Illiquidity of its investments in property could adversely affect the New Group ability to vary its investment portfolio if necessary" and "— The New Group will face financial risks due to its increased level of debt following the Transaction" of this Prospectus for further details of these risks.

2.9. INFORMATION ABOUT THE NEW GROUP

The New Group is not a legal entity but collectively refers to Unibail-Rodamco and Newco (the "**New Group**") and the group of companies owned and/or controlled by Unibail-Rodamco and Newco. In this Prospectus, "Unibail-Rodamco Group" refers to Unibail-Rodamco and its subsidiaries, "New Group" refers to Unibail-Rodamco and Newco and the group of companies owned and/or controlled by Unibail-Rodamco and Newco after completion of the Transaction and "we", "us" and "our" refer to Unibail-Rodamco Group or the New Group as the context requires.

2.10. INFORMATION ABOUT WESTFIELD

The information about Westfield presented in this Prospectus in sections 4 ("Dividend Policy"), 5.2 and 5.4 ("Capitalization and Indebtedness"), 6 ("Business Overview"), 7 ("Selected Historical Financial and Operational Information"), 8 ("Operational and Financial Review"), 10 ("Management Board, Supervisory Board and Employees" (comprising the information in respect of Mr. Peter Lowy and Mr. John McFarlane and the information in sections 10.6.2 and 10.7.2 only)), 12.1.2 and 12.3.2 ("Major Shareholders and Related Party Transactions"), 14.1.2, 14.4.2, 14.5.3, 14.7.2, 14.8.2 and 14.9.2 ("General Information"), and 15.3 ("Independent Auditors"), including Westfield financial information in those sections, is derived from (i) Westfield's publicly available information (including the Westfield annual reports for the financial years ended December 31, 2015, December 31, 2016 and December 31, 2017, available on the Westfield website at www.westfieldcorp.com); and (ii) other non-public information provided by Westfield (each of (i) and (ii) comprising the "**Westfield Source Information**"). The information in this Prospectus derived from Westfield's public information has been accurately reproduced and as far as Unibail-Rodamco and Newco are aware and are able to ascertain from information published by Westfield, no facts have been omitted which would render the reproduced information inaccurate or misleading. This Prospectus has been reviewed by Westfield and any information related to Westfield contained in this Prospectus in the sections of the Prospectus noted above (other than, for the avoidance of doubt, any information about Newco, the New Group or Unibail-Rodamco, any information relating to synergies on implementation of the Transaction, any pro forma financial information derived from Westfield Source Information (including the New Group Pro Forma Financial Information) or any reclassification of financial information in or derived from the Westfield Source Information) has been approved by Westfield. Although Unibail-Rodamco and Newco have no knowledge that would indicate that any statements contained in this Prospectus based upon the Westfield Source Information is inaccurate, incomplete or untrue, Unibail-Rodamco and Newco were not involved in the preparation of the Westfield Source Information and, therefore, cannot verify the accuracy, completeness or truth of the Westfield Source Information or any failure by Westfield to disclose events that may have occurred, but that are unknown to Unibail-Rodamco and Newco, that may affect the significance or accuracy of the Westfield Source Information. However, Unibail-Rodamco and Newco are not aware, as far as they have been able to ascertain from the Westfield Source Information, that any facts have been omitted which would render the reproduced information inaccurate or misleading. The Westfield Source Information is not to be considered part of this Prospectus and is not incorporated by reference herein.

In addition, Westfield has provided Unibail-Rodamco only with limited access to Westfield's accounting records, Unibail-Rodamco and Newco do not have the information necessary to verify certain adjustments and assumptions independently, and therefore were not able to verify such adjustments and assumptions, with respect to Westfield's financial information when preparing the unaudited pro forma financial information and synergy and cost saving information included in this Prospectus. In particular, certain financial and other information in this Prospectus include estimates based on Westfield's publicly reported information (including its annual report for the financial year ended December, 31 2017). Any financial information regarding Westfield that may be detrimental to Unibail-Rodamco and/or Newco and that has not been publicly disclosed by Westfield, or misapprehensions in Unibail-Rodamco's or Newco's estimates due to limited access to Westfield's non-public information, may have an adverse effect on the benefits Unibail-Rodamco and/or Newco expect to achieve from the Transaction as well as result in material inaccuracies in the illustrative financial information and synergy and cost saving information included in this Prospectus. In addition, after completion of the Transaction, Unibail-Rodamco and/or Newco may be subject to liabilities of Westfield of which they are currently not aware. These liabilities may have an adverse effect on Unibail-Rodamco's and/or Newco's profitability, results of operations and financial position.

The Westfield Financial Information and the WAT Financial Information have been provided by Westfield and have been accurately reproduced and as far as Unibail-Rodamco and Newco aware and are able to ascertain from information published by Westfield, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Ernst & Young, has consented to be named as the auditors of Westfield and of WAT in the Prospectus in the context of the Admission and to the inclusion in the Prospectus of their audit reports dated February 24, 2016, February 23, 2017, and February 22, 2018, in respect of Westfield's financial statements for the years ended December 31, 2015, December 31, 2016, and December 31, 2017, and of their audit reports dated March 21, 2016, March 17, 2017, and March 13, 2018, in respect of WAT's financial statements for the years ended December 31, 2015, December 31, 2016, and December 31, 2017, respectively in the form and context in which they are included.

2.11. AVAILABILITY OF THE PROSPECTUS

The Prospectus is available in English. A translation of the Prospectus in the French language will be available for information purposes only. A summary of the Prospectus is available in English and in French. Subject to certain restrictions, copies of the Prospectus and the summary are available without charge, as from the date of this Prospectus:

– in France, from Unibail-Rodamco at 7 place du Chancelier Adenauer, 75016 Paris, France and can be downloaded on Unibail-Rodamco's website (www.unibail-rodamco.com) and on the AMF's website (www.amf-france.org); and

– in The Netherlands, from Newco at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands and can be downloaded on Newco's website (http://www.wfd-unibail-rodamco-nv.com) and on the AFM's website (www.afm.nl).

The financial statements (including the auditors' reports) incorporated by reference in the Prospectus may also be viewed on the Unibail-Rodamco's website.

3. INFORMATION ON THE TRANSACTION

3.1. INTRODUCTION

On December 12, 2017, Unibail-Rodamco and Westfield entered into the Implementation Agreement regarding the Transaction.

Under the Transaction terms, Unibail-Rodamco will acquire Westfield for shares and cash via Australian company and trust schemes of arrangement. The consideration offered to Westfield Securityholders comprises 0.01844 Stapled Shares (the "**Scrip Consideration**") plus US$2.67 in cash (the "**Cash Consideration**") for each Westfield Security.

Approximately 38.3 million Stapled Shares will be issued to Westfield Securityholders to fund the Scrip Consideration and a total of US$5.5 billion will be paid as the Cash Consideration, resulting in a 65% stock and 35% cash consideration mix as of the time of the announcement of the Transaction.

The total cash and scrip payable to Westfield Securityholders if the Transaction becomes Effective represents a substantial premium to recent trading prices. Based on Unibail-Rodamco's closing price of €224.10, and relevant exchange rates, on December 11, 2017 (the day prior to the announcement of the Transaction), the Transaction (excluding the value of OneMarket) implied a total value of US$7.55 (or A$10.01) per Westfield Security representing:

- A 17.8%[22] premium based on Westfield's closing security price of US$6.41 (A$8.50) on December 11, 2017; and
- A 22.7%[23] premium based on Westfield's volume weighted average closing security price over the three months ending December 11, 2017 of US$6.15 (A$8.16).

The Unibail-Rodamco Supervisory Board and the Unibail-Rodamco Management Board unanimously support the Transaction. The Westfield Board has also unanimously recommended the Transaction in the absence of a Superior Proposal and subject to an independent expert concluding that the Transaction is in the best interests of the Westfield Securityholders.

The Implementation Agreement sets out the steps required to be taken by Unibail-Rodamco and Westfield to give effect to the Transaction. A summary of the key terms of the Implementation Agreement is set out in section 3.7 "— Implementation Agreement" of this Prospectus.

If the Transaction is implemented:

- Unibail-Rodamco will directly or indirectly own 100% of WFDT and WCL (indirectly owning 17% of WEA), and Newco will indirectly own 100% of WAT, which holds approximately 83% of WEA;

[22] This premium excludes the value of OneMarket, as disclosed in the press release announcing the acquisition. Including the fair market value of OneMarket that should be distributed prior to the completion of the Transaction, the Transaction implied a total value of US$7.63 (or A$10.12) per Westfield Security and a premium to spot of 19.1%.

[23] This premium excludes the value of OneMarket, as disclosed in the press release announcing the acquisition. Including the fair market value of OneMarket that should be distributed prior to the completion of the Transaction, the Transaction implied a total value of US$7.63 (or A$10.12) per Westfield Security and a premium to three months VWAP of 24.1%.

– existing Unibail-Rodamco shareholders and existing Westfield Securityholders will own Stapled Shares in the expected proportions of approximately 72% and 28%, respectively; and

– the Stapled Shares will trade on Euronext Paris and Euronext Amsterdam, and on ASX in the form of CDIs.

Westfield is a stapled group comprising Westfield Corporation Limited (WCL), the Westfield America Trust (WAT) and the WFD Trust (WFDT). The securities of each of those three entities are stapled together on a one for one basis and trade as a single stapled security on the ASX. WAT holds an ~83% interest in Westfield America, Inc (WEA), which is a U.S. REIT. WCL holds the remaining ~17% in WEA. See section 14.5.3 of this Prospectus for information on Westfield's structure before completion of the Transaction.

As a separate but related aspect of the Transaction, it is proposed that immediately prior to the completion of the Transaction, a wholly-owned subsidiary of Westfield called OneMarket Limited ("**OneMarket**") an entity holding an initial 90% interest in the OneMarket business, will be distributed by Westfield to Westfield Securityholders and listed on ASX. See section 3.8 of this Prospectus for further information on the OneMarket demerger.

3.2. RATIONALE OF THE TRANSACTION[24]

Unibail-Rodamco and Westfield will form one of the world's premier[25] developers and operators of Flagship shopping destinations in wealthy capital cities.

Post Transaction, the New Group will own and operate one of the world's leading high quality commercial property portfolios with a total proportionate GMV of over €62.0 billion (US$74.4 billion)[26] and a pro forma proportionate net rental income of €2.3 billion (US$2.8billion)[27] for the 12 months to December 31, 2017, an increase of 42% and 41%, respectively, compared to Unibail-Rodamco on a standalone basis.

The New Group will be predominantly retail focused, with retail assets accounting for 88% of its total portfolio proportionate GMV. The New Group's office assets (7% of the proportionate portfolio GMV), primarily located in the Paris region, and the Convention &

24 Information disclosed in this section is based on December 31, 2017 figures, unless otherwise mentioned, and may differ from the announcement presentation published on December 12, 2017, which was based on June 30, 2017, figures.

25 In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

26 Proportionate GMV (Unibail-Rodamco definition) as at December 31, 2017. Westfield proportionate GMV based on Westfield data and restated based on Westfield disclosures to be comparable to Unibail-Rodamco. €43.6 billion (US$52.3 billion) for Unibail-Rodamco and €18.4 billion (US$22.1 billion) for Westfield, respectively. Proportionate GMV (Unibail-Rodamco definition) as at June 30, 2017 was €61.1 billion (US$69.7 billion): €43.0 billion (US$49.1 billion) for Unibail-Rodamco and €18.1 billion (US$20.6 billion) for Westfield, respectively.

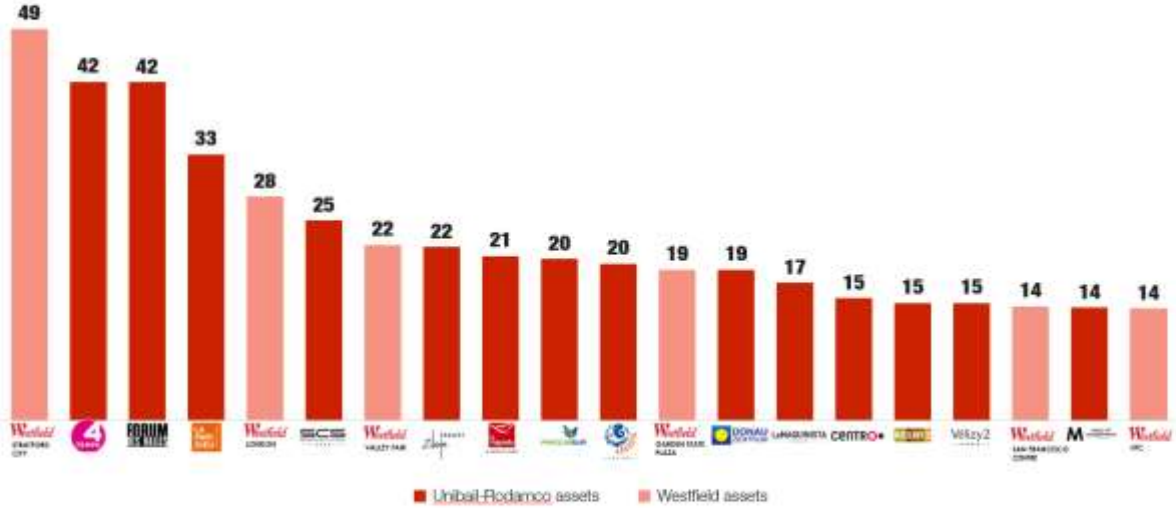
27 Proportionate net rental income (Unibail-Rodamco definition, *i.e.* net of lease incentive amortisation) as at 31 December, 2017. €1.6 billion (US$2.0 billion) for Unibail-Rodamco and €0.7 billion (US$0.8 billion) for Westfield, respectively. Proportionate net rental income (Unibail-Rodamco definition, *i.e.* net of lease incentive amortisation) as at 30 June, 2017 was €2.3 billion (US$2.7 billion): €1.6 billion (US$1.8 billion) for Unibail-Rodamco and €0.7 billion (US$0.8 billion) for Westfield, respectively.

Exhibition activities (6% of the proportionate portfolio GMV)[28] are expected to further support the value creation potential of the New Group.

With 17 Flagship assets in nine gateway cities representing 86% of its proportionate GMV, Westfield's high quality portfolio is a perfect strategic fit for Unibail-Rodamco. The combination with Westfield's platform will add highly attractive markets: London and the wealthiest catchment areas in the United States. The Transaction will create one of the world's premier[29] developers and operators of Flagship shopping destinations, with strong business fundamentals including:

– A high quality portfolio of 102 prime assets across 13 countries attracting over 1.2 billion visits annually;

Footfall of Top 20 Assets (Mn)[30]



– Some of the best shopping destinations[31] in the world's wealthiest cities such as London, Los Angeles, Munich, New York, Paris, San Francisco, San Jose, Stockholm, Vienna, Madrid and Warsaw;

– An unparalleled[32] collection of 56 high quality Flagship destinations, representing 85% of the proportionate retail GMV, with an average footfall of 15.2 million per annum, such as Westfield London, Stratford City, Les Quatre Temps, Century City, Le Forum des Halles, Westfield World Trade Center, La Maquinista, Shopping City Süd, Mall of Scandinavia, Centrum Chodov and Arkadia;

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28 Including services.

29 In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

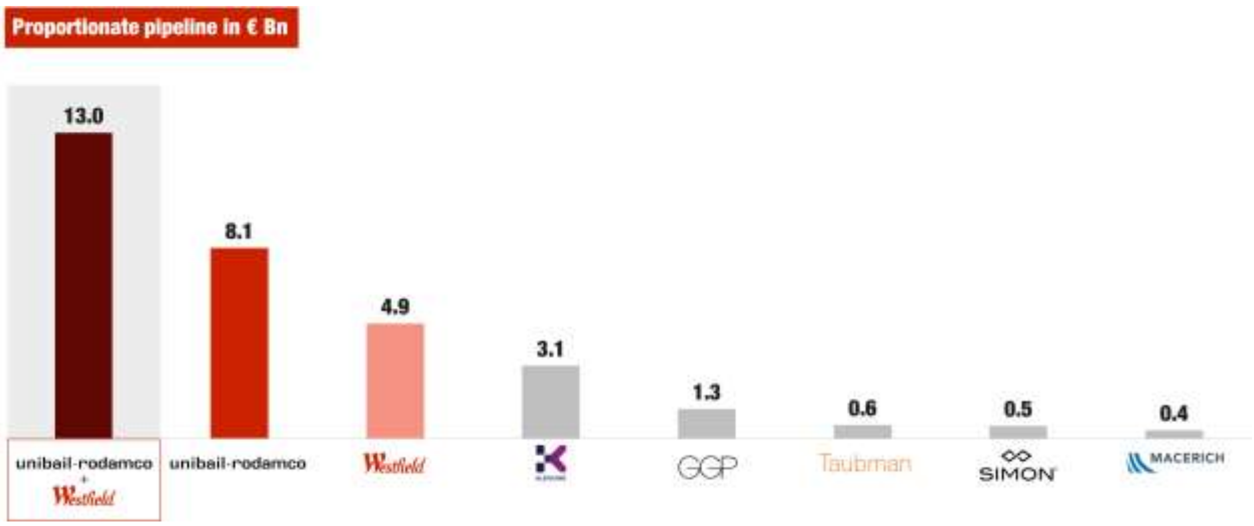
30 Based on Top 20 A++ and A+ rated malls as per Green Street Advisors with highest footfalls.

31 Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

32 Based on number of A++ assets as per Green Street Advisors grades among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

– An average GMV at 100% per shopping centre of €647 million (€1,003 million for the Flagship portfolio)[33], significantly ahead of other large shopping centre REITs;

– A combination of two development pipelines for a total amount of €13.0 billion[34] as shown in the chart below[35], with iconic developments[36] in London, Milan, Hamburg, Brussels, Paris, San Jose, Lyon and other major cities. In addition to benefiting from the strong embedded organic growth potential, Unibail-Rodamco expects to capitalise on Westfield's strong track record and know-how in development and investment;



33 Based on 100% GMV for each shopping centre among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

34 Please refer to section 17 of this Prospectus for the definition of development pipeline.

35 As at December 31, 2017; figures for peers as disclosed, not aligned with Unibail-Rodamco methodology.

36 Designed by Pritzker award-winning architects; such as Tour Triangle located in Paris and designed by architects Herzog & de Meuron, Sisters Towers, located in the Paris region and designed by Christian de Portzamparc and Überseequartier, located in Hamburg and notably designed by Christian de Portzamparc and UN Studio. Other projects include World Trade Centre, located in New York and designed by Spanish architect Santiago Calatrava and Majunga located in the Paris region and designed by Jean-Paul Viguier.

– The creation of the world's leading platform[37] for global retailers and brands, positioning the New Group as a must-have partner for all global brands across the most attractive markets in the United States, the United Kingdom and Europe;

– A best-in-class management team[38], capitalising on each of Unibail-Rodamco's and Westfield's strengths, with the support of approximately 3,700 employees[39];

– A robust balance sheet: expected credit rating in the "A" category post Transaction and expected consolidated pro-forma Loan-To-Value ("LTV") based on adjusted pro-forma accounts of 37%[40] as at December 31, 2017, well within Unibail-Rodamco's historical objective of between 35% and 45%;

– Attractive dividend distribution policies: Unibail-Rodamco and Newco both expecting to distribute 85% to 95% of their respective recurring net earnings;

– An efficient tax structure: New Group operating as a REIT in France, The Netherlands, the United Kingdom, Spain and the United States.

The combination of Unibail-Rodamco and Westfield is a natural extension of Unibail-Rodamco's strategy of concentration, differentiation and innovation and is consistent with its objective to focus on high quality large shopping destinations in wealthy capital cities, the most prestigious office buildings and major convention and exhibition venues, vertically integrating the entire real estate value creation chain. With this Transaction, Unibail-Rodamco will incorporate a leading portfolio and an extensive development pipeline managed by an outstanding team of experienced professionals.

In addition, Unibail-Rodamco will acquire an iconic brand: the Westfield brand, one of the strongest in the industry, will gradually be deployed across Unibail-Rodamco's Flagship assets.

The New Group will accelerate its digital innovation strategy to strengthen connections with visitors and retailers. The use of innovative apps and services (Smart map, Find my car, Connect, Click & Services) and social media (10 million Facebook and Instagram fans) will enhance the visitor experience and foster communities, with whom the New Group's shopping centres can engage.

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37 Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

38 Member of the FTSE4Good and STOXX ESG Leaders Indices and awarded EPRA BPR Gold for financial reporting, EPRA SBPR Gold for sustainability reporting and CAC 40 Governance, among other international awards.

39 Excluding approximately 160 current Westfield employees that will move into OneMarket after implementation of the OneMarket demerger.

40 Consolidated pro-forma LTV including transfer taxes: net financial debt / total consolidated portfolio valuation including transfer taxes, taking into account pro forma adjustments. Financial liabilities include the Bridge Loan for an amount of €3 billion, after taking into account the impact of the Hybrid Securities of €2 billion. This pro-forma LTV calculation is made based on the current amount of goodwill of €3.6 billion. Should there ever have to be an impairment of goodwill, the LTV would be impacted. For example, a €1 billion impairment would increase the LTV by approximately 1%. Please refer to section 5.3.2 of this Prospectus for detailed calculation. Proportionate pro-forma LTV including transfer taxes: 39%.

Unibail-Rodamco expects the Transaction to be accretive to its earnings per share[41] and NAV per share[42] for Unibail-Rodamco Shareholders from the first full financial year following implementation of the Transaction. Assumptions taken into account for the accretion calculation on an EPS basis were the amount of run-rate synergies, cost of debt, amount of debt and number of shares to be issued to Westfield Securityholders. Regarding NAV accretion, assumptions were taken regarding NPV of synergies, cost of debt and absence of goodwill impairment.[43]

Moreover, total Recurring Net Result ("RNR") will increase and Recurring Earnings per Share ("REPS"), calculated as RNR divided by number of shares outstanding, will increase.

3.3. EXPECTED SYNERGIES

Unibail-Rodamco has identified a total of €100 million of expected annual cost and revenue run-rate synergies[44], which, if achieved, are expected to create value for holders of Stapled Shares and deliver stronger returns than Unibail-Rodamco or Westfield could achieve on a standalone basis.

Unibail-Rodamco estimates that almost all of the expected annual run-rate cost synergies will be achieved in the first 18 months following implementation of the Transaction. Annual run-rate revenue synergies are expected to take longer to fully realise.

Estimates of potential synergies available through the implementation of the Schemes are preliminary and are expected to become more certain following ongoing analysis and refinement. Following implementation of the Transaction, the New Group will commence putting in place arrangements to seek to achieve these synergies. Further details on the key areas of expected synergies are set out below.

3.3.1 Estimated revenue synergies

Unibail-Rodamco has identified approximately €40 million of expected annual run-rate revenue synergies[45] which are expected to be driven by the incremental rental income derived from anticipated synergies described in the table below:

Marketing synergies	Marketing synergies are expected to be created through: – deploying a "one brand" platform with the Westfield brand

41 Recurring net result for the period attributable to the holders of the Stapled Shares.

42 Assuming no goodwill impairment.

43 The calculations are based on the following assumptions:

- Run-rate synergies: €100 million per annum (of which, €40 million anticipated from incremental revenues and €60 million from costs reduction);
- Debt: €5.1 billion (cash component of the Transaction as well as transaction costs);
- Cost of debt: hypothesis in line with current market standards;
- Scrip Consideration: approximately 38.3 million Unibail-Rodamco Shares to be issued to Westfield Securityholders.

44 Full quantum of annual synergies.

45 This figure is on a run-rate basis and is exclusive of one-off transaction and integration costs.

	being deployed across the New Group's Flagship assets currently owned by Unibail-Rodamco; and – leveraging specialty & advertising income expertise across the New Group.
Leasing synergies	Leasing synergies are expected to be created through: – strengthening retailer relationships, as the New Group will be a key partner of, and have increased relevance and strategic importance to, domestic and international retailers; – the cross-fertilization of retailer relationships between Unibail-Rodamco and Westfield; – targeting the best performing retailers; – rolling out Westfield's best practices in terms of specialty leasing and media platform onto Unibail-Rodamco's assets; and – rolling out Unibail-Rodamco best practices in terms of asset management across the combined portfolio.
Other synergies	Following implementation of the Schemes, there may be the potential for synergies to be realized beyond those identified above. This may include, but is not limited to the rolling-out of the best practices in data and in digital innovation of each group across the enlarged portfolio to strengthen connections with visitors and retailers and create further value.

3.3.2 Estimated cost synergies

Unibail-Rodamco has identified approximately €60 million of annual run-rate cost synergies[46]. These cost savings are expected to be driven by the synergies described in the table below:

Overhead synergies	Overhead synergies are expected to be achieved through – the retirement of Westfield's senior leadership team; – closing Westfield's Sydney headquarters and consolidating corporate costs across the corporate structure; – reduced listing, statutory and regulatory costs; – integrating reporting and IT systems; and – savings on overheads due to the demerger of OneMarket.
Other synergies	Following implementation of the Schemes, there may be the

46 This figure is on a run-rate basis and is exclusive of one-off transaction and integration costs.

	potential for synergies to be realized beyond those identified above. This may include, but is not limited to: – the combination of high quality operation best practices; and – procurement efficiencies.

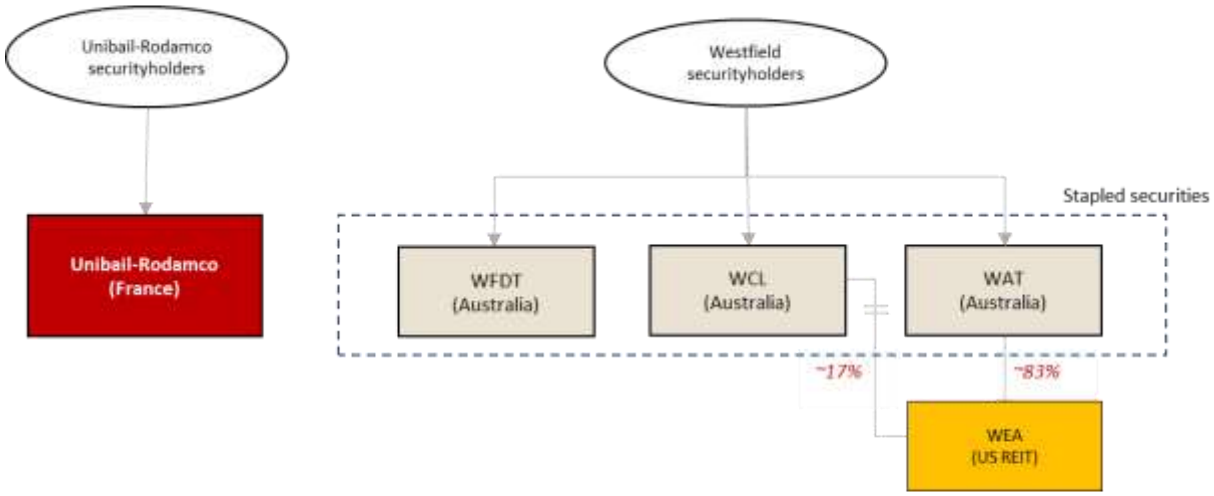
3.3.3 Timing to achieve synergies

Unibail-Rodamco estimates that almost all of the expected annual run-rate cost synergies will be achieved in the first 18 months following implementation of the Transaction. Annual run-rate revenue synergies are expected to take longer to fully realize.

Importantly, while Unibail-Rodamco has experience of integrating assets and businesses, the achievement of synergies is not certain. There is a risk that synergies may not be realized at all or not realize to their full extent, or that they may be realized over a longer period of time, or involve greater costs to implement, than anticipated. See section 1.2 "— Risk related to the Transaction and the Stapled Shares" of this Prospectus for further details of these risks.

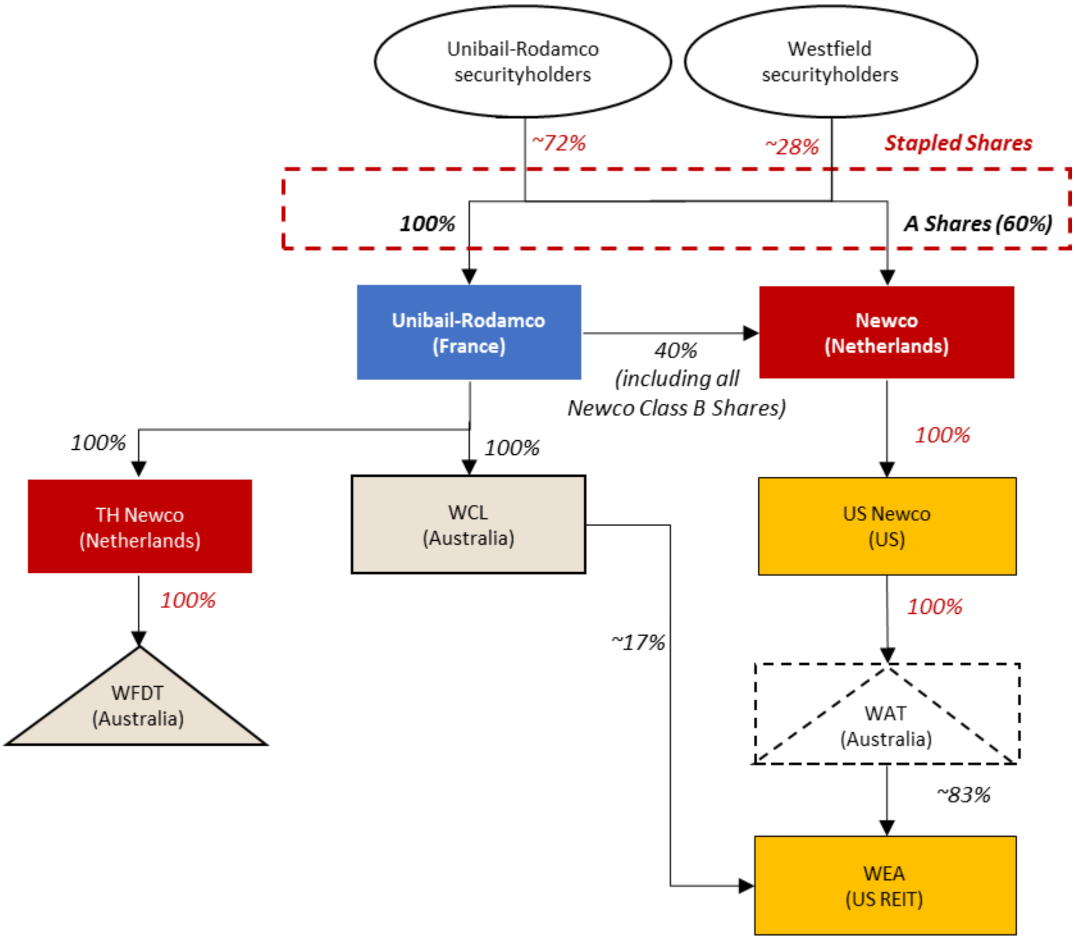
3.4. SIMPLIFIED CURRENT STRUCTURE OF UNIBAIL-RODAMCO AND WESTFIELD

The current simplified structure of Unibail-Rodamco and Westfield is set out in simplified form in the chart below.



3.5. Simplified Structure of the New Group

The structure of the New Group following implementation of the Transaction is set out in simplified form in the chart below.



3.6. Key Transaction Steps

3.6.1 Key Transaction Steps for purposes of completing the Transaction

The Transaction will be implemented by means of:

– a "**WAT Trust Scheme**", being a trust scheme under Australian law pursuant to which all of the Westfield Securityholders will transfer their WAT units to U.S. Newco, a corporation incorporated in the United States under the laws of the State of Delaware, USA, and, in return, Westfield Securityholders[47] will receive cash plus Newco Class A Shares, such shares to be transferred to them by U.S. Newco. The Newco Class A Shares provided as consideration under this scheme will be provided as Stapled Shares (being the Newco Class A Shares provided under this scheme

[47] Ineligible Foreign Holders and Minimum Holders will not receive securities under the Schemes. Rather, they will receive a cash payment per Westfield Security determined in accordance with the terms of the sale facility as described below.

stapled to the Unibail-Rodamco Shares provided under the WCL Share Scheme on a one-for-one basis), or CDIs over such Stapled Shares;

– a "**WFDT Trust Scheme**", being a trust scheme under Australian law pursuant to which all of the Westfield Securityholders will transfer their WFDT units to TH Newco and, in return, there will be an issue on a 1:1 basis of TH Newco shares to a transfer nominee ("**Transfer Nominee**") who will hold legal title to the TH Newco shares with Westfield Securityholders having beneficial title (except that in the case of Westfield Securityholders who are Ineligible Foreign Holders those Ineligible Foreign Holders will not receive any interest in the TH Newco shares, but rather the Transfer Nominee will also hold those shares as agent for sale of those shares under the WCL Share Scheme); and

– a **"WCL Share Scheme"**, being a company scheme of arrangement under Australian law pursuant to which all of the Westfield Securityholders will transfer their WCL shares and the Transfer Nominee will transfer all of the TH Newco shares to Unibail-Rodamco and, in return, Westfield Securityholders[48] will receive cash plus newly issued Unibail-Rodamco Shares. The Unibail-Rodamco Shares provided as consideration under this scheme will be provided as Stapled Shares (being the Unibail-Rodamco Shares provided under this scheme stapled to the Newco Class A Shares provided under the WAT Trust Scheme on a one-for-one basis), or CDIs over such Stapled Shares.

The WAT Trust Scheme, WFDT Trust Scheme and WCL Share Scheme (together the **"Schemes"**) are inter-conditional.

Ultimately, each Westfield Securityholder will receive – for each of their Westfield Securities – a cash amount of US$2.67 and 0.01844 Stapled Shares (the **"Scheme Consideration"**) to be issued in the form of CDIs[49] (based on an exchange ratio of 20 CDIs for each Stapled Share that a Westfield Securityholder is entitled to receive), subject to the following:

– each Scheme Participant who has made a valid election for the payment of Westfield distributions in AUD, NZD or USD (as applicable) and recorded in the Westfield Register as at the Record Date (a "Currency Election") for the payment of Westfield distributions will by default receive the equivalent of US$2.67 in the currency so elected and recorded on the Westfield Register at the Record Date;

– each Scheme Participant who has not made a valid Currency Election for the payment of Westfield distributions and whose address as shown in the Westfield Register as at the Record Date is within Australia will by default receive the AUD equivalent of US$2.67;

– each Scheme Participant who has not made a valid Currency Election for the payment of Westfield distributions and whose address as shown in the Westfield Register as at the Record Date is within New Zealand will by default receive the NZD equivalent of US$2.67;

48 See the preceding footnote.

49 The number of Stapled Shares underlying the CDIs that a Westfield Securityholder is entitled to receive is subject to rounding. Westfield Securityholders may request to receive Stapled Shares rather than CDIs by contacting the Westfield Registry on or before the Effective Date. However, a Westfield Securityholder can only request to receive Stapled Shares if they have, or can establish, an account in Euroclear.

- each Scheme Participant who has not made a valid Currency Election for the payment of Westfield distributions and whose registered address as shown in the Westfield Register as at the Record Date is outside Australia or New Zealand will by default receive USD;
- Westfield Securityholders who are considered:
  - 'Ineligible Foreign Holders' (each being a Scheme Participant whose address shown in the register of Westfield Securities on the Record Date is a place outside of Australia and its external territories and New Zealand unless Unibail-Rodamco has determined or determines that it is lawful and not unduly onerous or impracticable to issue or provide that Scheme Participant with CDIs or Stapled Shares under the Schemes. Based on applicable laws and the information available to Unibail-Rodamco as at the date of this Prospectus, Unibail-Rodamco has determined that it is lawful and not unduly onerous or impracticable to issue or provide CDIs or Stapled Shares under the Schemes to Scheme Participants in (i) the Bahamas, Canada, France, Malaysia, The Netherlands, Papua New Guinea, Singapore, South Africa, Switzerland, United Kingdom and United States; and (ii) subject in each case to the satisfaction of certain conditions on the Record Date, China, Germany, Hong Kong, Ireland, Japan, Norway, South Korea and Sweden, and thus each such Scheme Participant will not classified as an Ineligible Foreign Holder); or
  - 'Minimum Holders' (each being a Scheme Participant who would receive less than AUD500[50] of Stapled Shares under the Schemes),

  will not receive any CDIs. Instead the CDIs will be issued to a third party sale agent on the Implementation Date. The sale agent will then sell all CDIs issued to the sale agent (*i.e.*, those CDIs that would otherwise be issued to all Ineligible Foreign Holders and Minimum Holders) on the ASX. The sale agent will then remit the net sale proceeds in AUD to Westfield (under ownership of the New Group). The New Group will then pay Westfield Securityholders their pro rata proportion of the net proceeds (in cash) in the same currency in which they were paid their cash consideration.

In connection with the Transaction, Unibail-Rodamco has established the following wholly owned subsidiaries:

- Newco;
- TH Newco, a company incorporated in the Netherlands; and
- U.S. Newco, a company incorporated in the United States.

The Transaction will be implemented through the following key Transaction steps:

- **Step 1: Unibail-Rodamco Shareholder vote**: Unibail-Rodamco Shareholders will be required to approve certain resolutions in the context of the Transaction through a combined ordinary and extraordinary Unibail-Rodamco General Meeting, held before the date of the Westfield Securityholders meetings.

50 As at the date of this Prospectus, the relevant monetary threshold is expected to be AUD$500 but remains subject to approval by ASIC.

Ordinary resolutions

The approval of the ordinary Unibail-Rodamco General Meeting is required for:

- the distribution in kind of Newco Class A Shares to Unibail-Rodamco Shareholders (see Step 11 below); and
- the appointment of each incoming member to Unibail-Rodamco Supervisory Board, effective on the implementation date.

Extraordinary resolutions

The approval of the extraordinary Unibail-Rodamco General Meeting is required for:

- the increase of Unibail-Rodamco's share capital without preferential subscription rights by a contribution in kind by Scheme Participants of their WCL shares and, by the Transfer Nominee, of TH Newco shares (see Step 13 below);
- the issuance of Unibail-Rodamco Shares to Westfield Securityholders (see Step 13 below); and
- the amendment of the articles of association of Unibail-Rodamco to provide for (i) the distribution in kind of assets (to allow the distribution of Newco Class A Shares) and (ii) the stapling of Unibail-Rodamco Shares to Newco Class A Shares.

- **Step 2: Westfield Securityholders vote**: Westfield Securityholders will vote on whether to approve the Schemes and the Destapling.
- **Step 3: Application for approval by the Scheme Court**: If the Schemes and the Destapling are approved by Westfield Securityholders, Westfield will apply for the requisite Scheme Court approvals of the Schemes.
- **Step 4: Schemes becomes Effective:** If the requisite Scheme Court orders and judicial advices are given, and all other conditions precedent to the Transaction have been satisfied or waived, Westfield will lodge with ASIC a copy of the Scheme Court orders approving the WCL Share Scheme at which time the Schemes will become Effective. The day on which the Schemes become Effective is referred to in this Prospectus as the "**Effective Date**" (the Schemes will not be implemented until the Implementation Date).
- **Step 5: Suspension of trading of Westfield Securities**: The Westfield Securities are expected to be suspended from trading on the ASX, with effect from the close of trading on the Effective Date.
- **Step 6: Commencement of deferred settlement trading of CDIs on ASX**: CDIs are expected to trade on a deferred settlement basis on the ASX from the first trading day after the Effective Date.[51]
- **Step 7: Record Date**: Persons recorded on the register of Westfield Securities as the holders of Westfield Securities at 7.00 pm (Sydney, Australia time) on the Record

[51] As at the date of this Prospectus, the deferred settlement trading of CDIs on ASX remains subject to approval by the ASX.

Date (expected to be the second business day after the Effective Date) will be entitled to receive the Scheme Consideration on the Implementation Date[52].

- **Step 8: Cessation of trading of Unibail-Rodamco Shares on Euronext Paris and Euronext Amsterdam**: At the end of the third trading day prior to the Implementation Date, the Unibail-Rodamco Shares will cease trading on Euronext Paris and Euronext Amsterdam (see section 3.6.4 "— Cessation of trading of the Unibail-Rodamco Shares from Euronext Paris and Euronext Amsterdam" of this Prospectus).

- **Step 9: Commencement of trading of the Stapled Shares on Euronext Paris and Euronext Amsterdam**: Trading on Euronext Paris and Euronext Amsterdam of the Stapled Shares is expected to commence on June 5 2018 (see section 3.6.5 "— Stapling of the Unibail-Rodamco Shares and the Newco Class A Shares" of this Prospectus).

- **Step 10: Deposit of cash consideration by Unibail-Rodamco**: No later than the Business Day before the Implementation Date, Unibail-Rodamco must deposit the aggregate U.S. dollars, Australian dollars and New Zealand dollars cash consideration payable to Scheme Participants into trust accounts operated by or on behalf of Westfield to hold the cash consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with the Schemes. Prior to the destapling (see next step), Unibail-Rodamco and U.S. Newco will acquire Newco Class A Shares needed in step 10 (scrip consideration under the WAT Trust Scheme) and step 12 (distribution to the Unibail-Rodamco Shareholders).

- **Step 11: Destapling**: The WCL shares, WAT units and WFDT units will be destapled on the Implementation Date.

- **Step 12: WAT Trust Scheme**: The WAT Trust Scheme will be implemented. This will involve Scheme Participants transferring each of their WAT units to U.S. Newco on the Implementation Date in return for:

  - approximately US$2.2534[53] (unless otherwise agreed between between Westfield and Unibail-Rodamco, provided that the aggregate cash amount payable for each Westfield Security under the Schemes is US$2.67); and

  - 0.01844 Newco Class A Shares. The Newco Class A Shares provided as consideration under this scheme will be provided as CDIs or, if a valid request is made to the Westfield Registry on or before the Effective Date, Stapled Shares (being the Newco Class A Shares provided under this scheme stapled to the Unibail-Rodamco Shares provided under the WCL Share Scheme on a one-for-one basis). If provided as CDIs, the number provided is based on an exchange ratio of 20 CDIs per Stapled Share.[54]

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52 Ineligible Foreign Holder will not be entitled to receive CDIs, and will instead receive cash under the Sale Facility for any CDIs they would otherwise have been entitled to receive.

53 This is a rounded figure, whereas the actual figure on a per Westfield Security basis will be the unrounded result of US$4,682,731,604 (representing the total cash consideration payable under the WAT Trust Scheme) divided by 2,078,089,686 Westfield Securities.

54 In the case of Scheme Participants who are to receive CDIs, it is expected that on the Implementation Date, the Stapled Shares that will underlie the CDIs will be issued to CDN (or to a nominee or custodian who will hold the Stapled Shares on CDN's behalf) and by not later than the first Business Day after the Implementation Date, CDN will issue the relevant CDIs to each such Scheme Participant.

– **Step 13: Contribution of U.S. Newco shares to Newco:** On the Implementation Date, Unibail-Rodamco will contribute its U.S. Newco shares to Newco for newly issued Newco Class A Shares.

– **Step 14: Distribution of Newco Class A Shares to Unibail-Rodamco Shareholders:** On the Implementation Date, Unibail-Rodamco will distribute Newco Class A Shares to Unibail-Rodamco Shareholders (one for each Unibail-Rodamco Share), pursuant to a distribution in kind governed by French law (pursuant to the French tax regime of Article 115-2 of the FTC) (see section 3.6.2 "— Overview of the Distribution by Unibail-Rodamco of Newco Class A Shares to Unibail-Rodamco Shareholders" of this Prospectus).

– **Step 15: WFDT Trust Scheme**: The WFDT Trust Scheme will be implemented. This will involve Scheme Participants transferring their WFDT units to TH Newco and, in return, there will be an issue on a 1:1 basis of TH Newco shares to the Transfer Nominee who will hold legal title to the TH Newco shares with Westfield Securityholders having beneficial title (except that in the case of Westfield Securityholders who are Ineligible Foreign Holders, those Ineligible Foreign Holders will not receive any interest in the TH Newco shares, but rather the Transfer Nominee will hold those shares as agent for sale of those shares under the WCL Share Scheme).

– **Step 16: WCL Share Scheme**: The WCL Share Scheme will be implemented on the Implementation Date. Scheme Participants will transfer each of their WCL shares and the Transfer Nominee will transfer all of its TH Newco shares to Unibail-Rodamco pursuant to the WCL Share Scheme, in return for:

  – approximately US$0.4166[55] (unless otherwise agreed between Westfield and Unibail-Rodamco, provided that the aggregate cash amount payable for each Westfield Security under the Schemes is US$2.67); and

  – 0.01844 Unibail-Rodamco Shares in aggregate for each WCL share and TH Newco share that is transferred to Unibail-Rodamco. The Unibail-Rodamco Shares provided as consideration under the WCL Share Scheme will be provided as CDIs or, if a valid request is made to the Westfield Registry on or before the Effective Date, Stapled Shares (being the Unibail-Rodamco Shares provided under this scheme stapled to the Newco Class A Shares provided under the WAT Trust Scheme on a one-for-one basis). If provided as CDIs, the number provided is based on an exchange ratio of 20 CDIs per Stapled Share. [56]

  In accordance with the implementation of the WCL Share Scheme, Unibail-Rodamco will increase its share capital in consideration for the WCL Share Scheme (see

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55 This is a rounded figure, whereas the actual figure on a per Westfield Security basis will be the unrounded result of:

- US$2.67 minus
- the unrounded result of US$4,682,731,604 divided by 2,078,089,686 Westfield Securities (ie. the cash consideration per Westfield Security under the WAT Trust Scheme).

The same outcome (in terms of actual figure on a per Westfield Security basis) arises from determining the unrounded result of US$865,767,858 (representing the total cash consideration payable under the WCL Share Scheme) divided by 2,078,089,686 Westfield Securities.

56 See previous footnote.

section 3.6.3 "— Overview of Unibail-Rodamco's share capital increase in the WCL Share Scheme" of this Prospectus).

- **Step 17: Commencement of normal settlement trading of CDIs on ASX:** CDIs are expected to trade on a normal settlement basis from the second trading date after the Implementation Date.[57]
- **Step 18: Delisting of Westfield**: After the Schemes have been implemented, Westfield will apply for termination of the official quotation of Westfield Securities on ASX and to have itself removed from the official list of the ASX.

3.6.2 Overview of the distribution by Unibail-Rodamco of Newco Class A Shares to Unibail-Rodamco Shareholders

A resolution will be submitted to the Unibail-Rodamco Shareholders at the Unibail-Rodamco General Meeting to be held on May 17, 2018, to approve an exceptional distribution in kind offering one Newco Class A Share for each Unibail-Rodamco Share held (the "**Distribution in Kind**"), paid out of share premium. Based on information available on the date of this Prospectus, this Distribution in Kind would include up to a maximum of 100,598,795 Newco Class A Shares.

The Distribution in Kind will be detached and paid on June 7, 2018. Unibail-Rodamco Shareholders whose shares have been recorded in the accounts in their name at the end of the trading day preceding the date of detachment and payment, *i.e.*, June 6, 2018 (after taking into account orders executed during that day, even if these orders are settled and delivered after the date of detachment), will be entitled to receive the Distribution in Kind (the "**Beneficiaries of the Distribution in Kind**"). In the case of a division of ownership of the Unibail-Rodamco Shares, the beneficiary of the distribution in kind will be the bare owner (*nu-propriétaire*).

Rights forming fractional shares shall neither be tradable nor assignable.

The completion of the Distribution in Kind is contingent upon the approval by the Unibail-Rodamco General Meeting of a resolution to amend Unibail-Rodamco's articles of association in order to authorize the distribution of dividends in kind.

The bank responsible for centralizing the transactions in connection with the Distribution in Kind (the "**Centralizing Bank**") is BNP Paribas Securities Services (Euroclear France affiliated 30 - BNP Paribas Securities Services, Corporate Trust Services-Grands Moulins de Pantin-9 rue du Débarcadère 93761 Pantin Cedex – France).

3.6.3 Overview of Unibail-Rodamco's share capital increase in the WCL Share Scheme

Unibail-Rodamco will implement a share capital increase without preferential subscription rights by a contribution in kind, pursuant to the WCL Share Scheme, by Scheme Participants of their WCL shares and, through the Transfer Nominee, of the TH Newco shares held by the Transfer Nominee.

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[57] As at the date of this Prospectus, the deferred settlement trading of CDIs on ASX remains subject to approval by the ASX.

For further information on Unibail-Rodamco's share capital increase in the WCL Share Scheme, please refer to the Document E approved by the AMF under visa No. E.18-009 dated March 28, 2018, which is available on Unibail-Rodamco's website (http://www.unibail-rodamco.com), and on the AMF's website (http://www.amf-france.org).

3.6.4 Cessation of trading of the Unibail-Rodamco Shares on Euronext Paris and Euronext Amsterdam

As part of the Transaction, the Unibail-Rodamco Shares will cease trading on Euronext Paris and Euronext Amsterdam, and such cessation is expected to occur at the end of the third trading day prior to the Implementation Date.

It is expected that the Unibail-Rodamco Shares remain deposited with Euroclear France and keep their ISIN code, which shall be linked to an "issuance" account with Euroclear France, and not a "trading" account to prevent trading of Unibail-Rodamco Shares in unstapled form.

3.6.5 Stapling of the Unibail-Rodamco Shares and the Newco Class A Shares

As part of the Transaction, the Unibail-Rodamco Articles and Newco Articles will be amended to include the Stapled Share Principle, resulting in the stapling of the Unibail-Rodamco Shares and the Newco Class A Shares to create the Stapled Shares. The Stapled Shares will be given an ISIN code linked to a "trading" account with Euroclear France, allowing the joint trading of the Unibail-Rodamco Shares and Newco Shares in the form of Stapled Shares. See section 11.1 "— Description of Stapled Shares" of this Prospectus.

3.6.6 Secondary listing on ASX

Unibail-Rodamco and Newco have sought admission to ASX as an ASX Foreign Exempt Listing, and will be seeking approval for Stapled Shares to trade on ASX in the form of CDIs (where 20 CDIs will represent a beneficial interest in 1 Stapled Share).

Generally, an entity admitted as an ASX Foreign Exempt Listing is required to comply with the rules of its overseas home exchange and to release information to ASX that is released to its overseas home exchange. Such entity is only required to comply with a limited number of ASX Listing Rules.

See section 11.1 "— Description of Stapled Shares" of this Prospectus regarding CDIs.

3.7. IMPLEMENTATION AGREEMENT

This summary is included to provide investors with information regarding the terms of the Implementation Agreement, a copy of which is available on Unibail-Rodamco's website[58]. Factual disclosures about Unibail-Rodamco, Westfield and Newco contained in this Prospectus may supplement, update or modify the factual disclosures about Unibail-Rodamco, Westfield and Newco contained in the Implementation Agreement. However, this Prospectus may not amend or supersede any undertaking and/or commitment made by Unibail-Rodamco and/or Westfield in the Implementation Agreement, as the case may be. The representation, warranties and covenants made in the Implementation Agreement by Unibail-Rodamco and Westfield were qualified and subject to important limitations agreed to

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by Unibail-Rodamco and Westfield in connection with the terms of the Implementation Agreement. The representations and warranties may be subject to a contractual standard of materiality different from that generally applicable to securityholders and reports and documents filed by Unibail-Rodamco and Westfield, and in some cases were qualified by the matters contained in the confidential disclosures that Unibail-Rodamco and Westfield each delivered to the other party in connection with the Implementation Agreement, which disclosures were not reflected in the Implementation Agreement itself. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Prospectus, may have changed since the date on which they were made.

Key terms of the Implementation Agreement are summarized below.

3.7.1 Scheme Consideration

See section 3.6.1 "— Key Transaction Steps for purposes of completing the Transaction" of this Prospectus.

3.7.2 Conditions precedent to the Schemes

The Schemes are subject to a number of conditions precedent set out in clauses 2.2 and 3.1 of the Implementation Agreement (the "**Conditions Precedent**") including but not limited to the following:

No.	Conditions Precedent	Status
1.	**ERB consultation:** completion of the consultation process with the EEC and with the Unibail-Rodamco UES Works Council.	The consultation process has been completed. Unibail-Rodamco obtained the unanimous positive opinions of the EEC and the Unibail-Rodamco UES Works Council on January 8, 2018.
2.	**Regulatory Approvals:** various approvals, consents and relief from regulatory authorities, including FIRB, ASIC and ASX.	Relevant approvals, consents and relief are expected to be obtained prior to the date of the WCL scheme meeting and WCL, WFDT and WAT general meeting. FIRB approval obtained on March 28, 2018.
3.	**Westfield Securityholders approval:** approval of the Schemes and the Destapling by the requisite majority of Westfield Securityholders.	The meeting of Westfield Securityholders to consider the Scheme resolutions will be held on May 24, 2018.
4.	**Unibail-Rodamco Shareholder Approval:** the Unibail-Rodamco Shareholders approving the	The Unibail-Rodamco General Meeting to consider the relevant

No.	Conditions Precedent	Status
	relevant transactions involving Unibail-Rodamco contemplated by the Transaction steps, including the stapling of the Newco Class A Shares to the Unibail-Rodamco Shares.	transactions involving Unibail-Rodamco contemplated by the Transaction steps will be held on May 17, 2018.
5.	**Prospectus approval:** the AMF approving the Prospectus and the AFM approving the Prospectus.	The AMF and the AFM have approved the Prospectus on the date of this Prospectus.
6.	**Court approval:** the Scheme Court providing the requisite orders and judicial advice.	The second Scheme Court hearing is scheduled for May 29, 2018.
7.	**Prescribed events:** the following not occurring between the date of the Implementation Agreement and 8.00 am (Sydney, Australia time) on the second Scheme Court hearing date: • no court or regulatory authority having restrained or prohibited the Schemes; • no Westfield Prescribed Event; • no Westfield Material Adverse Effect; • no Unibail-Rodamco Prescribed Event; and • no Unibail-Rodamco Material Adverse Effect.	As at the date of this Prospectus, neither Westfield nor Unibail-Rodamco is aware of anything that will cause these conditions precedent not to be satisfied.
8.	**Stock exchange listings, CDIs and Stapled Shares:** • Unibail-Rodamco and Newco are approved for admission to the official list of ASX as an ASX Foreign Exempt Listing; • approval of the CDIs to be issued or transferred pursuant to the Schemes for quotation on ASX; and • approval of the listing of the Stapled Shares on Euronext Paris and Euronext Amsterdam.	• Prior to the Effective Date. • Prior to the Effective Date. • Granted on March 26, 2018

The Transaction will not proceed unless all the conditions precedent are satisfied or waived in accordance with the Implementation Agreement.

As at the last practicable date before the date of this Prospectus, Westfield and Unibail-Rodamco are not aware of any circumstances which would cause any of the conditions precedent not to be satisfied or waived.

3.7.3 Unibail-Rodamco warranties in respect of funding

Pursuant to the terms of the Implementation Agreement, Unibail-Rodamco has warranted that it has a reasonable basis to expect that it will have available to it sufficient cash reserves to satisfy its obligation to pay the Scheme Consideration.

3.7.4 Exclusivity

No Existing Discussions or Negotiations

Pursuant to the terms of the Implementation Agreement, Westfield has represented and warranted that other than the discussions with Unibail-Rodamco in respect of the Transaction, at the date of the Implementation Agreement it was not in negotiations or discussions relating to any actual, proposed or potential Competing Proposal and no confidential information had been provided to any third party since January 1, 2017 under a confidentiality agreement in relation to an actual, proposed or potential Competing Proposal.

No Shop

Pursuant to the terms of the Implementation Agreement, Westfield has agreed that during the period from the date of the Implementation Agreement until the earlier of the termination of the Implementation Agreement and the End Date (the "**Exclusivity Period**") Westfield must not, and must ensure that its representatives do not solicit, invite, encourage or initiate any Competing Proposal.

Notice

Pursuant to the terms of the Implementation Agreement, Westfield has agreed that during the Exclusivity Period, Westfield must promptly inform Unibail-Rodamco if it or any of its representatives receives an unsolicited approach with respect to any Competing Proposal and must disclose the general nature of the approach.

No Talk / No Due Diligence

During the Exclusivity Period, neither Westfield nor its representatives will negotiate or enter into or participate in negotiations or discussions with any person regarding a Competing Proposal even if that Competing Proposal was not directly or indirectly solicited or invited by Westfield and Westfield must not enable any person other than Unibail-Rodamco to undertake due diligence on Westfield in connection with a potential Competing Proposal.

Notwithstanding the above, the no talk restriction does not apply if the Westfield Board has determined in good faith after consultation with its financial and legal advisors that the Competing Proposal which was not solicited could reasonably be considered to become a Superior Proposal or failing to respond to such a Competing Proposal would be likely to constitute a breach of their fiduciary duties.

Under the Implementation Agreement and throughout this Prospectus, a "**Superior Proposal**" with respect to Westfield means a *bona fide* Competing Proposal received by Westfield which the Westfield Board acting in good faith and after taking advice from its legal and financial advisers, determines is (i) reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions; and (ii) of a higher financial value and is more favorable to the Westfield Securityholders than the Schemes, in each case taking into account all aspects of the Competing Proposal, including the terms of the Competing Proposal, the price and/or value of the Competing Proposal, any conditions, timing considerations and any other matters affecting the probability of the Competing Proposal being completed in accordance with its terms, the identity, expertise, reputation and financial condition of the person making such proposal and legal, regulatory and financial matters.

3.7.5 Potential Competing Proposals

Matching Right

Pursuant to the terms of the Implementation Agreement, Westfield has agreed that during the Exclusivity Period, Westfield must not enter into any agreement to give effect to a Competing Proposal and must procure that none of the Westfield Directors change their recommendation in favor of the Schemes to publicly recommend an actual, proposed or potential Competing Proposal unless:

– the Westfield Board acting in good faith to satisfy its statutory or fiduciary obligations determines the Competing Proposal would be reasonably likely to be an actual, proposed or potential Superior Proposal;

– Westfield has provided Unibail-Rodamco with the material terms and conditions of the Competing Proposal, including price and the identity of the offeror, following which Westfield has given Unibail-Rodamco at least 7 days to provide a matching or superior proposal; and

– Unibail-Rodamco has not announced or otherwise formally proposed a matching or superior proposal to the terms of the Competing Proposal by the expiry of the above 7 day period.

Unibail-Rodamco Counterproposal

If Unibail-Rodamco exercises its matching right ("**Unibail-Rodamco Counterproposal**") prior to the expiry of the 7 day period above, Westfield must procure that the Westfield Board considers the Unibail-Rodamco Counterproposal and if the Westfield Board, acting reasonably and in good faith, determines that the Unibail-Rodamco Counterproposal would provide an equivalent or superior outcome for Westfield Securityholders as a whole compared with the Competing Proposal, taking into account all of the terms and conditions of the Unibail-Rodamco Counterproposal, then:

– Westfield and Unibail-Rodamco must negotiate in good faith and use their best endeavors to agree the amendments to the Implementation Agreement and, if applicable, the Schemes and related documentation; and

– Westfield must procure that each of the Westfield Directors continues to recommend the Transaction and the Schemes (as modified by the Unibail-Rodamco Counterproposal) to the Westfield Securityholders.

3.7.6 Efforts to complete the Transaction

Pursuant to the terms of the Implementation Agreement, in order to facilitate completion of the Transaction, each of Unibail-Rodamco and Westfield has agreed:

- to procure that (i) each of the Conditions Precedent for which it is a party responsible is satisfied as soon as practicable after the date of the Implementation Agreement (including by offering any reasonable undertakings or commitments necessary to satisfy the relevant Condition Precedent) and continues to be satisfied at all times until the last time it is to be satisfied (as the case may require) and (ii) there is no occurrence that would prevent the Condition Precedent for which it is a party responsible being satisfied;
- to promptly apply for all relevant regulatory approvals and provide each other party with a copy of those applications and to take all steps it is responsible for as part of the regulatory approval process, including responding to requests for information at the earliest practicable time; and
- to use all reasonable endeavors and to commit necessary resources (including management and corporate relations resources and the resources of external advisors) and have agreed to procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information), to implement the Transaction and the Schemes as soon as reasonably practicable and in accordance with the Timetable.

Unibail-Rodamco and Westfield will each consult with the other party in advance in relation to all communications with any regulatory authority relating to any regulatory approval and provide the other party with drafts of any material written communications sent to or received from a regulatory authority to the other party promptly upon dispatch or receipt (as the case may be). To the extent permitted by the regulatory authority, Unibail-Rodamco and Westfield each have the right to be represented and make submissions at any meeting with any regulatory authority relating to a regulatory approval.

3.7.7 Representations and warranties

The Implementation Agreement contains representations and warranties that Westfield, on the one hand, and Unibail-Rodamco, on the other hand, have made to each other as of specific dates and that are subject to and qualified by certain information in certain public filings and contained in the confidential disclosures that Unibail-Rodamco and Westfield each delivered to the other party in connection with the Implementation Agreement. These representations and warranties have been made for the benefit of the parties to the Implementation Agreement and may be intended not as statements of fact, but rather as a way of allocating risk to one of the parties if those statements prove to be incorrect.

The Implementation Agreement contains representations and warranties from Westfield to Unibail-Rodamco regarding the following:

- due incorporation or formation, valid existence in accordance with the laws of its place of incorporation;
- power to enter into the Implementation Agreement, to comply with its obligations under it and exercise rights under it;

- entry into the Implementation Agreement, compliance with its obligations and exercise of rights under it do not and will not conflict with organizational documents, applicable laws or certain documents or agreements;
- appointment of WAML as trustee of WAT and WFDT, no proceedings to wind up either trust and the validity of the indemnification of WAML for the performance its responsibilities as trustee;
- required authorizations, licenses, approvals issued by applicable regulatory authorities necessary for the conduct of its businesses and compliance with such authorizations;
- ownership of the "Westfield" brand and absence of third party licenses except as disclosed;
- conduct of the business in the ordinary course of business since December 12, 2017;
- absence of any judgments, rulings, orders or decrees reasonably likely to materially prohibit, restrict or impair Westfield from entering any new country or territory;
- financial indebtedness;
- enforceability of the Implementation Agreement;
- good faith preparation of information supplied by Westfield in connection with the Scheme Booklet and this Prospectus and absence of misleading or deceptive information or material omissions having regard to applicable disclosure requirements and compliance with applicable rules and regulations;
- compliance with ASX continuous disclosure obligations;
- no relevant interest in Unibail-Rodamco Shares;
- Westfield financial statements were prepared in compliance with the International Financial Reporting Standards as applicable in Australia and provide a true and fair view of the financial position and performance of Westfield as at the dates they were prepared;
- no undisclosed liabilities;
- statements of opinion or belief in the Westfield information are held honestly and on reasonable grounds;
- provision of information to the Independent Expert;
- outstanding Westfield Securities and employee rights;
- absence of agreements to issue securities;
- no insolvency events;
- compliance with applicable laws and regulations, including economic sanctions and anti-bribery laws and regulations;
- absence of default on significant contracts;
- good faith preparation of Westfield's confidential disclosure materials;
- absence of prohibited actions by Westfield under the Implementation Agreement;
- absence of contaminations from exposure to hazardous substances in violation of environmental laws affecting any of the real property occupied by Westfield;

- employment matters and employee rights;
- no unlawful payments;
- insurance matters;
- tax matters;
- U.S. REIT status; and
- absence of ASIC or ASX determinations, or material litigation, prosecution, mediations, arbitration, regulatory investigations or other proceedings.

The Implementation Agreement contains representations and warranties from Unibail-Rodamco to Westfield regarding the following:

- due incorporation or formation, valid existence in accordance with the laws of its place of incorporation;
- power to enter into the Implementation Agreement, to comply with its obligations under it and exercise rights under it;
- entry into the Implementation Agreement, compliance with its obligations and exercise of rights under it do not and will not conflict with organizational documents, applicable laws;
- required authorizations, licenses, approvals issued by applicable regulatory authorities necessary for the conduct of its businesses and compliance with such authorizations;
- conduct of the business in the ordinary course of business since December 12, 2017;
- financial indebtedness;
- enforceability of the Implementation Agreement;
- good faith preparation of information supplied by Unibail-Rodamco in connection with the Scheme Booklet and absence of misleading or deceptive information or material omissions having regard to applicable disclosure requirements and compliance with applicable rules and regulations;
- compliance with AMF, Euronext Paris and Euronext Amsterdam continuous disclosure obligations;
- timely filing and compliance of Unibail-Rodamco reference document and other documents filed with the AMF or French trade and company registry ("**Unibail-Rodamco Reports**");
- financial statements were prepared in compliance with IFRS and fairly present in all material respects the assets and liabilities and financial position of Unibail-Rodamco as at the dates they were prepared;
- no undisclosed liabilities;
- statements of opinion or belief in the Unibail-Rodamco information are held honestly and on reasonable grounds;
- no dealing with Westfield Securityholders under which that Westfield Securityholder would be entitled to receive consideration for their Westfield Securities different from

the Scheme or under which the Westfield Securityholder agrees to vote in favour of the Transaction and the Schemes or against any Competing Proposal;

– provision of information to the Independent Expert;

– sufficiency of cash reserves to discharge the Scheme Consideration;

– outstanding Unibail-Rodamco securities and employee rights;

– absence of agreements to issue securities;

– no relevant interest in Westfield Securities, except as disclosed;

– no insolvency events;

– French SIIC status;

– compliance with applicable laws and regulations, including economic sanctions and anti-bribery laws and regulations; and

– no unlawful payments.

Certain of the representations and warranties in the Implementation Agreement are subject to knowledge qualifications, which means that those representations and warranties would not be deemed untrue, inaccurate or incorrect as a result of matters of which certain officers of the party making the representation did not have actual knowledge after reasonable inquiry.

Many of the representations and warranties in the Implementation Agreement are qualified by a materiality threshold or a Westfield Material Adverse Effect or a Unibail-Rodamco Material Adverse Effect standard (that is they will not be deemed to be untrue or incorrect unless their failure to be true or correct is material or would result in a Westfield Material Adverse Effect or a Unibail-Rodamco Material Adverse Effect).

Subject to certain exceptions (which are set out below), for the purposes of the Implementation Agreement, a "**Westfield Material Adverse Effect**" means an event, occurrence or matter that (a) occurs after the date of the Implementation Agreement(b) occurs before the date of the Implementation Agreement but is only announced or publicly disclosed after the date of the Implementation Agreement, or (c) will or is likely to occur after the date of the Implementation Agreement and which has not been publicly announced prior to the date of the Implementation Agreement ("**Specified Event**") which has, has had, or is reasonably likely to have, either individually or when aggregated with any Specified Events of a similar kind or category, the effect of:

– the consolidated funds from operations of Westfield on a consolidated basis calculated using the same principles as were used to calculate funds from operations in the financial statements for the six months ended June 30, 2017, being reduced on a recurring basis in successive financial years by at least US$35,000,000; or

– the consolidated net assets of the Westfield (taken as a whole) calculated using the same principles as were used to calculate consolidated net assets in the financial statements for the six months ended June 30, 2017, being reduced by at least US$500,000,000.

Subject to certain exceptions (which are set out below), for the purposes of the Implementation Agreement, a "**Unibail-Rodamco Material Adverse Effect**" means:

- the consolidated recurring earnings of the Unibail-Rodamco Group calculated using the same principles as were used to calculate consolidated earnings in the financial statements for the six months ended June 30, 2017, being reduced on a recurring basis in successive financial years by at least €70,000,000; or
- the consolidated net asset value of the Unibail-Rodamco Group (taken as a whole) calculated using the same principles as were used to calculate consolidated net asset value in the financial statements for the six months ended June 30, 2017, being reduced by at least €900,000,000.

The following exceptions apply to each of Westfield Material Adverse Effect and Unibail-Rodamco Material Adverse Effect:

- any matter disclosed (or which ought reasonably have been expected to arise from a matter, event or circumstance which was so disclosed);
- any Specified Event arising from changes in general economic or political conditions, the securities market in general or law applying to entities generally, in the jurisdictions in which the Westfield Group or Unibail-Rodamco Group, as applicable, operates;
- any change in interest rates or general economic conditions which impact on Westfield and Unibail-Rodamco in a similar manner;
- any change in taxation or tax laws which apply to companies, trusts and securityholders generally, in the jurisdictions in which the Westfield Group or Unibail-Rodamco Group, as applicable, operates;
- any change in generally accepted accounting principles applicable to Westfield or Unibail-Rodamco, as applicable, or the interpretation of them;
- any change occurring directly or indirectly as a result of any Specified Event required by this document, the Transaction, the Schemes or the transactions contemplated by them;
- the effect of any mark-to-market movements relating to financial derivatives entered into in respect of interest bearing liabilities and foreign exchange rates (including any impacts of those movements on funds from operations);
- the effect of fair value movements in derivative financial instruments used to manage interest and currency risks (including the impacts of those movements on funds from operations); or
- any change occurring with the written consent of the other party.

The representations and warranties given by Westfield to Unibail-Rodamco are repeated on each date from the date of the Implementation Agreement until and including 8:00 am (Sydney, Australia time) on the Second Court Date, except in respect to the following limited exceptions:

- the representations as to Westfield's outstanding securities and prior claims, which are only given on the date of the Implementation Agreement;

- the representation with respect to Westfield Information, which is only given on the date of the Scheme Booklet and this Prospectus; and
- the representation with respect to the absence of undisclosed liabilities which, with respect to Westfield's audited financial statements for the year December 31, 2017, which is only given on the date of public release of such statements.

The representations and warranties given by Unibail-Rodamco to Westfield are repeated on each date from the date of the Implementation Agreement until and including 8:00 am (Sydney, Australia time) on the Second Court Date, except in respect to the following limited exceptions:

- the representation as to Unibail-Rodamco's conduct in the ordinary course and outstanding securities, which are only given on the date of the Implementation Agreement;
- the representation with respect to Unibail-Rodamco Information, which is only given on the date of the Scheme Booklet and this Prospectus; and
- the representation with respect to the absence of undisclosed liabilities which, with respect to December 31, 2017, Unibail-Rodamco Reports, is only given on the date of public release of such statements.

The Implementation Agreement does not give rise to a right for Westfield or Unibail-Rodamco to seek indemnification for a breach by the other party of a representation and warranty, however if at any time prior to 8:00 am (Sydney, Australia time) on the Second Court Date, either Unibail-Rodamco or Westfield is in material breach of a material term of the Implementation Agreement (including any representation and warranty not being true and correct), taken in the context of the Transaction as a whole, gives the non-breaching party a right to terminate the Implementation Agreement and to receive payment of the Break Fee or Reverse Break Fee, as applicable, provided that Unibail-Rodamco or Westfield (as the case may be) has, if practicable, given notice to the other setting out the relevant circumstances and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 8:00 am (Sydney, Australia time) on the Second Court Date) after the time such notice is given.

3.7.8 Termination by Unibail-Rodamco

Unibail-Rodamco may terminate the Implementation Agreement:

- at any time prior to 8.00 am (Sydney, Australia time) on the second Court date if the majority of the Westfield Board changes its recommendation to vote in favour of the Schemes, including an adverse modification to the recommendation or otherwise makes a public statement indicating that it no longer supports the Transaction; or
- if the Unibail-Rodamco Board has withdrawn, changed or qualified its recommendation and paid the Reverse Break Fee to Westfield.

3.7.9 Termination by Westfield

Westfield may terminate the Implementation Agreement:

- at any time prior to 8.00 am on the second Court date if the majority of the Unibail-Rodamco Board changes its recommendation given in accordance with the Implementation Agreement, including an adverse modification to the recommendation or otherwise makes a public statement indicating that it no longer supports the Transaction; or
- if the Westfield Board has changed its recommendation in circumstances permitted under the Implementation Agreement and has paid any applicable Break Fee.

3.7.10 Termination by either party

Either party may terminate the Implementation Agreement:

- if the Schemes have not become effective on or before the End Date;
- at any time prior to 8.00 am (Sydney, Australia time) on the Second Court Date if the defaulting party is in material breach of a provision of the Implementation Agreement and it remains unremedied after 5 Business Days;
- if there is a breach or non-fulfilment of a Condition Precedent which is not waived, and if the parties cannot reach agreement within 10 Business Days as to an alternative way forward after consulting in good faith (provided that if the relevant Conditions Precedents may be waived by and exists for the benefit of one party only, only that party may terminate the Implementation Agreement); or
- if agreed to in writing by Unibail-Rodamco and Westfield.

3.7.11 Westfield Break Fee

Westfield has agreed to pay Unibail-Rodamco US$150,000,000 (the "**Break Fee**") if the Schemes do not proceed because:

- on or before the End Date a Competing Proposal is announced and within 12 months of the End Date the third party who announced or made the Competing Proposal (or any of its Associates) completes a Competing Proposal;
- any Westfield Director fails to recommend the Schemes or withdraws their recommendation, adversely changes or qualifies their recommendation or otherwise makes a public statement indicating that he or she no longer supports the Transaction and the Schemes, except where the change of recommendation or statement is made after the Independent Expert concludes that in the opinion of the Independent Expert the Transaction and the Schemes are not in the best interests of the Westfield Securityholders (other than where the conclusion is due wholly or in material part to the existence, announcement or publication of a Competing Proposal); or
- Unibail-Rodamco terminates the Implementation Agreement due to a material breach by Westfield.

3.7.12 Reverse Break Fee

Unibail-Rodamco has agreed to pay Westfield US$150,000,000 (the "**Reverse Break Fee**") if the Schemes do not proceed because:

– the Unibail-Rodamco Board withdraws, adversely changes or qualifies its recommendation in connection with, or as required under, a change of control in Unibail-Rodamco;

– Unibail-Rodamco validly terminates the Implementation Agreement due to an ERB Opinion opposing the Transaction

– Westfield terminates the Implementation Agreement due to a material breach by Unibail-Rodamco.

3.7.13 Indemnification and insurance

The Implementation Agreement provides that, for a period of seven years from and after completion of the Transaction, Westfield and its subsidiaries will enter into a run-off insurance policy in respect of any directors or officers of the Westfield Group, provided that (a) the scope of cover of the policy will be on the same or substantially the same terms as the existing insurance policies in place for directors or officers of the Westfield Group at the date of the Implementation Agreement and (b) Westfield will use reasonable endeavours to obtain the most attractive commercial terms for the policy from a reputable insurer and in no circumstances shall the aggregate cost of such insurance to the Westfield Group exceed the amount agreed between the parties in writing without the prior written consent of Unibail-Rodamco.

The Implementation Agreement further provides that, for a period of not less than seven years after completion of the Transaction, the organizational documents of Westfield (and each other Westfield Group entity) will contain provisions providing such rules as are contained in those constitutions at the date of the Implementation Agreement that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a Unibail-Rodamco Group entity and procure that Westfield and each other Westfield Group entity complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, not take any action which would prejudice or adversely affect any directors' and officers' run-off insurance cover taken out prior to the Implementation Date.

3.8. ONEMARKET DEMERGER

Unibail-Rodamco understands that, prior to the Transaction, Westfield had been considering a strategy to separate the OneMarket business from Westfield. Further, OneMarket management has contemplated that OneMarket would ultimately separate from Westfield as the OneMarket business plan is based on relationships with a broad range of business participants, not just Westfield as one of the OneMarket shopping venue participants. In addition, the demerger of OneMarket from the Westfield business resulted from conditions negotiated by Westfield in connection with entering into the Implementation Agreement.

OneMarket Limited ("**OneMarket**") is a wholly owned subsidiary of WCL.

As a separate but related aspect of the Transaction, it is now proposed that immediately prior to implementation of the Transaction, OneMarket, an entity holding an initial 90% interest in the OneMarket business, will be distributed by Westfield to Westfield Securityholders and listed on ASX. On implementation of the Transaction, the New Group will retain a 10% ownership in the OneMarket business through its ownership of Westfield. While the Transaction is not conditional on the OneMarket demerger occurring, the OneMarket demerger will only happen if the Transaction proceeds and certain other conditions (including approval by Westfield Securityholders) are satisfied or waived.

The OneMarket business is developing a retail technology network that seeks to help bricks-and-mortar retailers compete more effectively in the evolving retail environment. OneMarket plans to do this by using its proposed network to develop product solutions which bring together retailers, shopping venues, brands and technology companies (individually and collectively known as network participants). The objective of the OneMarket network is to rapidly implement new technologies at scale, to facilitate collaboration in the retail industry and to leverage a comprehensive set of consumer data to provide network participants with insights and intelligence regarding their consumers and the products consumers browse and buy. These solutions are designed so that all network participants benefit as each new participant joins. OneMarket believes that by operating as a network rather than acting as individual or siloed entities, network participants can better harness the power of their collective knowledge and scale and achieve results no single participant could obtain alone. Accordingly, OneMarket’s core business proposition is to become the trusted independent entity for establishing this common network.

The OneMarket business was rebranded from its prior name of Westfield Retail Solutions in November 2017 and prior, to August 2016, was known as Westfield Labs. The predecessor business was originally established by Westfield in October 2012. The OneMarket business is headquartered in San Francisco and has an office in London. It had approximately 200 employees as at December 31, 2017, and 160 as at the date of this Prospectus.

The net asset value of the OneMarket business, as reported by Westfield in the Westfield Consolidated Financial Statements 2017, is €251.0 million, broken down as follows (please refer to section 8.2.3.7 of this Prospectus for more details):

– Goodwill: €47.8 million;
– Intangible assets: €35.4 million;
– Financial assets: €5.5 million;
– Cash and cash equivalents: €164.7 million, funded by Westfield in 2017; and
– Amounts due to suppliers and other current debt: -€2.4 million.

The demerger deed provides that OneMarket group indemnifies the New Group for all liabilities and claims arising from, or in connection with the restructure, the demerger, OneMarket, the OneMarket group entities and claims from third parties in connection with New Group assets which have been developed, processed or accessed by the OneMarket group excluding (a) claims in relation to any third party intellectual property which is embedded in those assets and (b) New Group's subsequent modifications of the relevant asset which has occurred independently of the OneMarket group.

OneMarket also indemnifies the New Group for all:

- liabilities incurred by the New Group or a New Group beneficiary arising from or in connection with any failure of the demerger booklet, listing memorandum or marketing material published in connection with the demerger to comply with any applicable legal requirements (including the ASX Listing Rules);
- claims, liability or loss incurred by the New Group which arises out of any aspect of the employment of any OneMarket employee; and
- tax liabilities of the OneMarket business and OneMarket group (except for any tax liabilities that are deemed to be a consolidated group liability of the head entity of New Group) and any tax liabilities that arise in respect of any document or transaction executed or carried out to implement the restructure and the demerger.

Westfield Property Management (which will be a New Group subsidiary) and OneMarket Network have entered into a network participation agreement under which, subject to certain conditions being satisfied, the New Group has signed up for OneMarket's shopper intelligence and shopper exchange products.

WCL Holdings (which will be a New Group subsidiary), OneMarket Limited and OneMarket Network have entered into corporate agreements which contain specific rights, obligations and agreements in respect of the New Group's 10% shareholding of common stock in the OneMarket group.

Unibail-Rodamco and Newco expect to enter into a services agreement for shared services (*e.g.*, information technology, human resources, etc.) after completion of the Transaction. Under the service agreements, the OneMarket group will provide the New Group with shopper intelligence / profile product services and shopper exchange product services. These product services will allow the New Group to access certain data intelligence products, based on its customer data through a secure online portal and to launch digital advertising campaigns on behalf of advertisers targeted at specific customers. The OneMarket group and New Group are also negotiating pilot agreements in relation to a live receipts product, a mapping platform and people access services for customers, and a smart parking service to upgrade existing parking offerings.

3.9. FINANCING OF THE TRANSACTION

The total financing needs of Unibail-Rodamco in connection with the cash portion of the consideration for the Transaction, refinancing debt requirements at Unibail-Rodamco and transaction costs are up to €6.1 billion.

Unibail-Rodamco has entered into a syndicated €6.1 billion committed bridge facility with, among others, Deutsche Bank AG, London Branch and Goldman Sachs International as original mandated lead arrangers and bookrunners for the purpose of financing this amount (the "**Bridge Loan**"). Newco will accede to the Bridge Loan as borrower and additional guarantor before the completion of the Transaction. The final maturity date for the bridge facility is 12 months from the closing of the Transaction and may be extended by 6 months, followed by a further 6 months after that. This facility has been syndicated to over 29 banks.

Unibail-Rodamco intends to replace, repay or refinance the Bridge Loan through one or more debt capital markets offerings and assets disposal proceeds. Any such securities would be issued by Unibail-Rodamco or Newco either under their EMTN programme and/or by way of a standalone issuance. Such securities may be either senior or subordinated securities and potentially in the form of hybrid securities. Such securities are likely to contain cross-guarantees between Unibail-Rodamco and Newco.

The decision to proceed with any offering will be made independently, subject to market conditions, from the decision to proceed with any other offering. The size and terms of each offering will be determined at the time of such offering, and the actual financing arrangements may vary from those set out above.

A part of the acquisition financing will be held by Newco through either (i) an inter-company loan from Unibail-Rodamco following the debt capital markets offering of Unibail-Rodamco or (ii) the drawdown of a part of the Bridge Loan.

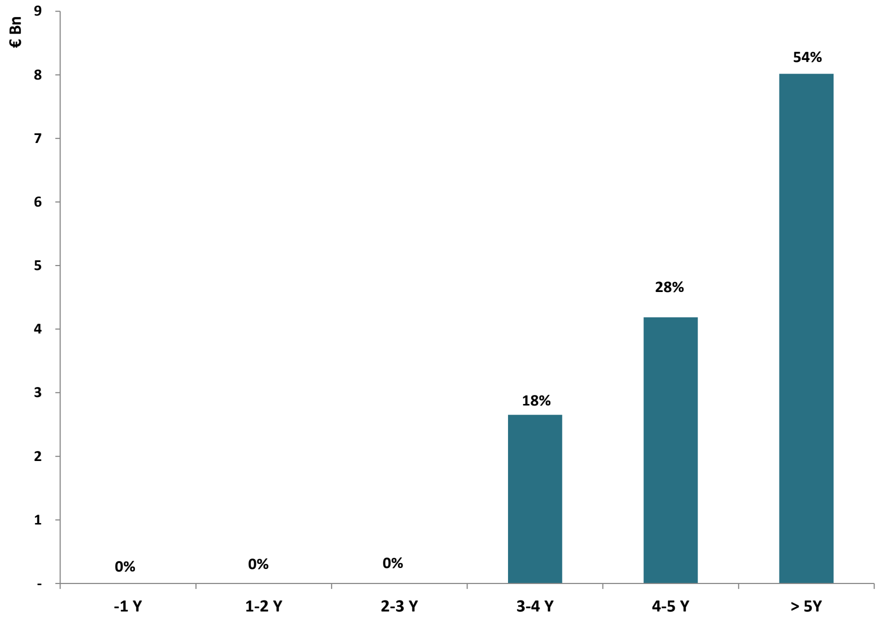
The following graph illustrates Unibail-Rodamco's outstanding drawn debt as at December 31, 2017, and its maturity profile assuming that the debt maturing is refinanced, at its maturity date, with outstanding credit facilities and assuming these facilities are drawn until their respective maturities

The Bridge Loan has not been included in this calculation as it is subject to the completion of the Transaction. The Bridge Loan cannot be drawn prior to the completion of the Transaction and cannot be used it to repay Unibail-Rodamco's existing debt.

The graph means that with its existing undrawn lines (and assuming no change debt), the Unibail-Rodamco Group can repay its drawn debt (bank loans/lines and bonds) maturing in the next 3 years.

As at December 31, 2017, Newco was not incorporated.

In billion Euros



For more information on how the financing of the Transaction will impact Unibail-Rodamco and Newco, see section 1 "Risk Factors" of this Prospectus.

Pursuant to its ongoing portfolio review, Unibail-Rodamco has earmarked an amount of approximately €3.0 billion of assets to be disposed over the next several years. The aforementioned assets consist of Unibail-Rodamco assets. The New Group may decide to dispose of further assets over and above the €3.0 billion referenced above.

Following the announcement of the Transaction, rating agencies assigned to the New Group the following rating: the New Group will have a long term rating of "A" from Standard & Poor's, "A2" from Moody's and "A-" from Fitch Ratings. See section 2.8 "— Credit Ratings of the New Group" of this Prospectus.

In addition, Unibail-Rodamco, once the completion of the Transaction has taken place, intends to have guarantees given by certain companies currently part of the Westfield Group (the "**Westfield Cross-Guarantees**") in respect of any sums to be payable under senior corporate debt of the New Group, with the aim being to have all senior corporate debt of any entity of the New Group treated *pari passu* (such senior debt issued by the Westfield Group to be guaranteed by Unibail-Rodamco and Newco once the completion of the Transaction has taken place). The Westfield Cross-Guarantees would be in addition to the guarantees provided by Unibail-Rodamco (in respect of notes not issued by Unibail-Rodamco itself) and by Newco (in respect of notes not issued by Newco itself), and would be given in favour of the holders of notes issued by each of Unibail-Rodamco, Newco, Rodamco Europe Finance B.V. and Rodamco Sverige AB.

3.10. OTHER AGREEMENTS

3.10.1 Voting Agreement

On December 12, 2017, certain members of the Lowy family, collectively holding approximately 9.5% of Westfield's voting rights, entered into a voting agreement ("**Voting Agreement**"), under which they agreed, subject to the Independent Expert concluding that the Schemes are in the best interests of Westfield Securityholders and in the absence of the Westfield Board recommending a superior proposal, not to sell their interests in Westfield during the period of the Transaction, and to vote in favour of the Transaction.

Voting and no disposal

Subject to the Independent Expert concluding, and continuing to conclude, that the Transaction is in the best interests of Westfield Securityholders, and subject to the Westfield Board not having withdrawn or changed their recommendations in favour of the Transaction, the relevant members of the Lowy family have undertaken to ensure that:

- the Westfield Securities they hold are voted at the Westfield general meetings and are voted in favour of the Schemes; and
- they do not:
  - (a) deal with their Westfield Securities other than transferring them pursuant to the Transaction;
  - (b) enter into any agreement, arrangement or understanding that results in a person other than Unibail-Rodamco and its related bodies corporate acquiring control of voting or disposal rights of their Westfield Securities;

(c) take any action that may result in them being unable to vote on the Resolutions in the same class as all other Westfield Securityholders or otherwise have their votes on the resolutions disregarded; or

(d) enter into any discussions or any agreement, arrangement or understanding, with any person in respect of the actions contemplated in paragraphs (a), (b) or (c).

Public support

Subject to the Independent Expert concluding, and continuing to conclude, that the Transaction is in the best interests of Westfield Securityholders, and subject to the Westfield Board not having withdrawn or changed their recommendations in favour of the Transaction, the relevant members of the Lowy family must:

– be publicly supportive of the Transaction;

– allow Westfield and Unibail-Rodamco to include statements in any public announcement or document prepared in connection with the Combination that:

  (a) they are supportive of the Transaction;

  (b) they intend to vote all of their Westfield Securities in favour of the Transaction in the absence of a Superior Proposal and subject to the Independent Expert concluding the Transaction is in the best interests of Westfield Securityholders; and

  (c) following the Transaction, they will be committed to the success of the New Group and intend to maintain a substantial investment in the New Group; and

– not make any public statement or any statement to brokers, analysts, journalists, Westfield Securityholders or Unibail-Rodamco Shareholders or professional or institutional investors to the effect that it is no longer supportive of the Transaction.

Competing Proposals

The relevant members of the Lowy family must not do anything which would cause Westfield to breach its obligations under the Implementation Agreement in respect of exclusivity rights of Unibail-Rodamco, specifically, the members of the Lowy family must not:

– solicit, invite, encourage or initiate communication in relation to a Competing Proposal;

– negotiate or enter into, or participate in negotiations or discussions with any person in relation to an actual, proposed or potential Competing Proposal; and

– allow any person other than Unibail-Rodamco to undertake due diligence investigations on any Westfield Group entity or their business operations, or make available to any other person any non-public information relating to any Westfield Group entity or their business or operations, in connection with an actual, proposed or potential Competing Proposal.

3.10.2 Unibail-Rodamco Deed Poll

In accordance with the Implementation Agreement, shortly prior to the first Scheme Court hearing for the Schemes (expected to occur on April 12, 2018), Unibail-Rodamco will execute a Deed Poll under which Unibail-Rodamco agrees, subject to the Schemes becoming Effective and subject to and in accordance with the terms of the Schemes, to:

- provide, or procure the provision of, the Scheme Consideration to each Scheme Participant, in accordance with the terms of the Schemes; and
- procure that TH Newco, Newco, U.S. Newco and the Transfer Nominee undertake all actions attributed to them under the Schemes.

3.11. EMPLOYEE MATTERS

Unibail-Rodamco has obtained the unanimous positive opinions of its works councils in accordance with the Implementation Agreement.

From and after the Implementation Date, the New Group will honor, or cause to be honored, all contractual obligations under the specified benefit plans and labor agreements of Unibail-Rodamco and Westfield, respectively. For all purposes under the employee benefit plans of the New Group providing benefits to any current or former employee of Unibail-Rodamco or Westfield or any of their respective subsidiaries after the Implementation Date (the "**New Group Plans**"), and subject to applicable law and obligations under applicable labor agreements, each such employee will be credited with his or her years of service with Unibail-Rodamco or Westfield or any of their respective subsidiaries, as the case may be, before the Implementation, to the same extent as such employee was entitled, before the Implementation, to credit for such service under any comparable specified benefit plans and labor agreements of Unibail-Rodamco and Westfield, as applicable, except to the extent such credit would result in a duplication of benefits.

3.12. COMPETITION CLEARANCE

No competition clearance of the Transaction was required.

3.13. EXPECTED TIMETABLE

The timetable below sets out on an indicative basis the main steps of the Transaction and of the Admission:

Date of this Prospectus	Approval of the Prospectus by the AMF and the AFM and publication of the Prospectus Approval of the Document E by the AMF and publication of the Document E Publication of the 2017 Registration Document on Unibail-Rodamco's Internet website
April 4, 2018	Publication of the first notice (*avis de réunion*) in the BALO (French official bulletin of legal notices) convening the Unibail-Rodamco General Meeting
April 12, 2018	First Scheme Court hearing for convening the general meeting of

(Sydney time)	Westfield Securityholders. Registration of Scheme Booklet with ASIC
April 27, 2018	Publication of the second notice (*avis de convocation*) in the BALO convening the Unibail-Rodamco General Meeting
May 17, 2018	Unibail-Rodamco General Meeting for the Unibail-Rodamco Shareholder Approval
May 24, 2018 (Sydney time)	Westfield general meeting (to vote on the Schemes and related resolutions)
May 29, 2018 (Sydney time)	Second Scheme Court hearing in relation to the Schemes
May 30, 2018 (at the latest)	Publication by Euronext of a delisting notice of Unibail-Rodamco Shares and of an admission notice of the Stapled Shares
May 30, 2018	Effective Date Last day of trading in Westfield Securities on ASX Payment of Unibail-Rodamco's final dividend for the 2017 fiscal year
May 31, 2018	CDIs expected to commence trading on the ASX on a deferred settlement basis
June 1, 2018	Record Date
June 4, 2018	Last day of trading of the Unibail-Rodamco Shares on Euronext Paris and Euronext Amsterdam Publication by Euronext of the reference price of the Stapled Shares
June 5, 2018	Opening of trading of the Stapled Shares on Euronext Paris and Euronext Amsterdam (9:00 a.m. CET)
June 6, 2018	Record date of Unibail-Rodamco Shareholders entitled to Newco Class A Shares
June 7, 2018	Implementation Date First day of delivery of Stapled Shares on Euronext Paris and Euronext Amsterdam

June 12, 2018	First day of normal settlement trading of CDIs on ASX

3.14. Corporate Authorizations

3.14.1 Unibail-Rodamco Shareholder approval process

Unibail-Rodamco currently intends to hold the Unibail-Rodamco General Meeting to obtain the Unibail-Rodamco Shareholders Approval on May 17, 2018.

The Unibail-Rodamco Supervisory Board has unanimously recommended that Unibail-Rodamco Shareholders vote in favour of the proposals to be considered and voted upon at the Unibail-Rodamco General Meeting.

The Unibail-Rodamco General Meeting will have to vote on the following agenda, *inter alia*:

– the amendment of the Unibail-Rodamco articles of association to (i) allow the distribution in kind of assets in view of the intended distribution of Newco Class A Shares to Unibail-Rodamco Shareholders, (ii) introduce the Stapled Share Principle, subject to the implementation of the Schemes and the contribution by Unibail-Rodamco of U.S. Newco shares to Newco, and to (iii) modify a number of provisions in the articles to reflect the introduction of the Stapled Share Principle and the share capital increase, *inter alia*;

– the distribution of Newco Class A Shares to Unibail-Rodamco Shareholders, subject to the implementation of the WAT Trust Scheme and the contribution by Unibail-Rodamco of U.S. Newco shares to Newco;

– the issuance of new Unibail-Rodamco Shares to Westfield Securityholders in consideration for the contribution of WCL and TH Newco shares, subject to the implementation of the WFDT Trust Scheme and the WCL Company Scheme becoming effective under Australian law and the power to be given to the Unibail-Rodamco Management Board to acknowledge the satisfaction of the Conditions Precedent;

– the customary financial authorizations enabling the Unibail-Rodamco Management Board to decide the issuance of various securities upon delegation of the shareholders;

– the Unibail-Rodamco 2017 compensation payments and the Unibail-Rodamco 2018 remuneration policy;

– the authorization to issue new stock-options, new performance shares and new Stapled Shares to employees and officers of Unibail-Rodamco

3.14.2 Westfield Securityholder approval process

Westfield currently intends to hold a WCL scheme meeting and WCL, WFDT and WAT general meeting to obtain the Westfield Securityholder approval on May 24, 2018.

Westfield Securityholders will vote on the WCL Share Scheme at the scheme meeting.

Westfield Securityholders will also vote on the following matters at the general meeting:

- the WAT Trust Scheme and WFDT Trust Scheme (including resolutions required under section 611 item 7 and section 601GC(1) of the Corporations Act);
- the implementation of the Transaction for all purposes; and
- the Destapling.

The outcome of the vote of Westfield Securityholders on the above matters will be announced by Westfield via ASX.

3.15. UNIBAIL-RODAMCO'S ECONOMIC INTEREST IN WESTFIELD

Considering the quality of Westfield's portfolio and how complementary the respective portfolios are, Unibail-Rodamco considered it desirable to gain a limited economic exposure to Westfield by entering into a cash settled equity swap on the share capital of Westfield. Such instrument provides Unibail-Rodamco with an economic exposure to Westfield by replicating the economic benefits of owning the underlying Westfield Securities (share price performance and dividends).

On December 15, 2016, Eroica B.V., a wholly owned subsidiary of Unibail-Rodamco entered into a cash-settled equity swap with Deutsche Bank AG (acting through its Sydney branch), which as at the date of this Prospectus relates to a notional 101,826,395 Westfield Securities, representing a 4.90% economic interest in Westfield Securities (the "**Swap**").

The Swap is still outstanding for the full quantum. It being a cash-settled instrument, it does not provide Unibail-Rodamco with the right to require physical settlement. As of the date of this Prospectus, Unibail-Rodamco has not entered into any agreement, arrangement or understanding with the Swap counterparty or any other person in relation to physical settlement of the Swap. Prior to completion of the Transaction, Unibail-Rodamco may seek to terminate or settle the Swap. In connection with the termination or settlement of the Swap, Unibail-Rodamco, or another member of the Unibail-Rodamco Group, may acquire Westfield Securities, but no decision has been made as at the date of this Prospectus. See section 8.2.3.10 of this Prospectus for further details on the Swap.

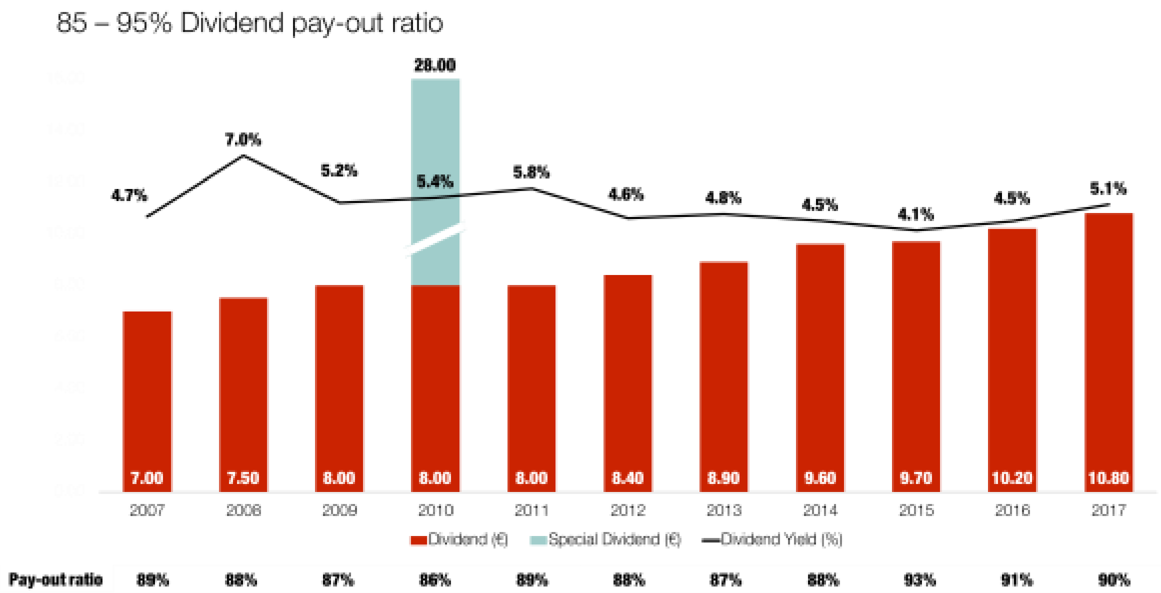
4. DIVIDEND POLICY

The dividends and distributions payable by each of Unibail-Rodamco and Westfield with respect to profits generated during fiscal year 2017 will be paid separately to each set of security holders on or before the Implementation Date, in line with their respective dividend and distributions payout policies. All dividends with respect to fiscal year 2018 will be paid to shareholders of the New Group post-Transaction, according to Unibail-Rodamco's and Newco's respective dividend policies.

4.1. UNIBAIL-RODAMCO DIVIDEND POLICY

For information about Unibail-Rodamco's dividend policy, refer to the section 4.1.7 of the 2017 Registration Document.

Unibail-Rodamco has delivered a stable and growing dividend over the past 10 years. Over the period, the dividend pay-out ratio was in the range of 85 to 95% of its recurring earnings per share.



Note : dividends attributed to a given fiscal year. Dividend yield is based on share price at year end.

The Unibail-Rodamco dividend policy described in its 2017 Registration Document is expected to remain the same after completion of the Transaction (*i.e.*, 85-95% dividend pay-out policy with respect to Unibail-Rodamco's recurring net earnings), except for the installment dates, which, for the years 2018 and thereafter will take place in March and July after completion of the Transaction.

4.2. NEWCO DIVIDEND POLICY

Newco expects to pay out between 85% and 95% of the financial year's recurring net earnings. In order to maintain its FII status, Newco intends to comply with the fiscal distribution requirement to pay a dividend that is at least equal to the fiscal profit of Newco within eight months after the end of each financial year. Newco anticipates that it will pay such annual dividends in two installments as from 2019, related to the financial year ended December 31, 2018, in March and July.

Newco can only make a distribution to the extent that its equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law. At the proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meeting is authorized to resolve to make a distribution from Newco's reserves.

Dividend payments are generally subject to withholding tax in The Netherlands. See section 13.2.2 "Material Tax Considerations — The Netherlands — Dividend withholding tax" of this Prospectus.

Since its incorporation, Newco has not declared any dividend payments on the Newco Shares.

A claim for payment of a distribution lapses five years after the date the distribution became payable. Any distribution that is not collected within this period will be considered to have been forfeited to Newco.

4.3. WESTFIELD DIVIDEND HISTORY

Since inception in June 2014, Westfield has declared and paid the following distributions per Westfield Security:

Period	Payment date	WCL dividend (US cents)	WAT distribution (US cents)	WFDT distribution (US cents)	Total distribution (US cents)
6 months ending December 31, 2014	February 27, 2015	0	3.64	8.66	12.3
12 months ending December 31, 2015	August 31, 2015 and February 29, 2016	0	21.45	3.65	25.1
12 months ending December 31, 2016	August 31, 2016 and February 28, 2017	0	22	3.1	25.1
12 months ending December 31, 2017	August 31, 2017 and February 28, 2018	0	12.75	12.75	25.5

The distribution of dividends paid by WAT and WFDT will vary from year to year depending on the quantum and relativity of the underlying Australian taxable income of WAT and WFDT.

5. CAPITALIZATION AND INDEBTEDNESS

In accordance with the recommendations made by the European Securities and Markets Authority ("**ESMA**") (ESMA/ 2013/ 319, section 127), the following tables set forth the capitalization and indebtedness of Unibail-Rodamco and Westfield as of December 31, 2017, and, for ease of reading, the same information in a single table.

Information related to Unibail-Rodamco is prepared in accordance with IFRS. Information related to Westfield is prepared in accordance with International Financial Reporting Standards issued by the IASB, and converted at the U.S. dollars to Euro exchange rate of €1.1993 on December 31, 2017.

The capitalization and indebtedness information have not been audited.

5.1. UNIBAIL-RODAMCO CAPITALIZATION AND INDEBTEDNESS AS AT DECEMBER 31, 2017[59]

(In millions)		Unibail-Rodamco
	Guaranteed	0.0
	Secured (1)	17.2
	Unguaranteed/Unsecured	2,286.7
	Total Current Financial Debt	**€2,303.9**
	Guaranteed	0.0
	Secured (1)	920.0
	Unguaranteed/Unsecured	13,343.3
	Total Non-Current Financial Debt	**€14,263.3**
	Share capital	499.3
	Additional paid-in capital	6,470.7
	Bonds redeemable for shares	1.1
	Consolidated reserves and result	12,155.4
	Hedging and foreign currency translation reserves	(210.3)
	Shareholders'equity (Owners of the parents)	**€18,916.2**
	TOTAL	**€35,483.4**

(1) Mortgages and first lien lenders (excluding guarantees for the Unibail-Rodamco Group subsidiaries)

(In millions)		Unibail-Rodamco
A.	Cash	276.8
B.	Cash Equivalents	0.0
C.	Trading Securities	297.9
D.	**Liquidity A+B+C**	**€574.7**
E.	**Current Financial Receivable**	**€0.0**
F.	Current Bonds	1,016.5
G.	Current Portion of Non-Current Debt	1,278.4
H.	Current Bank Debts	9.0
I.	**Current Financial Debt F+G+H**	**€2,303.9**
J.	**Net Current Financial Indebtedness I-E-D**	**€1,729.2**
K.	Non-Current Private Placements	1,248.4
L.	Non-Current Bonds	11,441.7
M.	Non-Current Bank Loans	1,573.2
N.	**Non-Current Financial Indebtedness K+L+M**	**€14,263.3**
O.	**Net Financial Indebtedness J+N**	**€15,992.5(2)**

(2) Includes "Current accounts with non-controlling interests", "Financial leases" and "Impacts of Derivatives instruments on debt raised in foreign currency at fair value" for a total amount of €1,703.2 million.

Unibail-Rodamco has no indirect or contingent liabilities, except those which are reported in note 12 "off-balance sheet commitments and contingent liabilities" in Chapter 5 "Consolidated financial statements as at December 31, 2017" of the Unibail-Rodamco 2017 Consolidated Financial Statements of the 2017 Registration Document.

59 This table does not reflect the Transaction. See section 5.3 "— Pro Forma Unibail-Rodamco and Westfield Capitalization and Indebtedness as at December 31, 2017" of this Prospectus.

5.2. WESTFIELD CAPITALIZATION AND INDEBTEDNESS AS AT DECEMBER 31, 2017

(In millions)		*$ millions* Westfield	*€ millions* Westfield
	Guaranteed	0.0	0.0
	Secured [(1)]	3.5	2.9
	Unguaranteed/Unsecured	2.6	2.2
	Total Current Financial Debt	**$6.1**	**€5.1**
	Guaranteed	0.0	0.0
	Secured [(1)]	571.9	476.9
	Unguaranteed/Unsecured	6,912.7	5,763.9
	Total Non-Current Financial Debt	**$7,484.6**	**€6,240.8**
	Shareholders'equity (equity attributable to members of Westfield Corporation)	**$10,805.5**	**€9,009.8**
	TOTAL	**$18,296.2**	**€15,255.7**

[(1)] Mortgages and first lien lenders (excluding guarantees for the Group subsidiaries)

(In millions)		Westfield	Westfield
A.	Cash	501.2	417.9
B.	Cash Equivalents	0.0	0.0
C.	Trading Securities	0.0	0.0
D.	**Liquidity A+B+C**	**$501.2**	**€417.9**
E.	**Current Financial Receivable**	**$0.0**	**€0.0**
F.	Current Bonds	0.0	0.0
G.	Current Portion of Non-Current Debt	6.1	5.1
H.	Current Bank Debts	0.0	0.0
I.	**Current Financial Debt F+G+H**	**$6.1**	**€5.1**
J.	**Net Current Financial Indebtedness I-E-D**	**$ (495.1)**	**€ (412.8)**
K.	Non-Current Private Placements	220.5	183.9
L.	Non-Current Bonds	5,331.0	4,445.0
M.	Non-Current Bank Loans	1,933.1	1,611.9
N	**Non-Current Financial Indebtedness K+L+M**	**$7,484.6**	**€6,240.8**
O.	**Net Financial Indebtedness J+N**	**$6,989.5[(2)]**	**€5,828.0[(2)]**

[(2)] Includes "Financial leases" for an amount of $39.1 million (€32.6 million).

The indirect or contingent liabilities are disclosed in the Note 31 "Contingent liabilities" of Westfield Corporation Annual Financial Report as at December 31, 2017.

5.3. PRO FORMA UNIBAIL-RODAMCO AND WESTFIELD CAPITALIZATION AND INDEBTEDNESS AS AT DECEMBER 31, 2017

5.3.1 Pro Forma Unibail-Rodamco and Westfield Capitalization and Indebtedness as at December 31, 2017

The table below does not include the €2.0 billion of deeply subordinated perpetual Hybrid Securities Unibail-Rodamco expects to issue, nor the approximately €3.0 billion of disposals Unibail-Rodamco expects to make over the next several years, nor other disposals it may make (see section 1.1 "Risks related to the New Group and its business" of this Prospectus for further details).

(In millions)	Unibail-Rodamco	Westfield	Adjustments	New Group
Guaranteed	0.0	0.0	0.0	0.0
Secured [1]	17.2	2.9	0.0	20.1
Unguaranteed/Unsecured	2,286.7	2.2	(47.3)	2,241.6
Total Current Financial Debt	**€2,303.9**	**€5.1**	**€ (47.3)**	**€2,261.7**
Guaranteed	0.0	0.0	0.0	0.0
Secured [1]	920.0	476.9	0.0	1,396.9
Unguaranteed/Unsecured	13,343.3	5,763.9	5,075.8	24,183.0
Total Non-Current Financial Debt	**€14,263.3**	**€6,240.8**	**€5,075.8**	**€25,579.9**
Equity attributable to the holders of the Stapled Shares[2]	**€18,916.2**	**€9,009.8**	**€ (1,722.3)**	**€26,203.8**
TOTAL	**€35,483.4**	**€15,255.7**	**€3,306.2**	**€54,045.3**

(1) Mortgages and first lien lenders (excluding guarantees for the Group subsidiaries)
(2) Equity attributable to the holders of the Stapled Shares does not include the synergies the New Group expects to realize

(In millions)		Unibail-Rodamco	Westfield	Adjustments	New Group
A.	Cash	276.8	417.9	(339.5)	355.2
B.	Cash Equivalents	0.0	0.0	0.0	0.0
C.	Trading Securities	297.9	0.0	0.0	297.9
D.	**Liquidity A+B+C**	**€574.7**	**€417.9**	**€ (339.5)**	**€653.1**
E.	**Current Financial Receivable**	**€0.0**	**€0.0**	**€0.0**	**€0.0**
F.	Current Bonds	1,016.5	0.0	0.0	1,016.5
G.	Current Portion of Non-Current Debt	1,278.4	5.1	(47.3)	1,236.2
H.	Current Bank Debts	9.0	0.0	0.0	9.0
I.	**Current Financial Debt F+G+H**	**€2,303.9**	**€5.1**	**€ (47.3)**	**€2,261.7**
J.	**Net Current Financial Indebtedness I-E-D**	**€1,729.2**	**€ (412.8)**	**€292.2**	**€1,608.6**
K.	Non-Current Private Placements	1,248.4	183.9	0.0	1,432.3
L.	Non-Current Bonds	11,441.7	4,445.0	0.0	15,886.7
M.	Non-Current Bank Loans	1,573.2	1,611.9	5,075.8	8,260.9
N	**Non-Current Financial Indebtedness K+L+M**	**€14,263.3**	**€6,240.8**	**€5,075.8**	**€25,579.9**
O.	**Net Financial Indebtedness J+N**	**€15,992.5**	**€5,828.0**	**€5,368.0**	**€27,188.5[3]**

(3) Includes "Current accounts with non-controlling interests", "Financial leases" and "Impacts of Derivatives instruments on debt raised in foreign currency" for a total amount of €€1,735.8 million.
Equity attributable to the holders of the Stapled Shares does not include the synergies the New Group expects to realize.
The indirect or contingent liabilities are disclosed for (i) Unibail-Rodamco in note 12 "off-balance sheet liabilities and contingent liabilities" in Chapter 5 "Consolidated financial statements as at December 31, 2017" of the Unibail-Rodamco 2017 Consolidated Financial Statements of the 2017 Registration Document (ii) for Westfield in the Note 31 "Contingent liabilities" of Westfield Corporation Annual Financial Report as at December 31, 2017.

5.3.2 PRO FORMA ADJUSTED UNIBAIL-RODAMCO AND WESTFIELD CAPITALIZATION AND INDEBTEDNESS AS AT DECEMBER 31, 2017

Unibail-Rodamco intends to replace, repay or refinance the bridge facility through one or more debt capital markets offerings. Any such securities would be issued by Unibail-Rodamco or Newco either under Unibail-Rodamco's existing EMTN programme or a standalone debt security, such securities may be either senior or subordinated securities.

In addition, Unibail-Rodamco expects to issue deeply subordinated perpetual hybrid securities (the "**Hybrid Securities**"), subject to market conditions, for a total amount of €2.0 billion. The Hybrid Securities will be accounted for as an equity instrument under IAS 32. The table below does not reflect the approximately €3.0 billion of disposals Unibail-Rodamco expects to make over the next several years, nor other disposals it may make.

The net indebtedness adjusted by the Hybrid Securities is presented below.

(In millions)		New Group	Adjustments	New Group adjusted
	Guaranteed	0.0	0.0	0.0
	Secured [1]	20.1	0.0	20.1
	Unguaranteed/Unsecured	2,241.6	0.0	2,241.6
	Total Current Financial Debt	**€2,261.7**	**€0.0**	**€2,261.7**
	Guaranteed	0.0	0.0	0.0
	Secured [1]	1,396.9	0.0	1,396.9
	Unguaranteed/Unsecured	24,183.0	(2,000.0)	22,183.0
	Total Non-Current Financial Debt	**€25,579.9**	**€ (2,000.0)**	**€23,579.9**
	Equity attributable to the holders of the Stapled Shares[2]	**€26,203.8**	**€2,000.0**	**€28,203.8**
	TOTAL	**€54,045.3**	**€0.0**	**€54,045.3**

[1] Mortgages and first lien lenders (excluding guarantees for the New Group subsidiaries)
[2] Equity attributable to the holders of the Stapled Shares does not include the synergies the New Group expects to realize.

(In millions)		New Group	Adjustments	New Group adjusted
A.	Cash	355.2	0.0	355.2
B.	Cash Equivalents	0.0	0.0	0.0
C.	Trading Securities	297.9	0.0	297.9
D.	**Liquidity A+B+C**	**€653.1**	**€0.0**	**€653.1**
E.	**Current Financial Receivable**	**€0.0**	**€0.0**	**€0.0**
F.	Current Bonds	1,016.5	0.0	1,016.5
G.	Current Portion of Non-Current Debt	1,236.2	0.0	1,236.2
H.	Current Bank Debts	9.0	0.0	9.0
I.	**Current Financial Debt F+G+H**	**€2,261.7**	**€0.0**	**€2,261.7**
J.	**Net Current Financial Indebtedness I-E-D**	**€1,608.6**	**€0.0**	**€1,608.6**
K.	Non-Current Private Placements	1,432.3	0.0	1,432.3
L.	Non-Current Bonds	15,886.8	0.0	15,886.8
M.	Non-Current Bank Loans	8,260.9	(2,000.0)	6,260.9
N	**Non-Current Financial Indebtedness K+L+M**	**€25,579.9**	**€ (2,000.0)**	**€23,579.9**
O.	**Net Financial Indebtedness J+N**	**€27,188.5**	**€ (2,000.0)**	**€25,188.5[3]**

[3] Includes “Current accounts with non-controlling interests”, “Financial leases” and “Impacts of Derivatives instruments on debt raised in foreign currency” for a total amount of €1,735.8 million.

The table below reconciles the net financial indebtedness of the New Group with the consolidated net financial debt of the New Group as at December 31, 2017.

In € millions December

	31, 2017
Net Pro Forma adjusted Financial indebtedness	**25,189**
Current accounts with non-controlling interests	-1,248
Mark-to-market of debt	-21
Impact of derivatives instruments on debt raised in foreign currency	-30
Accrued interest / issue fees	-49
Financial Leases Unibail-Rodamco	-355
Financial Leases Westfield	-33
Total consolidated Net Financial debt	**23,453**

The consolidated Loan-to-Value ("**LTV**") calculation is presented below.

	UR	**WFD**	**Pro Forma Adjustments**	**Impact Hybrid**	**Adjusted Pro Forma with Hybrid impact**
€ Mn	**Dec. 31, 2017 published**	**Dec. 31, 2017 published**	**Dec. 31, 2017**	**Dec. 31, 2017**	**Dec. 31, 2017 Consolidation**
Amounts accounted for in B/S	**41,348.5**	**16,584.8**	**3,613.6**	**0.0**	**61,546.9**
Investment properties at fair value	37,181.5	8,320.1	0.0	0.0	45,501.6
Investment properties at cost	1,342.8	351.6	0.0	0.0	1,694.4
Other tangible assets	216.3	124.4	0.0	0.0	340.7
Goodwill	522.4	47.8	3,649.0	0.0	4,219.2
Intangible assets	172.2	103.5	-35.4	0.0	240.3
Shares and investments in companies under the equity method	1,913.3	7,637.4	0.0	0.0	9,550.7
Properties or shares held for sale	0.0	0.0	0.0	0.0	0.0
Adjustments	**1,708.5**	**-144.1**	**35.4**	**0.0**	**1,599.8**
Transfer taxes	1,947.5	163.7	0.0	0.0	2,111.2
Goodwill	-389.2	-47.8	0.0	0.0	-437.0
Revaluation intangible and operating assets	548.5	-227.9	0.0	0.0	320.6
IFRS restatements, including	-398.4	-32.1	35.4	0.0	-395.1
Financial leases	*-355.2*	*-32.1*	*0.0*	*0.0*	*-387.3*
Other	*-43.2*	*0.0*	*35.4*	*0.0*	*-7.8*
Total assets, including Transfer Taxes (=A)	**43,057.0**	**16,440.7**	**3,649.0**	**0.0**	**63,146.7**
Total assets, excluding Transfer Taxes (=B)	**41,109.4**	**16,277.0**	**3,649.0**	**0.0**	**61,035.4**
Amounts accounted for in B/S					
Net share settled bonds convertible into new and/or existing shares (ORNANE)	1,020.8	59.3	0.0	0.0	1,080.1
Long-term bonds and borrowings	12,889.6	6,149.4	5,075.8	-2,000.0	22,114.8
Current borrowings and amounts due to credit institutions	2,301.6	4.6	-47.3	0.0	2,258.9
Total financial liabilities	**16,212.0**	**6,213.3**	**5,028.5**	**-2,000.0**	**25,453.8**
Adjustments					
Mark-to-market of debt	-20.5	0.0	0.0	0.0	-20.5
Current accounts with non-controlling interests	-1,248.4	0.0	0.0	0.0	-1,248.4
Impacts of derivatives instruments on debt raised in foreign currency	-30.2	0.0	0.0	0.0	-30.2
Accrued interest / issue fees	-48.9	0.0	0.0	0.0	-48.9
Total financial liabilities (nominal value)	**14,864.0**	**6,213.3**	**5,028.5**	**-2,000.0**	**24,105.8**
Cash & cash equivalents	-574.7	-417.9	339.5	0.0	-653.1
Net financial debt (=C)	**14,289.3**	**5,795.4**	**5,368.0**	**-2,000.0**	**23,452.7**

LTV ratio including Transfer Taxes (=C/A)	**33%**	**35%**			**37%** [(1)]
LTV ratio excluding Transfer Taxes (=C/B)	**35%**	**36%**			**38%**

Note: financial liabilities include the Bridge Loan for an amount of €3 billion, after taking into account the impact of the Hybrid of €2 billion.

(1) This proforma LTV calculation is made based on the current amount of goodwill of €3.6 billion. Should there ever have to be an impairment of goodwill, the LTV would be impacted. For example, a €1 billion impairment would increase the LTV by approximately 1%.

5.4. ADDITIONAL INFORMATION ON THE DEBT OF JOINT-VENTURES AND ASSOCIATES OF WESTFIELD AS AT DECEMBER 31, 2017

The table below sets out some additional information as of December 31, 2017, relating to the non-consolidated debt of joint-ventures and associates of Westfield accounted for using the equity method.

		Committed financing facilities Dec 31, 17 $million	**Total interest bearing liabilities Dec 31, 17 $million**	Committed financing facilities Dec 31, 16 $million	Total interest bearing liabilities Dec 31, 16 $million
(a)_Summary of equity accounted financing facilities and interest bearing liabilities					
Interest bearing liabilities - current		**34.3**	**34.3**	4.9	4.9
Interest bearing liabilities - non current		**2,135.3**	**2,135.3**	2,125.7	2,125.7
		2,169.6	**2,169.6**	2,130.6	2,130.6
(b)_Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities					
Year ending December 2017		**-**	**-**	4.9	4.9
Year ending December 2018		**34.3**	**34.3**	34.3	34.3
Year ending December 2019		**513.6**	**513.6**	469.7	469.7
Year ending December 2020		**188.6**	**188.6**	188.6	188.6
Year ending December 2021		**3.2**	**3.2**	3.2	3.2
Year ending December 2022		**3.3**	**3.3**	3.3	3.3
Year ending December 2023		**501.4**	**501.4**	501.4	501.4
Year ending December 2024		**437.5**	**437.5**	437.5	437.5
Year ending December 2025		**269.2**	**269.2**	269.2	269.2
Year ending December 2026		**218.5**	**218.5**	218.5	218.5
		2,169.6	**2,169.6**	2,130.6	2,130.6
Type	Maturity date				
(c) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage - Southgate (i)	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage - Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage - Southcenter	11-Jan-20	**US$123.7**	**US$123.7**	US$125.9	US$125.9
Secured mortgage - Brandon	01-Mar-20	**US$69.6**	**US$69.6**	US$70.9	US$70.9
Secured mortgage - Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage - Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage - Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage - Citrus Park	01-Jun-23	**US$67.6**	**US$67.6**	US$69.0	US$69.0
Secured mortgage - Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage - Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage - Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage - Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5

Secured mortgage - Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage - Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage - Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage - Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage - San Francisco Emporium	01-Aug-26	**US$218.5**	**US$218.5**	US$218.5	US$218.5
Total US$ equivalent of the equity accounted financing facilities and interest bearing liabilities		**2,169.6**	**2,169.6**	**2,130.6**	**2,130.6**

(i) The third option has been exercised to extend the loan from 2017 to 2018.

As at December 31, 2017, Westfield's share of total equity accounted secured liabilities was $2,169.6 million. Westfield's share of aggregate net asset value of equity accounted entities with secured borrowings was $4,093.9 million. These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. Westfield's debt facilities also require the properties to be insured.

There has not been any material change in the capitalization and indebtedness of Unibail-Rodamco and Westfield since the date of the information.

6. BUSINESS OVERVIEW

The following discussion is primarily based on publicly available information regarding Westfield's business and estimates and assumptions regarding the synergies, cost savings and business growth opportunities Unibail-Rodamco expects to achieve following completion of the Transaction as well as assumptions regarding the comparability of Unibail-Rodamco and Westfield information. There can be no assurance as to the accuracy, completeness or truth of the Westfield information (see sections 6 "Business Overview", 7 "Selected Historical Financial and Operational Information" and 8 "Operational and Financial Review" of this Prospectus) or as to whether the expected synergies, cost savings and business growth opportunities will develop. In particular, certain financial and other information with respect to the Westfield businesses in this Prospectus include estimates based on Westfield's 2017 publicly reported information. In addition, there can be no assurance that Unibail-Rodamco will be able to successfully implement the strategic or operational initiatives that are intended or that the combined information presented is an indication of future results. See also sections 1 "Risk Factors" and 2.7 "Cautionary Statement Regarding Forward Looking Statements" of this Prospectus.

6.1. OVERVIEW

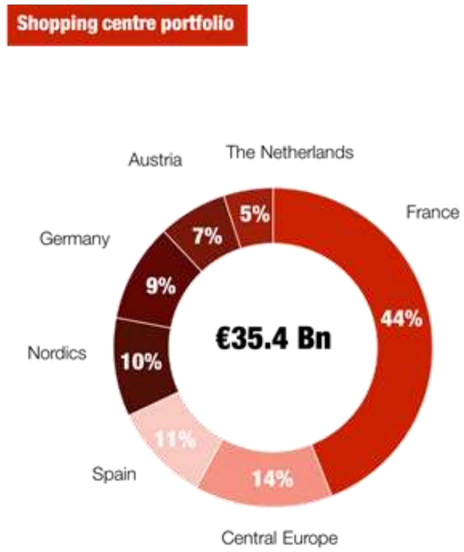
6.1.1 Unibail-Rodamco

Unibail-Rodamco is the leading listed real estate company in Europe[60]. Unibail S.A. was listed on the Paris stock exchange in 1972. Unibail-Rodamco owns a portfolio of prime commercial properties with a consolidated value of €43.1 billion[61] as at December 31, 2017, located in the largest and most prosperous cities across Continental Europe.

60 Based on market capitalization as of December 31, 2017; Source: FactSet.

61 Consolidated GMV.

The charts below show the split of consolidated GMV by division[62], and the split of the shopping centre division consolidated GMV by region as at December 31, 2017.[63]



Unibail-Rodamco's operations are focused on large shopping centres in major European cities, the large office buildings in the heart and West of Paris and major convention and exhibition venues in and around Paris.

Unibail-Rodamco's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of development, investment and management, provides the Unibail-Rodamco Group with market knowledge and expertise. This knowledge and expertise enables Unibail-Rodamco to deal with markets that are cyclical in nature and its strategy is designed to allow the Unibail-Rodamco Group to continue its investment programs even during economic downturns. The Unibail-Rodamco Group actively recycles assets and deploys disposal proceeds into its development projects.

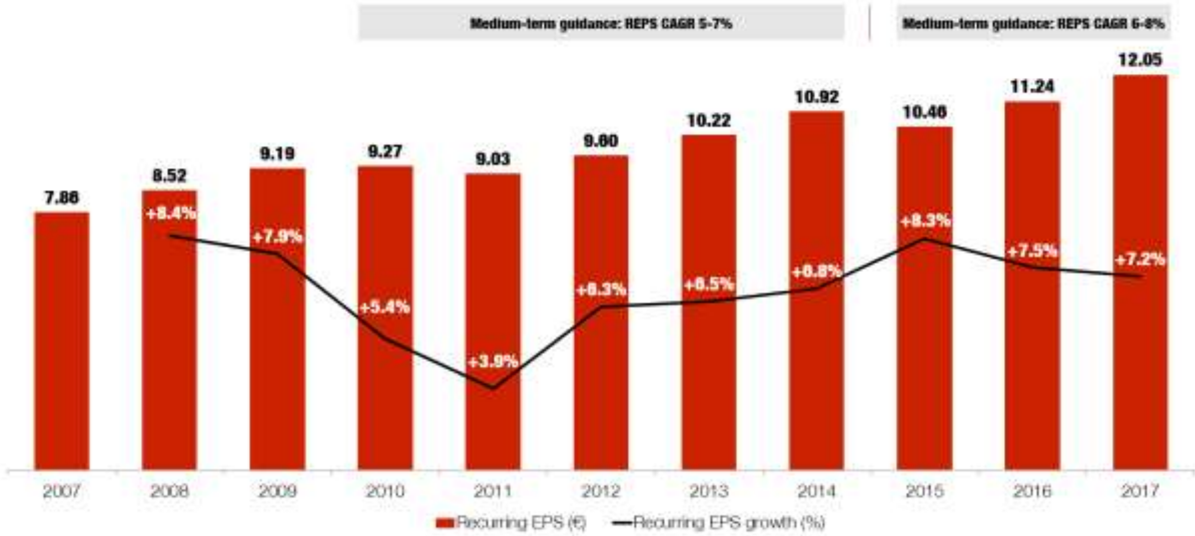
Thanks to this portfolio of high quality assets[64] and the talent of its more than 2,000 employees including experts in the activities of investment and divestment, development, leasing and, management, the Unibail-Rodamco Group has been able to generate very strong growth and returns for shareholders.

62 The 8% share of consolidated GMV attributable to convention and exhibition segment includes services.

63 Including value of equity in the companies accounted for using the equity method.

64 Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

The graph below shows the recurring earnings per share ("**REPS**")[65] growth since 2007.



This performance has been achieved with controlled leverage and exposure to development risks.

Finally, the Unibail-Rodamco Group is, by nature, a long term player committed to sustainable development and social responsibility across all of its activities. Whether it be architecture, city planning, design, energy efficiency, social or societal responsibility, the Unibail-Rodamco Group is recognized as a leader in the industry.

Business segments

a) Retail

As at December 31, 2017, Unibail-Rodamco owned 79 retail assets, of which 67 are shopping centres. 57 of these host six million or more visits per annum and represent 97% of Unibail-Rodamco's retail portfolio consolidated GMV[66].

Unibail-Rodamco has identified 39 Flagship assets.

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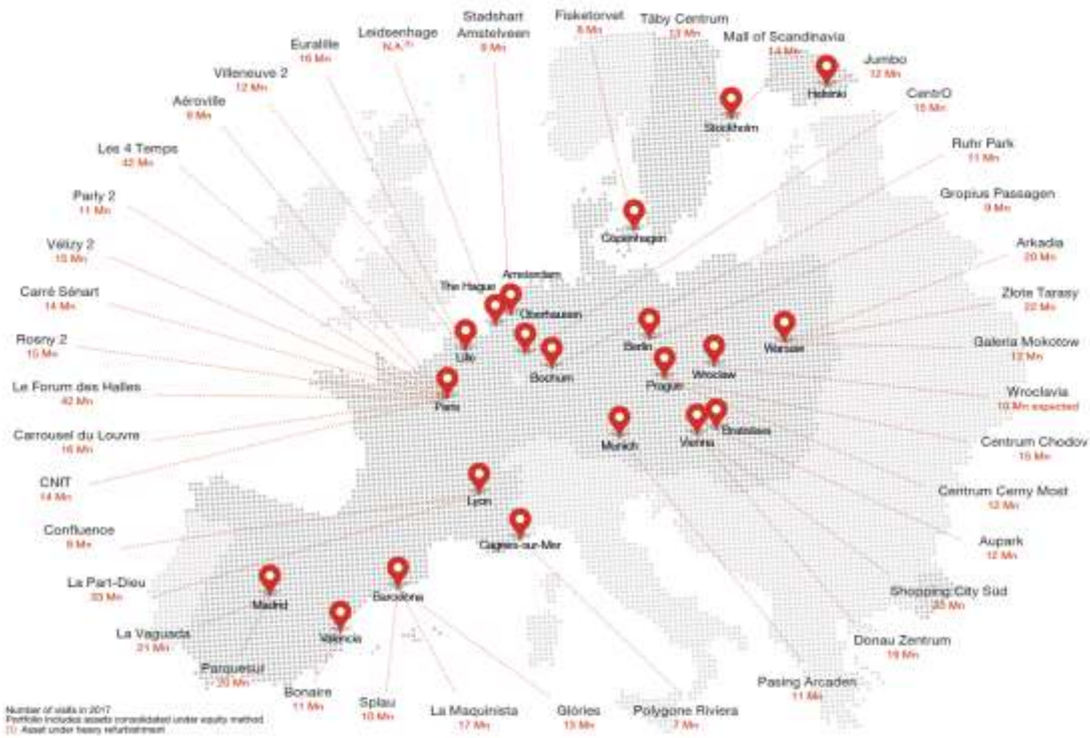
65 Note: 2010 is restated for the exceptional impact of €1.5 billion of disposals. Excluding this restatement, REPS growth in 2010 would be 0.9%. 2011 is restated for the exceptional dividend payment of €1.8 billion in 2010. Excluding this restatement, REPS growth would be -2.6%. 2015 is restated for the exceptional impact of €2.4 billion of disposals in 2014. Excluding this restatement, REPS growth would be -4.2%.

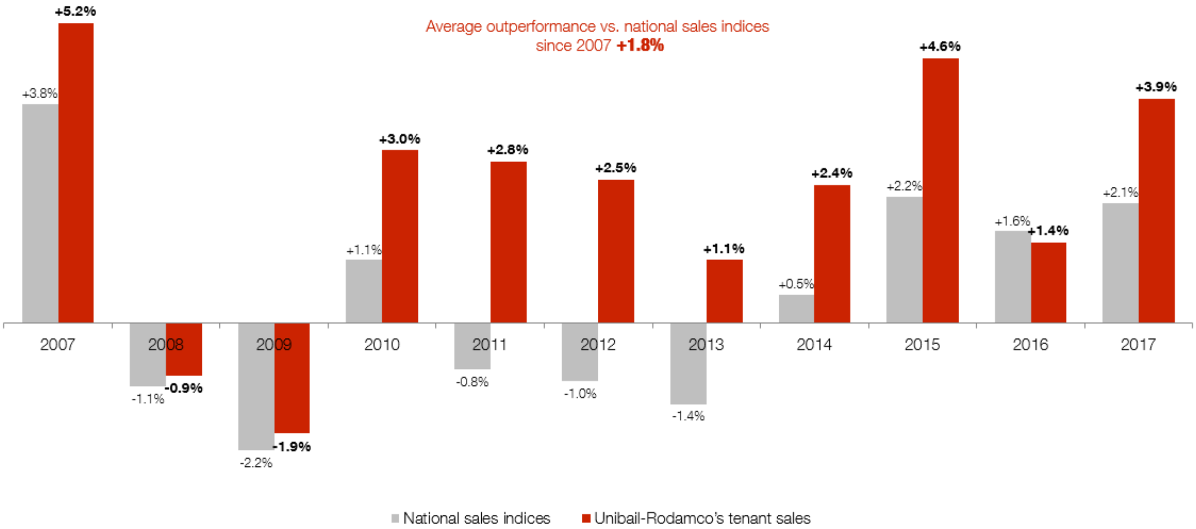
66 On standing assets, including value of equity in the companies accounted for using the equity method.



Unibail-Rodamco Group holds a 53.7% equity interest in Les Quatre Temps.

Unibail-Rodamco continuously reinforces the attractiveness of its assets by re-designing them: upgrading the layout; re-tenanting them: renewing the tenant mix; and re-marketing them: enhancing the shopping experience through special events.

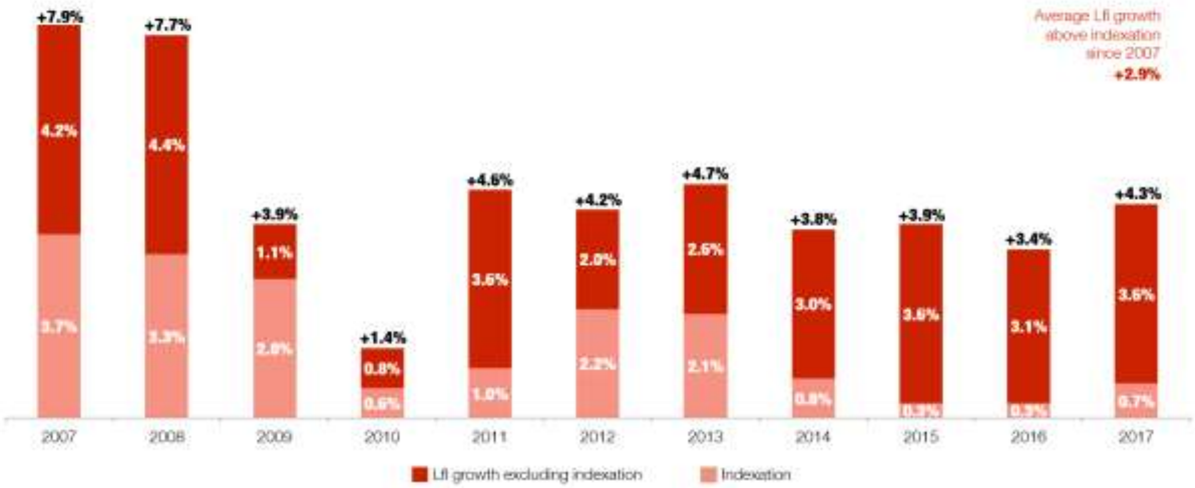
The increased appeal of Unibail-Rodamco's shopping centres has driven strong tenant sales growth, outperforming national sales indices over the last 10 years, as shown in the graph below[67].



The strong performance of its tenants sales has translated into a consistently strong like-for-like rental income growth for Unibail-Rodamco's shopping centres, at an average pace of +2.9% above indexation over the last 10 years, as shown in the graph below.

67 November Year N compared to the same period in Year N-1 for tenant sales.

Like-for-like NRI growth of Shopping Centres



Total consolidated Net Rental Income (NRI) of the shopping centre portfolio in 2017 amounted to €1,346.4 million, an increase of +5.8%, mainly due to a strong like-for-like growth of +4.3% and the positive impact of deliveries in Spain, France and Central Europe.

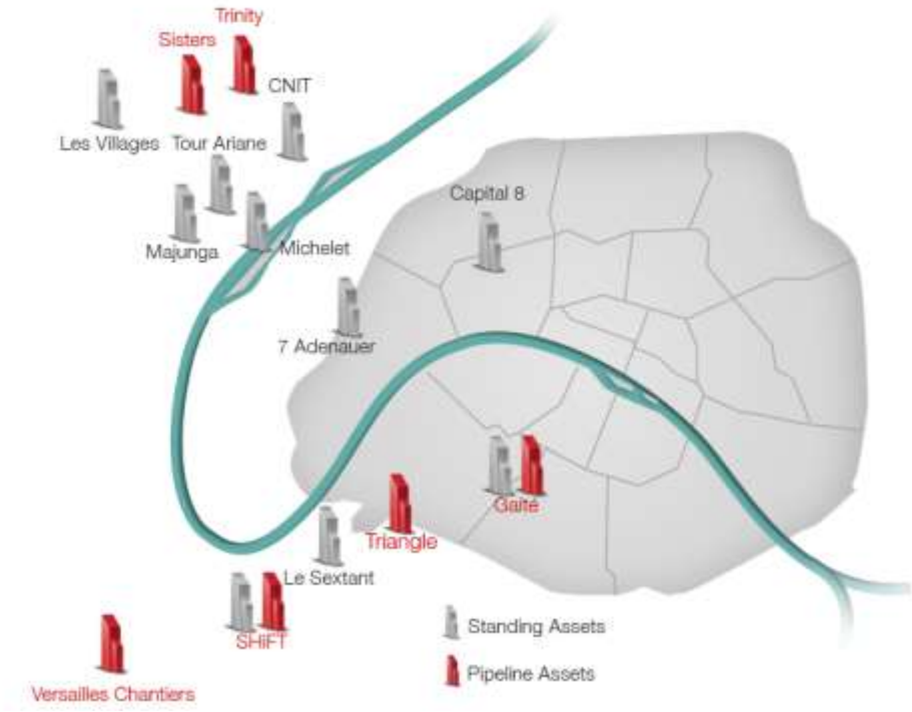
Region	Net Rental Income (€Mn)		
	2017	2016	%
France	609.8	580.5	5.0%
Central Europe	172.4	156.2	10.4%
Spain	161.0	146.0	10.3%
Nordics	145.8	139.9	4.2%
Austria	103.2	98.6	4.6%
Germany	92.6	89.9	2.9%
Netherlands	61.7	61.5	0.2%
TOTAL NRI	**1,346.4**	**1,272.6**	**5.8%**

The table below shows the split of the shopping centre division consolidated GMV by region as at December 31, 2017, and as at December 31, 2016, including assets accounted for using the equity method.

Valuation of Shopping Centre portfolio (including transfer taxes)	Dec. 31, 2017		Dec. 31, 2016	
	€ Mn	%	€ Mn	%
France	15,752	44%	14,807	45%
Central Europe	5,063	14%	4,385	13%
Spain	3,764	11%	3,556	11%
Nordics	3,516	10%	3,490	11%
Germany	3,209	9%	2,908	9%
Austria	2,498	7%	2,356	7%
The Netherlands	1,607	5%	1,579	5%
Total (a)	**35,408**	**100%**	**33,082**	**100%**

b) Offices

Unibail-Rodamco develops and owns large, efficient office buildings at prime locations in the Paris central business district and La Défense.



Unibail-Rodamco also owns office assets in the Nordics and certain other countries in which Unibail-Rodamco operates.

Unibail-Rodamco's investment strategy is driven by development and renovation opportunities on a counter-cyclical basis.

In 2017, the consolidated NRI from offices amounted to €140.8 million, a -8.1% decrease compared to 2016, due primarily to the disposals in 2016 and 2017:

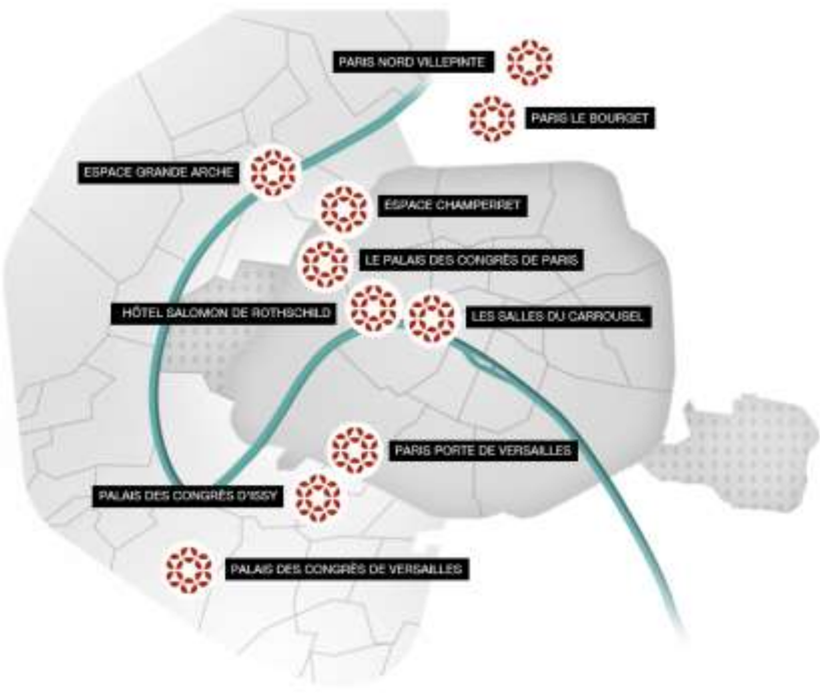
Region	Net Rental Income (€Mn)		
	2017	2016	%
France	123.6	135.7	-9.0%
Nordics	12.4	12.9	-4.2%
Other countries	4.9	4.6	5.1%
TOTAL NRI	**140.8**	**153.2**	**-8.1%**

The table below shows the split of the office division consolidated GMV by region as at December 31, 2017, and as at December 31, 2016, including assets accounted for using the equity method.

Valuation of Office portfolio (including transfer taxes)	Dec. 31, 2017		Dec. 31, 2016	
	€ Mn	%	€ Mn	%
France	3,738	90%	3,614	89%
Nordics	173	4%	190	5%
Other countries	260	6%	241	6%
Total	**4,171**	**100%**	**4,045**	**100%**

c) Convention & Exhibition

The Convention & Exhibition activity is exclusively located in the Paris region and consists of a real estate venues and services company (Viparis). Viparis is a world leader jointly owned with the Chamber of Commerce and Industry of Paris Île-de-France (CCIR), but operated and fully consolidated by Unibail-Rodamco.



The Convention & Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year.

In total, 725 events were held in the Viparis venues during 2017, of which 258 shows, 105 congresses and 362 corporate events. Growth in the turnover of the corporate events[68] (+13.6%) and congresses (+19.4%) segments was offset by the decline in the exhibition segment and the negative impact of the security costs post the 2015 terrorist attacks.

At the end of 2017, signed and pre-booked events in Viparis venues amounted to 92% of its expected 2018 rental income, slightly above usual levels of between 85% and 90%.

Portfolio breakdown

Like-for-like net rental income[69]

€ Mn	FY-2017	FY-2016	Growth	Like-for-like Growth
Shopping Centres	1,346	1,273	+5.8%	+4.3%
Offices	141	153	-8.1%	+13.5%
Convention & Exhibition	95	103	-6.9%	-6.9%
Net Rental Income	1,583	1,529	+3.5%	**+4.2%**

Valuation split per activity

The table below provides the split per activity of Unibail-Rodamco GMV at full scope of consolidation and at share.

	Full scope consolidation		Group share	
Asset portfolio valuation - Dec. 31, 2017	€ Mn	%	€ Mn	%
Shopping centres	35,408	82%	31,018	83%
Offices	4,171	10%	4,146	11%
Convention & Exhibition	3,063	7%	1,747	5%
Services	415	1%	329	1%
Total	**43,057**	**100%**	**37,241**	**100%**

68 Excluding CNIT, currently not operated due to the EOLE works.

69 Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to the square meters and currency exchange rate differences in the periods analysed.

Development pipeline

As at December 31, 2017, Unibail-Rodamco's consolidated development projects pipeline amounted to €7.9 billon[70] (€7.3 billion in group share), corresponding to a total of 1.6 million m² Gross Lettable Area (GLA), to be re-developed or added to the Unibail-Rodamco Group's standing assets. The Unibail-Rodamco Group retains significant flexibility on its consolidated development portfolio (67% of the total investment cost[71]).

The table below shows the evolution of Unibail-Rodamco's development pipeline between December 31, 2016, and December 31, 2017, by commitment categories:

In € billion	Dec. 31, 2017	Dec. 31, 2016
"Committed" projects [72]	1.9	1.9
"Controlled" projects[73]	5.0	4.9
"Secured Exclusivity" projects[74]	0.9	1.2
Consolidated Total Investment Cost	**7.9**	**8.0**

Figures may not add up due to rounding

70 Excluding development projects accounted under equity method.

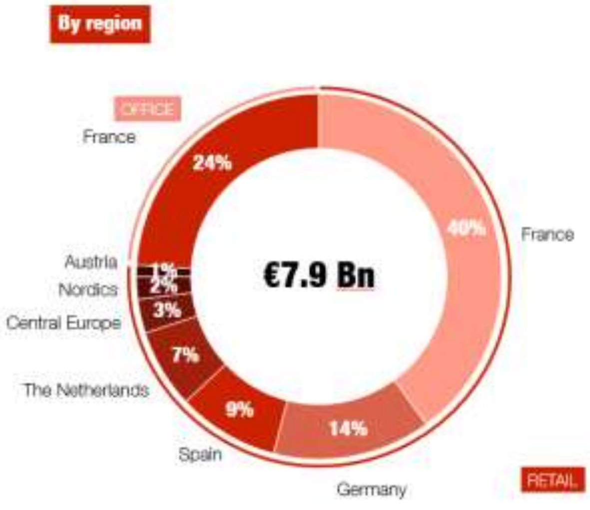
71 In terms of cost to completion of "Controlled" and "Secured exclusivity" projects, as % of total investment cost of the consolidated development portfolio.

72 "Committed" projects: projects currently under construction, for which Unibail-Rodamco owns the land or building rights and has obtained all necessary administrative authorizations and permits.

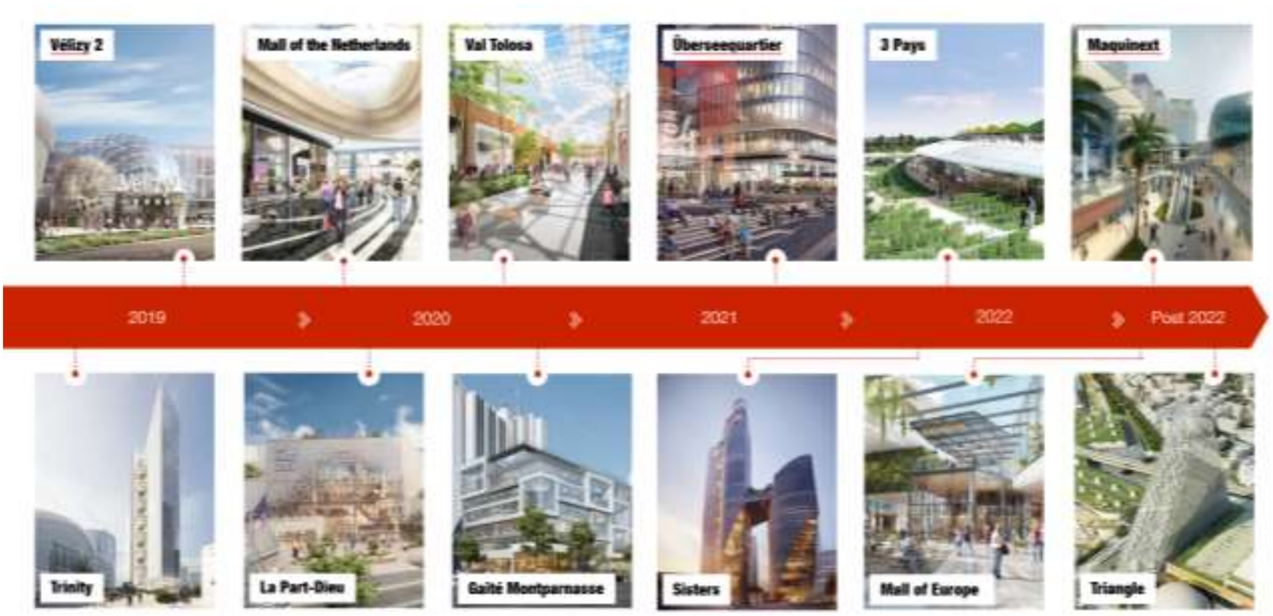
73 "Controlled" projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land or building rights, but where not all administrative authorizations have been obtained yet.

74 "Secured exclusivity" projects: projects for which Unibail-Rodamco has the exclusivity but where negotiations for building rights or project definition are still underway.

Consolidated development pipeline by segment and region[75]



The diagram below sets out the expected delivery schedule of Unibail-Rodamco's major development pipeline projects.



Unibail-Rodamco holds a 100% interest in the development projects mentioned above except in respect of Vélizy 2 (95.85%), Mall of Europe (86%) andMaquinext (51.1%).

75 Figures may not add up due to rounding.


MALL OF EUROPE, BRUSSELS REGION


TRIANGLE


SISTERS

6.1.2 Westfield

Westfield owns an unparalleled[76] platform of shopping centre destinations in the United States and the United Kingdom, as well as a major retail development project in Milan, Italy.

The map below shows the location of Westfield's shopping centres and development projects, specifying for which of the standing assets an extension is planned[77].

Overview of shopping destinations

Westfield is an internally managed and vertically integrated international retail property group with a focus on the United States, the United Kingdom and Europe. Westfield's strategy is to create and operate Flagship assets in leading markets that deliver great experiences for retailers, brands and consumers.

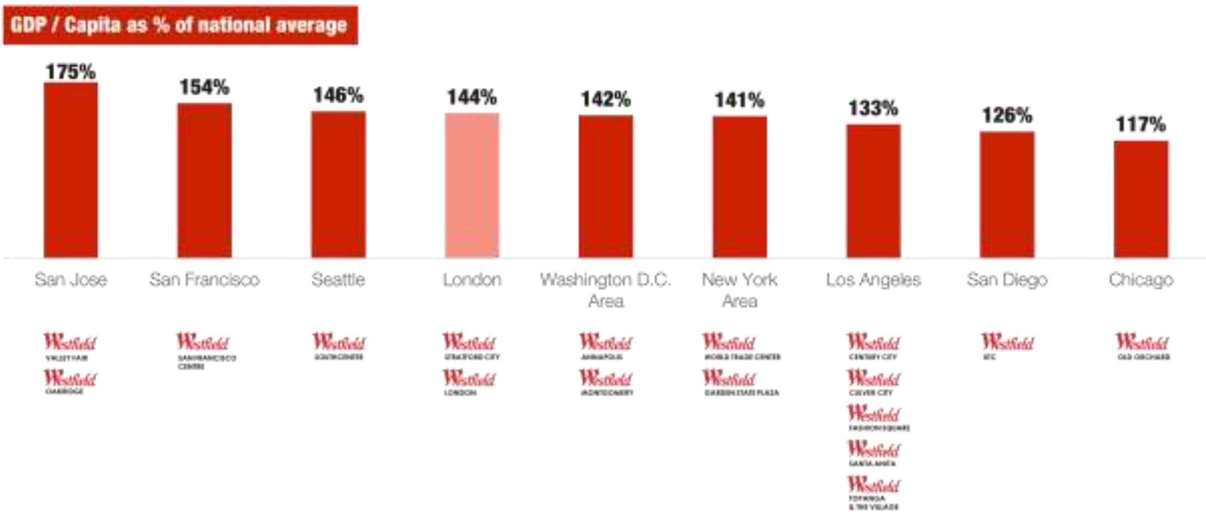
Westfield owns a world class, industry leading retail property operating platform with capabilities in property management, leasing, design, development, construction, marketing and digital.

As of December 31, 2017, Westfield's portfolio comprises 35 shopping centres with more than 400 million customer visits annually and US$16 billion in annual retail sales. Westfield has US$34.5 billion total assets under management of which $13.1 billion (or 38.0%) is managed on behalf of joint venture partners and annual specialty sales of US$733 per square foot (approximately US$7,890 per square meter). Westfield's portfolio includes world class retail destinations such as Westfield London and Stratford City, considered by Westfield as two of the premium shopping centres in the United Kingdom and Europe, and Century City, Garden State Plaza, San Francisco, Topanga, UTC, Valley Fair and Westfield World Trade Center in the United States.

[76] Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017, divided by number of shopping centres.

[77] Excluding residential projects.

The chart below shows the GDP/capita as a percentage of the national average in selected cities where the Westfield group operates, as well as the key Westfield assets located in these cities[78].



Following completion of US$2.8 billion of major projects in 2016 and 2017, Westfield's development program amounts to US$8.5 billion at 100%[79].

See section 6.16.2 "— Investments and Developments — Westfield" of this Prospectus for further details.

Operating Strategy

Westfield's operating strategy is to create great experiences for retailers, consumers and brands. Westfield aims to achieve its strategy by enhancing its resources and capabilities in the areas of events, entertainment, digital technology and data analytics.

Over the last decade, Westfield has sought to refine its portfolio through landmark developments and strategic asset divestments. Westfield remains focused on improving the quality of the portfolio through active asset management, the diversification of income streams, the development of Flagship shopping centres in leading world markets and the divestment of non-core assets. Westfield's strategic focus on creating and operating Flagship assets in some of the world's top markets has been driven by a number of significant trends described in section 6.7.2 "— Trends — Westfield" of this Prospectus.

Westfield's portfolio comprises world class assets and projects which are considered by Westfield as destinations of choice for shopping, dining, entertainment, events and socializing in some of the world's leading urban cities including New York, Los Angeles, San Francisco, San Jose, London and Milan.

Westfield is adapting its portfolio to the next generation of retail, with a focus on:

– The quality of design and the standard of services;

78 Source: OECD, Brookings and JPMorgan Chase. U.S. national average of GDP per capita (in € thousands) of 47.3 and UK national average of GDP per capita (in € thousands) of 35.0.

79 Pipeline figures at 100% for Westfield standalone correspond to reported figures and are not in line with Unibail-Rodamco methodology.

- The growing internationalization of retail brands;
- The higher standard of food and its integration with fashion and entertainment; and
- The creation of great consumer experiences.

Westfield's aim is to combine these elements to make its retail destinations an essential part of the community's social and economic fabric for each city and community in which Westfield properties are located.

Business Segments

Described below are Westfield's business segments including:

- Shopping centre ownership;
- Property management, marketing and leasing; and
- Property development, design and construction.

a) Shopping centre ownership

Westfield's shopping centres are geographically diverse, spread across eight states in the United States and the United Kingdom with a development site in Milan, Italy. Westfield's shopping centres are generally located near or in major metropolitan areas, are anchored by long term tenancies with major retailers and incorporate a wide cross-section of specialty retailers and national chain store operators.

Westfield's shopping centre investments are undertaken on both a wholly-owned basis and through joint ventures and co-ownership arrangements. Westfield's portfolio is presented on an asset class basis between Flagship and regional portfolios. Flagship portfolio assets include Westfield London and Stratford City in London; Century City, Topanga, UTC, San Francisco, Valley Fair and Roseville in California; Montgomery in Maryland; Garden State Plaza in New Jersey and Westfield World Trade Center in Lower Manhattan. See section 6.8.2 "— Portfolio per Country/Region — Westfield" of this Prospectus for a complete list of the assets that comprise Westfield's Flagship and regional portfolio. Westfield manages the business by categorising the portfolio between Flagship assets and regional assets. From time to time, Westfield may reclassify assets between these categories.

The revenues generated by Westfield shopping centre ownership activities amounted to US$1,316 million for the year ended December 31, 2017 (*i.e.*, 62% of the Westfield total revenues for the year ended December 31, 2017).

Westfield's investment in Stratford City comprises a 50% joint venture with Canneth Limited Partnership Inc. During the 2017 financial year, Westfield received dividends and distributions of US$41 million from this investment.

Westfield is also party to a number of joint ventures for its shopping centre investments in the United States. Westfield does not consider any of these joint ventures to be individually material.

b) Property management, marketing and leasing

Property management involves leasing and day-to-day management and marketing of Westfield's shopping centre portfolio and other properties. Westfield's shopping centres are designed to provide an efficient and dynamic environment for retailers and a quality shopping experience for consumers, creating a platform for its retailers to enhance their performance and for Westfield to maximize its returns. Westfield works to build and maintain long term relationships with its retailers in addition to developing strong relationships with consumers by supporting the local community of each shopping centre through various marketing activities. Westfield believes that its management has the potential to improve the performance of its retail property assets, resulting in income growth and long term capital appreciation for investors. Westfield also currently operates concessions at seven airports in the United States.

c) Property development, design and construction

Westfield's property development, design and construction business involves the development, design, construction, initial leasing and redevelopment of shopping centres. Westfield's property development activities are focused on redeveloping and expanding its existing properties as well as developing Flagship properties in major markets.

Westfield's property development activities are vertically integrated and involve all of the elements of development, design, construction and leasing with a view to maximizing returns on investment from both increased rental income and capital appreciation of the asset. Westfield's development activities include purchasing land, obtaining approvals from regulatory authorities, conducting negotiations with major retailers and tenants, preparing feasibility studies and acting as architect, project manager and general contractor for shopping centre development and redevelopment projects.

The revenues generated by Westfield property development, design and construction activities amounted to US$733 million for the year ended December 31, 2017 (*i.e.*, 35% of the Westfield total revenues for the year ended December 31, 2017).

d) Recent developments

See section 6.16.2 "— Investments and Development — Westfield" of this Prospectus for information on Westfield's recent development projects.

Seasonality

The shopping centre industry is seasonal in nature, with retailer occupancy and retail sales typically at their highest levels in the fourth quarter of the calendar year. Consequently, shopping centre earnings are generally highest in the fourth quarter of each calendar year. This does have an impact on rental income from Westfield's shopping centres as a result of earning additional rent based on specialty shops exceeding a certain level of sales (referred to as "percentage rent"), and due to a higher level of fourth quarter specialty leasing on space not under long term leases.

In particular, total sales for specialty shops affect Westfield's revenue and profitability levels because they affect the amount of minimum rent Westfield can charge, the percent rent Westfield can realize and the recoverable expenses (common area maintenance, real estate taxes etc.) that retailers can afford to pay.

The following table sets out specialty shop sales by quarter and percentage of store leased at quarter end for the periods indicated on an asset class basis:

	1st quarter	**2nd quarter**	**3rd quarter**	**4th quarter**
	(in US$ millions)			
2017 Quarterly Data:				
Specialty shop sales	1,749.7	1,869.8	1,959.3	2,593.5
Leased rate	94.0%	93.9%	93.4%	93.2%

6.2. HISTORY

6.2.1 Unibail-Rodamco

For information about Unibail-Rodamco's history, please refer to section 1.2 of the 2017 Registration Document.

6.2.2 Westfield

Westfield began in 1959 with one shopping centre in the outer suburbs of Sydney, Australia and has grown to become one of the world's largest shopping centre owners and managers, playing a major role in changing the way the world shops.

Westfield was first listed on the Sydney Stock Exchange in 1960, and since then has undergone several decades of rapid expansion to new markets in the United States, the United Kingdom, New Zealand and across Australia.

Throughout its history, Westfield has changed its corporate structure to create greater value and choice for investors. In December 2013, Westfield announced a proposal to separate its Australian and New Zealand business from its international operations, creating two new, independent stapled groups – Westfield Corporation to own and operate the U.S. and UK assets, and Scentre Group, to own and manage Westfield Group's Australian and New Zealand operations.

Westfield Corporation was established in June 2014 through this restructuring.

On December 12, 2017, Unibail-Rodamco and Westfield entered into the Implementation Agreement for the acquisition by Unibail-Rodamco of Westfield to create one of the world's premier[80] developers and operators of Flagship shopping destinations. See section 3 "Information on the Transaction" of this Prospectus for more details.

Listed below are the key milestones in Westfield's history.

Year

1959 **The first Westfield shopping centre opens in Blacktown**
On July 2, 1959 John Saunders and Frank Lowy opened their first shopping centre - Westfield Plaza in Blacktown. With 12 shops, two department stores and a supermarket, people flocked to see the plaza which newspapers of the day described as 'the most modern American-type combined retail centre.' By year-end Westfield Plaza was established as Blacktown's commercial hub.

1960 **Going public on the Australian Securities Exchange**
Westfield was incorporated in June 1960, and shortly afterwards, Saunders and Lowy issued a prospectus for its listing on the Sydney Stock Exchange. In September, Westfield Development Corporation Ltd was floated with the issue of 300,000 ordinary shares at a price of five shillings each.

80 In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

1961	**Westfield's first project** The first purpose-built centre opened at Hornsby at a cost of £345,000. With 22 stores – and generating 250 jobs in retail – it played a major role in attracting residents to the area.
1962	**Sydney growth** By the end of 1962, the Westfield portfolio had grown to eight centres either completed or under development in Sydney.
1970	**New head office at Westfield Tower** Sydney's William St, the eastern corridor to the city, was earmarked to become a grand boulevard in the early 1970s.
1972 - 1976	**A steadily growing portfolio** During the 1970s Westfield consistently laid the foundations for what the company would become today. In the space of a single decade, six new centres were built and another five redeveloped including Indooroopilly in Brisbane and Parramatta in Sydney.
1977	**Westfield enters America** Westfield made its first U.S. acquisition in Trumbull, Connecticut.
1979	**Capital reorganization** In 1979 Westfield remodeled its capital structure with the establishment and listing of Westfield Holdings Limited and Westfield Property Trust to meet changing trends in the capital markets.
1980	**Acquisitions in America** In 1980 Westfield acquired three new centres in the United States, in California, Michigan and Connecticut. Westfield also acquired the Macy's portfolio in 1986, and established its United States head office in Los Angeles in 1987. By 1988 there were seven centres in Westfield's U.S. portfolio worth US$1.1 billion.
1982	**The Westfield Trust** In 1982 Westfield Trust was floated on the Sydney Stock Exchange as a successor to Westfield Property Trust.
1986	**Bidding for three Macy's centres** Westfield made business headlines when it outbid other parties to successfully acquire three prestigious centres in the Macy's transaction. The acquisition included the powerhouse centre Garden State Plaza in Paramus, New Jersey.
1987	**John Saunders steps down** After 30 years of partnership, John Saunders relinquished his active management in Westfield, stepping away from the business entirely in 1990. That same year, new centres opened at Chatswood and Eastgardens in Sydney.
1994	**Westfield triples its U.S. portfolio** Westfield tripled the amount of space it managed in the United States with the US$1 billion CenterMark transaction, which saw Westfield acquire 19 centres across America including Topanga, and Plaza Bonita in California and

Annapolis in Maryland.

1996 **Westfield America Trust**
WAT was founded to develop Westfield's business in the United States and listed on the ASX enabling Australian investors to make direct investments in the U.S. retail property market.

1997 **Westfield enters New Zealand**
Westfield entered New Zealand after assuming management of the St Lukes portfolio, the country's largest shopping centre group with 10 centres across four cities.

1998 **TrizecHahn portfolio**
Westfield acquired the US$1.4 billion TrizecHahn portfolio adding a further 12 properties to Westfield's Californian portfolio. Following the U.S. portfolio growth, a significant branding opportunity became apparent and every centre owned by Westfield in the United States was branded Westfield.

2000 **Westfield enters the United Kingdom**
Westfield enters the United Kingdom with the acquisition of a centre in Nottingham followed by the establishment of a joint venture interest in nine centres in prime town centre and urban locations.

2002 **Westfield becomes one of the largest retail property groups in the U.S.**
Nine shopping centres were acquired in the United States in the US$756 million Richard E Jacobs transaction. In the same year the US$2.3 billion Rodamco transaction added another 14 shopping centres to Westfield's American portfolio, and consolidated its position as one of the largest retail property groups in the United States.

2003 **AMP Shopping Centre Trust**
Westfield acquired the US$1.9 billion AMP Shopping Centre Trust, adding interest in a further nine high quality shopping centres. The Australian portfolio grew further with the strategic acquisition of Sydney Central Plaza in the city's central business district.

2004 **Birth of the Westfield Group**
Westfield Group was born when Westfield Holdings, Westfield Trust and WAT merged in the company's most significant corporate restructure, creating the world's largest retail property group by equity market capitalisation.

2004 - 2008 **Global Flagship centres**
Flagship centres opened at Bondi Junction in Sydney, Century City in California and in San Francisco as well as Doncaster in Melbourne while redevelopments continued globally (more than 20 since the decade's beginning) peaking in 2007 with the completion of five projects in four countries over four weeks.

2008 **Westfield opens the UK's largest shopping centre**
Westfield London, the United Kingdom's largest urban shopping centre opened for business. The £1.7 billion Flagship centre opened with more than 280 stores

and attracted 23 million visitors in its first year.

2010 **Westfield Sydney**
The US$1.2 billion project at Westfield Sydney changed the face of retailing in downtown Sydney with a mix of international and domestic luxury and high street retailers and premium dining precinct which saw the centre achieve the highest specialty sales productivity in Westfield's global portfolio in its first year.

2011 **The gateway to the 2012 London Olympics**
The gateway to the 2012 London Olympic Games, the £1.75 billion Westfield Stratford City opened. As Europe's largest shopping centre of its time with 1.9 million square feet of retail and a new town centre with residential, commercial and leisure space including two hotels and international transport connectivity, Westfield Stratford transformed the east side of London. The centre is also one of the UK's most sustainable, generating 75% of its own energy requirements.

2011 **Westfield enters Europe**
In 2011 Westfield announced its first iconic project in Europe. A joint venture with Stilo Immobiliare Finanziaria, the 60 hectare site in Milan, one of the world's fashion capitals, is set to become Italy's largest retail and leisure destination, with the first Galeries Lafayette department store for Italy.

2012 **Technology and innovation**
Understanding and harnessing the potential of digital technology led to the creation of Westfield Labs in 2012 based in the global hub of innovation, San Francisco.

2014 **The split of the Westfield Group**
On June 30, 2014 Westfield Group split to create two companies – Scentre Group which continues to manage the Westfield portfolio of centres in Australia and New Zealand; and Westfield Corporation which owns and operates the US, UK and European portfolio.

2015 **Shift in focus**
Westfield divests centres across the United States and the United Kingdom to focus on owning and operating Flagship centres in the world's leading cities.

2016 **Digital evolution**
After being named one of the "Most Innovative Companies" by Fast Company Magazine in 2015, Westfield Labs evolved to become Westfield Retail Solutions (WRS, now OneMarket). OneMarket continues Westfield's focus to partner with the world's leading brands and retailers to give consumers innovative digital and physical commerce experiences.

2016 **Westfield World Trade Center**
Westfield's opened its US$1.5 billion World Trade Center development in August 2016. This new New York city experience brings together commerce, community and culture in the spectacular Santiago Calatrava designed Oculus.

2017 **A focus on development**

Westfield opens Flagship developments at Century City in Los Angeles and UTC in San Diego and prepares to complete Phase 2 in London in Q1 of 2018. Westfield also commences its first residential apartment development at UTC.

6.3. COMPETITIVE STRENGTHS

The New Group will be one of the world's premier[81] developers and operators of Flagship shopping destinations, a global property leader with the following competitive strengths:

– A strategic position in 27 of the world's most dynamic retail markets and cities.

– A portfolio of 102 assets attracting 1.2 billion visits annually in the largest retail markets in continental Europe, London and the wealthiest catchment areas in the United States, positioning the New Group to gather a unique understanding of customers' needs and address them.

– Out of the 102 assets, 56 will be Flagship shopping destinations, representing 85% of the combined proportionate retail GMV. Flagship assets are typically the most attractive to consumers in a given geography, and are therefore critical to retailers in their strategy to reach and influence customers and generate revenue. As such, Unibail-Rodamco believes Flagship shopping destinations have the highest resilience and strongest growth prospects among shopping centres, and provide the New Group with a competitive advantage. The table below illustrates the New Group's shopping destinations competitive positioning in their respective markets.

Shopping centres owned by Unibail-Rodamco and Westfield

City[82]	GDP/Capita as % of National Average	Top 3 Shopping Centres		
Warsaw	195%	Tarasy Złote	Arkadia	Galeria Mokotów
Paris	176%	4 Temps	Forum des Halles	Val d'Europe
San Jose	175%	Westfield Valley Fair	Westfield Oakridge	Stanford Shopping Center
San Francisco	154%	Westfield San Francisco Centre	The Village at Corte Madera	Stonestown Galleria
Prague	153%	Centrum Chodov	Centrum Černý Most	Nový Smíchov
Madrid	146%	Parquesur	La Vaguada	[illegible]

81 In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

82 City defined as MSA (i.e metropolitan statistical area): geographical region with a relatively high population density and close economic ties throughout the area.

City[82]	GDP/Capita as % of National Average	Top 3 Shopping Centres		
London	144%	Westfield Stratford City	Westfield London	Bluewater
Stockholm	142%	Mall of Scandinavia	Täby C	NK
New York	141%	Westfield World Trade Center	Queens Center	[illegible]
Los Angeles	133%	Westfield Century City	[illegible]	Americana at Brand
Barcelona	128%	La Maquinista	Glòries	Diagonal Mar Shopping
San Diego	126%	Westfield UTC	Fashion Valley	Otay Ranch Town Center
Vienna[83]	122%	SCS	Donau Zentrum	Wien Mitte
Lyon	120%	La Part Dieu	Confluence	Ecully Grand Ouest
Ruhr region[84,85]	111%	Centro	Ruhr Park	Forum

Source: Green Street Advisors, OECD, Brookings and JPMorgan Chase, World's Richest Countries
Note: Shopping centres ranking based on Green Street shopping centres grades (for shopping centres with similar grades, ranking based on footfall for European shopping centres and on sales/sqf for American shopping centres)

– A best-in-class management team[86], leveraging Unibail-Rodamco's and Westfield's track records and strengths, supported by approximately 3,700 employees[87], will implement the New Group's strategy.

– With a world famous brand, "Westfield", the New Group will showcase a collection of world class shopping destinations.

– The New Group will become a must-have partner for global retailers and brands across Europe, the United Kingdom and selected markets in the United States.

– The New Group will combine two flexible development pipelines for a total amount of €13.0 billion[88], creating one of the world's largest retail and office development

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83 GDP/Capita based on Vienna-Bratislava GDP/Capita on Brookings and JPMorgan Chase report.

84 GDP/Capita based on Köln-Düsseldorf GDP/Capita on Brookings and JPMorgan Chase report.

85 Top 3 shopping centres based on Düsseldorf Metropolitan Statistical Area as per Green Street Advisors database.

86 Member of the FTSE4Good and STOXX ESG Leaders Indices and awarded EPRA BPR Gold for financial reporting, EPRA SBPR Gold for sustainability reporting and CAC 40 Governance, among other international awards.

87 Excluding approximately 160 current Westfield employees that will move into OneMarket after implementation of the OneMarket demerger.

88 Please refer to section 17 of this Prospectus for the definition of development pipeline.

pipelines, with major Flagship developments in key markets including London, Milan, Hamburg, Brussels, Paris, Lyon, and the Silicon Valley.

- A robust financial profile: a €62.0 billion (US$74.4 billion) proportionate GMV, a strong balance sheet, an expected pro-forma LTV based on adjusted pro-forma accounts of 37%[89] as at December 31, 2017, consolidated interest coverage ratio (ICR)[90] higher than 5, resulting in "A","A2" and "A-" ratings from Standard & Poor's, Moody's and Fitch, respectively.
- A pro-forma market capitalization of €29.0 billion,[91] increased stock liquidity and expected inclusion in major equity indices in Europe and Australia.
- An efficient tax structure: New Group operating as a REIT (or equivalent status) in France, The Netherlands, the United Kingdom, Spain and the United States.

6.4. BUSINESS PRINCIPLES

As one of the world's premier[92] developers and operators of Flagship shopping centres, the New Group will be committed to playing a pioneering and trendsetting role in transforming its businesses and the shopping centre industry in the long run.

While driven by value creation for its shareholders and other stakeholders, the New Group will seek to have a positive impact where it operates. The New Group is expected to participate in shaping and improving the cities in which it is present and have a major influence on how people live, work, shop, connect and are entertained. Through decisions of its management, the New Group therefore intends to continue to make positive contributions to the social, environmental and economic well-being of its communities. The New Group is expected to deploy an ambitious Corporate and Social Responsibility ("**CSR**") strategy throughout its entire portfolio based on Unibail-Rodamco's Better Places 2030 strategy. For information about Unibail-Rodamco's Better Places 2030 strategy, refer to section 2.1 of the 2017 Registration Document.

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89 Consolidated pro-forma LTV including transfer taxes: net financial debt / total consolidated portfolio valuation including transfer taxes, taking into account pro forma adjustments. Financial liabilities include the Bridge Loan for an amount of €3 billion, after taking into account the impact of the Hybrid Securities of €2 billion. This pro-forma LTV calculation is made based on the current amount of goodwill of €3.6 billion. Should there ever have to be an impairment of goodwill, the LTV would be impacted. For example, a €1 billion impairment would increase the LTV by approximately 1%. Please refer to section 5.3.2 of this Prospectus for detailed calculation. Proportionate pro-forma LTV including transfer taxes: 39%.

90 Unibail-Rodamco methodology for Consolidated Interest Coverage Ratio (ICR) computation, applied to both Unibail-Rodamco and Westfield. Based on recurring EBITDA of €2,323 million and recurring net financial expenses (including capitalized interest) of €420 million. Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortization. Proportionate ICR > 4.5x based on proportionate recurring EBITDA of €2,392 million and proportionate recurring net financial expenses of €507 million. Please refer to section 4 note 4.5.4 "Financial Structure", and section 5 note 5.4.3 "Consolidated income statement by segment" of the 2017 Registration Document.

91 As of December 31, 2017.

92 In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

The New Group's employees are expected to be fundamental to the success of its strategy and mission. For this reason, it will be a key priority for the New Group's management to attract, retain, develop and engage highly talented employees and support their career development and well-being.

The essence of the New Group is expected to be demonstrated through core values including performance and excellence, ethics and inclusiveness, innovation and creativity, teamwork and collective power, trust and empowerment. These core values are expected to be supported by a set of ethical rules, applying to all of the New Group's employees and activities, in strict compliance with the law and with the greatest respect for each and every individual.

The New Group's recruitment and career development policies are expected to be designed to attract and retain top talent with long term incentives (LTI) to align interest and long term value creation.

Talent development is expected to be at the heart of the New Group's actions, with a specific focus on encouraging international and cross-functional mobility, innovation, entrepreneurship, cross-cultural management and gender-balanced leadership. The New Group will value authentic leadership and support future managers by developing training paths tailored to their environment and needs and by ensuring the best possible preparation for their future within the organization.

Diversity in the workplace, in all its forms, will be a crucial matter for the New Group. The New Group is expected to strongly advocate trust, professionalism, efficiency, integrity, transparency, team work and mutual respect, regardless of gender, age, disability, sexual orientation or religion. The New Group intends to maintain its positive track record of gender and age diversity.

6.5. STRATEGY

Bringing together two industry leaders in their respective regions, the combination of Unibail-Rodamco and Westfield is a natural extension of Unibail-Rodamco's strategy of concentration, differentiation and innovation.

The New Group will focus on large shopping destinations and office buildings as well as major convention and exhibition venues in the wealthiest cities, vertically integrating the entire real estate value creation chain. Shareholders of the New Group will benefit from the increase in the net rental income generated by the deliveries of the development projects delivered in 2017 and those which are scheduled for delivery in 2018 and 2019.

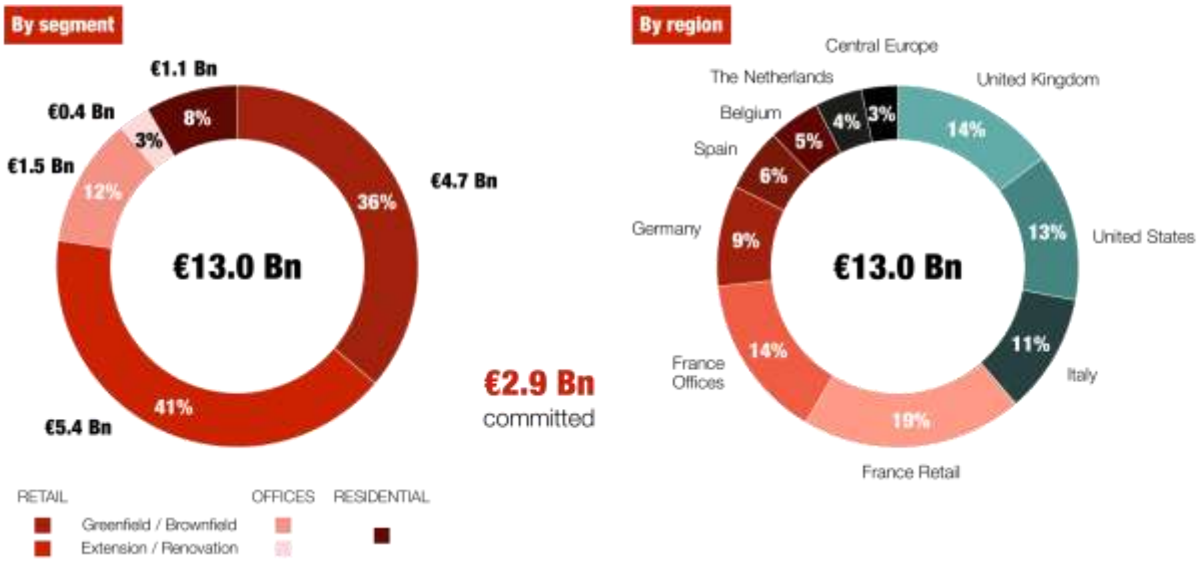
A threefold differentiation strategy based on redesigning, retenanting and remarketing is expected to improve assets and services in the entire portfolio. The New Group's management will aim to deliver industry leading retail development projects through the careful selection of locations, architects and designers. It intends to attract new and differentiating retailers through active tenant rotation and drive footfall thanks to new brands, a dynamic events strategy and high quality services. The New Group also intends to develop a strong dining offer to improve its customers' experience.

The New Group intends to accelerate its digital innovation strategy and incorporate the internet as a tool to strengthen connections with visitors and retailers. The use of apps, digital services and social media will enhance visitor experience and foster communities, with whom the New Group and its centres will engage.

The Westfield brand, considered as one of the strongest in the industry, will gradually be deployed across Unibail-Rodamco's Flagship assets offering a trans-continental platform for retailers looking for global reach.

In addition to benefiting from the expected embedded organic growth potential, the New Group will capitalise on Westfield's track record and know-how in development, investment and marketing. The New Group is expected to have strong organic long term growth prospects through its €13.0 billion[93] combined proportionate pipeline focused on Flagship assets.

The charts below show the split of the combined proportionate pipeline by segment and by region.



The objective of this strategy is to enable the New Group to generate superior growth and returns.

The New Group will implement an ambitious CSR strategy aiming to decrease its carbon footprint and better integrate its activities within the regions and the communities in which it operates. See section 6.4 "— Business Principles" of this Prospectus.

93 Please refer to section 17 of this Prospectus for the definition of development pipeline.

6.6. RECENT DEVELOPMENTS

6.6.1 The Transaction

On December 12, 2017, Unibail-Rodamco and Westfield entered into an Implementation Agreement for the acquisition by Unibail-Rodamco of Westfield to create one of the world's premier[94] developers and operators of Flagship shopping destinations.

See section 3 "Information on the Transaction" of this Prospectus for more details.

6.6.2 Unibail-Rodamco

For information about Unibail-Rodamco's recent developments, refer to section 4.1 of the 2017 Registration Document.

6.6.3 Westfield

See section 6.16.2 "— Investments and Development — Westfield" of this Prospectus for further information on Westfield's development projects.

6.7. TRENDS

6.7.1 Unibail-Rodamco

For information about Unibail-Rodamco's trends affecting Unibail-Rodamco's business, refer to sections 4.1 and 4.2.1 of the 2017 Registration Document.

6.7.2 Westfield

Westfield's strategic focus on creating and operating Flagship assets in some of the world's top markets has been driven by a number of significant recent trends:

Rapidly changing retail landscape and emergence and growth of new retailers

As have been widely reported, the retail industry is changing rapidly, due to technological and social changes, with an elevated level of store closures, largely amongst underperforming brands including department stores that have lost relevance with the consumer.

The emergence and growth of a deep assortment of fast fashion, influencer and athleisure brands as well as online retailers establishing and growing their physical presence, is offsetting this trend across both Westfield's development projects and operating portfolio.

As a result, the mix of retailers and sales within Westfield's portfolio has undergone a significant transformation over the past decade.

Department stores now represent 28% of sales in Westfield's portfolio, down from 42% ten years ago, whilst specialty sales have grown to approximately 70% of sales, up from 58% ten years ago.

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[94] In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

Over this ten-year period, aggregate specialty sales have grown by US$4.6 billion to US$10.8 billion with food and dining more than doubling and now representing 18% of total specialty sales and technology and auto almost tripling and now representing 16% of total specialty sales.

In the United States, Westfield has introduced over 130 retailers and brands that are new to Westfield through its latest projects at World Trade Center, Century City and UTC completed in the last two years.

These retailers and brands are embracing Westfield's proposition which includes great design and architecture, a vibrant curated retail mix, a leading digital platform, world class events and entertainment and sophisticated media and marketing.

Rationalisation of underperforming department stores

The recent announcements of department store closures by major department store operators in the United States is a continuation of the multi-year trend of department store rationalisation.

Westfield continues to actively pursue the strategic acquisition of underperforming department stores in order to redevelop and repurpose these locations into higher performing usages such as grocers, Costco, home furnishings, theatres and assorted entertainment / leisure options, off price, discount retailers and gymnasiums.

Over the past decade in the United States, Westfield has successfully acquired 30 former department store locations for redevelopment across its portfolio. Westfield has recently purchased several department stores, including JC Penney at Garden State Plaza, Sears at Westfield Montgomery, Valencia and Oakridge, and Lord & Taylor at Annapolis and Old Orchard in anticipation of future redevelopment projects, and is pursuing additional opportunities.

These department store acquisitions are expected to facilitate future development opportunities, greatly enhance the customer offering and experience within Westfield's Flagship centres and create value.

Impact of digital and e-commerce

A major shift is occurring in the retail industry as access to digital and mobile technology coupled with ubiquitous connectivity has empowered consumers with unsurpassed access and information. Today's consumer can instantly compare prices and offerings, and can easily switch between brands and products.

E-commerce market share continues to grow and increasingly consumers, and especially younger demographics, are choosing experiences over tangible goods, and shifting spend away from the traditional retail categories to experiential categories including eating out and leisure activities.

Furthermore, the role of the physical store is evolving in response with progressive retailers transforming stores in various ways, including positioning the store as a destination offering great experiences, a showroom providing expert advice, or a fulfilment hub.

The impact of these changes on physical retail includes the rationalisation of store footprints, increasing importance of Flagship stores, the transformation of categories and merchandising within shopping centres, an expanded focus on dining, entertainment and leisure and integration of digital technology.

6.8. PORTFOLIO PER COUNTRY/REGION

6.8.1 Unibail-Rodamco

For information about Unibail-Rodamco's portfolio, refer to section 1.3 of the 2017 Registration Document.

6.8.2 Westfield

As of December 31, 2017, Westfield's portfolio comprised 35 shopping centres with more than 400 million customer visits annually and US$16 billion in annual retail sales. Westfield had total assets of US$23.6 billion, assets under management of US$34.5 billion and annual specialty sales of US$733 per square foot (approximately US$7,890 per square meter).

Westfield's portfolio is located in the United States and in the United Kingdom (as of December 31, 2017, the United States represented 72% of assets under management and UK represented 28% of assets under management). It includes world class retail destinations such as Westfield London and Stratford City, considered by Westfield as two of the premium shopping centres in United Kingdom and Europe, and Century City, Garden State Plaza, San Francisco, Topanga, UTC, Valley Fair and Westfield World Trade Center in the United States.

Following completion of US$2.8 billion of major projects in 2016 and 2017 (see section 6.16.2 "— Investments and Development" below), Westfield has a US$8.5 billion development program[95], divided between US$2.4 billion projects in progress and US$6.1 billion of future developments including Milan and Croydon in South London.

In addition, Westfield has future residential rental opportunities on land currently owned, adjacent to Westfield centres for 3,000 apartments in the United Kingdom and several thousand apartments in the United States. Westfield has commenced a 300 apartment project at Westfield UTC, expected to be followed by the commencement of the 1,200 apartment project at Stratford City.

As of December 31, 2017, Westfield Flagship portfolio comprised 17 centres, valued at US$29.1 billion for 100%. This represented 84% of assets under management, with annual specialty retail sales of US$908 per square foot. The 18 centres in the regional portfolio were valued at US$5.4 billion for 100% with annual specialty retail sales of US$455 per square foot.

The total portfolio was 93.2% leased as of December 31, 2017 (94.9% for the Flagship portfolio and 90.4% for the regional portfolio).

[95] Pipeline at 100%. Pipeline figures for Westfield standalone correspond to reported figures and are not in line with Unibail-Rodamco methodology.

Portfolio Summary (as of December 31, 2017)

	Flagship	Regional	Total
Centres	17	18	35
Retail Units	3,874	2,691	6,565
GLA (million square feet)	24.5	19.7	44.2
Assets Under Management (US$ billion)	$29.1	$5.4	$34.5
Westfield Corporation Interests (US$ billion)	$18.4	$3.0	$21.4
Joint Venture Interests (US$ billion)	$10.7	$2.4	$13.1
Westfield Corporation Interests (%)	63%	56%	62%

Portfolio Details (as of December 31, 2017)

	% of Westfield's share (%)	Catchment Area (in million of people)[3]	Number of visits (in millions)	Total Lettable Area (SQF)[5]	Specialty Lettable Area (SQF)[6]	Number of retail units	Parking Spaces (number)	Year of acquisition	Year of construction (C) or refurbishment (R)
UK FLAGSHIP (£m)									
Westfield London	50	3.6	27.5	1,842,840	1,257,238	359	4,500	2008	2008 (R) 2018
Stratford	50	4.1	49.5	1,882,402	1,272,456	343	4,667	2011	2011
U.S. FLAGSHIP (US$m)									
Annapolis	55	0.9	12.1	1,492,031	758,225	251	6,540	1994/1997	1980 (R) 1983 / 1994 / 2000 / 2007
Century City	100	1.9	n/a [4]	1,110,333	605,335	169	4,950	2002	1964 (R) 1980 / 1991 / 2006 / 2017
Culver City	55	2.7	12.1	1,061,332	521,793	179	4,285	1998	1975 (R) 1988 / 2009
Fashion Square	50	2.8	6.4	863,603	361,068	146	3,856	2002	1961 (R) 1977 / 1990 / 1996
Galleria at Roseville	100	1.2	12.9	1,328,640	676,216	235	6,312	2002	2000 (R) 2009
Garden State Plaza	50	3.4	18.9	2,182,901	1,050,069	314	10,831	1986/2000/2002	1957 (R) 1985 / 1989 / 1997/ 2007 / 2014
Montgomery	50	1.8	10.1	1,328,278	616,177	223	5,831	1994	1968 (R) 1976 / 1982 / 1984 / 1991 / 2001 / 2014
Old Orchard	100	1.5	12.4	1,802,969	761,729	141	7,662	2002	1956 (R) 1995 / 2007
San Francisco Centre	(1)	1.8	14.3	1,417,237	525,154	177	n/a	2002 / 2006	1988 (R) 2006
Santa Anita	49	2.1	17.0	1,476,319	960,495	236	6,199	1998	1974 (R) 1994 / 2004 / 2009
Southcenter	55	1.4	14.2	1,682,961	811,220	248	6,701	2002	1968 (R) 1992 / 2000 / 2008
Topanga [2]	55	1.5	20.5	2,109,018	1,077,240	346	10,015	1994/1998	1964 (R) 1984 / 1992 / 1994 /

	% of Westfield's share (%)	Catchment Area (in million of people)[3]	Number of visits (in millions)	Total Lettable Area (SQF)[5]	Specialty Lettable Area (SQF)[6]	Number of retail units	Parking Spaces (number)	Year of acquisition	Year of construction (C) or refurbishment (R)
									2008 / 2015
UTC	50	2.0	n/a [4]	1,166,322	682,322	166	5,500	1998	1977 (R) 1984 / 1998 / 2012 / 2017
Valley Fair	50	2.0	n/a [4]	1,377,645	642,917	240	7,392	1998	1986 (R) 1997 / 2002 / Current
World Trade Center	100	4.9	n/a [4]	288,555	288,555	101	n/a	2016	2016 / Current
Total Flagship portfolio				**24,413,386**	**12,868,209**	**3,874**	**95,241**		
U.S. REGIONAL (US$m)									
Brandon	50	1.1	9.6	1,149,413	534,357	198	5,128	2002	1995 (R) 2007
Broward	50	2.1	5.0	1,048,331	336,304	124	4,775	2007	1978 (R) 2014
Citrus Park	50	1.0	5.9	1,139,044	502,096	146	5,610	2002	1999
Countryside	50	1.1	8.0	1,256,805	461,654	174	9,696	2002	1975 (R) 1988
Horton Plaza	55	2.2	7.3	732,315	451,829	126	2,189	1998	1985 (R) 1995
Meriden	100	1.0	3.8	903,427	440,960	115	4,065	1994/1997	1971 (R) 1988 / 1993 / 1999
Mission Valley	42	2.3	15.2	1,588,789	809,861	122	6,112	1994	1961 (R) 1975 / 1983 / 1997 / 1998 / 2004
North County	55	1.4	10.6	1,248,461	510,753	180	5,752	1994/1998	1986
Oakridge	55	1.8	13.0	1,141,711	614,967	193	4,399	1998	1973 (R) 1995 / 2003
Palm Desert	53	0.4	8.0	984,240	499,737	143	4,326	1999	1983 (R) 2001 / 2004 / 2014
Plaza Bonita	55	2.0	11.4	1,032,588	596,194	185	4,586	1994	1981 (R) 2001 / 2008
Sarasota	50	0.4	4.1	1,019,643	383,119	104	4,500	2003	1977 (R) 2007
Siesta Key	50	0.4	1.3	435,809	189,935	50	1,846	2003	1956 (R) 1988 / 1997
South Shore	100	1.5	5.5	999,249	476,530	128	4,922	1986	1963 (R) 1998 / 2014
Sunrise	100	1.4	4.7	1,138,705	536,925	149	5,755	2005	1973 (R) 1993 / 2015 / 2017
Trumbull	53	0.7	7.9	1,130,696	454,746	169	4,436	1977	1962 (R) 1982 / 1987 / 1990 / 1992
Valencia	50	1.1	8.6	1,099,032	650,724	204	4,312	2002/2005	1992 (R) 2002 / 2010

	% of Westfield's share (%)	Catchment Area (in million of people)[3]	Number of visits (in millions)	Total Lettable Area (SQF)[5]	Specialty Lettable Area (SQF)[6]	Number of retail units	Parking Spaces (number)	Year of acquisition	Year of construction (C) or refurbishment (R)
Wheaton	53	1.4	12.0	1,696,122	728,133	181	6,053	1997/1999	1960 (R) 1987 / 2005
Total Regional portfolio				**19,744,380**	**9,178,824**	**2,691**	**88,462**		

1 Includes San Francisco Centre at 100% and San Francisco Emporium at 50%.

2 Topanga includes The Village at Topanga.

3 Catchment area: less than 30 minutes from the shopping centre.

4 Number of visits not available due to centre under development during period. In addition, the areas for these centres do not reflect the fully completed centre areas.

5 Total Lettable Area is a measurement of the amount of space in the centres that can generally be leased to tenants, expressed in square feet. It is comprised of anchors that either own or lease their space (principally department stores generally occupying more than 80,000 square feet of leasable area) and Specialty Lettable Area. In the United States, anchor retailers typically own their retail space.

6 Specialty Lettable Area consists of mini majors (retail stores generally occupying between 20,000 and 80,000 square feet of leasable area including freestanding buildings), specialty shops (retail stores occupying less than 20,000 square feet of leasable area) and theaters.

Key Performance Indicators

	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
FLAGSHIP			
Total annual retail sales (in US$ million)	11,399	10,909	11,429
Leased (%) (U.S. Industry methodology)	94.9%	96.0%	96.6%
REGIONAL			
Total annual retail sales (in US$ million)	4,709	4,831	4,836
Leased (%) (U.S. Industry methodology)	90.4%	93.0%	94.8%

Competition

Westfield faces competition from other United States and United Kingdom / European property groups and other commercial organizations active in the United States and United Kingdom / European property markets, as well as new competitors emerging both generally and in particular trade areas.

In addition, Westfield's shopping centres are generally located in developed retail and commercial areas, many of which compete with other shopping centres or neighborhood shopping centres within their primary trade area. Retailers at Westfield's shopping centres face increasing competition from other forms of retailing, such as discount "big box" shopping centres, discount shopping centres and clubs, outlet shopping centres, catalogues, video and home shopping networks, direct mail order, telemarketing, e-commerce websites and mobile applications. In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "bricks and mortar" retailing in recent years. With consumers increasingly using online shopping, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels. Many retailers are as advanced as the consumers in adopting digital and mobile technology.

6.8.3 Combined Portfolio

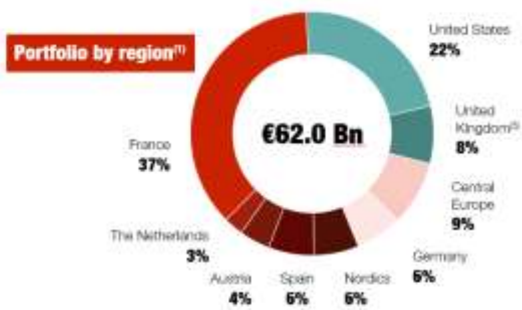
The New Group will have a combined portfolio with a total proportionate GMV of over €62.0 billion (US$74.4 billion) and a pro forma proportionate net rental income of €2.3 billion (US$2.8billion) for the 12 months to December 31, 2017.

As of December 31, 2017	Unibail-Rodamco	Westfield	Pro forma
GMV[1]	€43.6 Bn	€18.4 Bn	€62.0 Bn
Pipeline[2]	€8.1 Bn	€4.9 Bn	€13.0 Bn
# of countries[3]	11	2	13
# of shopping centres[4]	67	35	102
Average footfall per flagship asset (Mn)[5]	15.1	16.6	15.2

(1) Proportionate GMV. Includes investments in shopping centres, assets under construction, assets held for redevelopment and inventories
(2) Proportionate total investment costs (Unibail-Rodamco's definition) as of December 31, 2017 adjusted for deliveries. Westfield: Unibail-Rodamco's view of Westfield's pipeline.
(3) Standing assets only, excluding assets under development as of December 31, 2017
(4) Numbers at December 31, 2017
(5) Excluding Wroclavia and Westfield World Trade Center

The New Group will be predominantly retail focused with retail assets accounting for 88% of its total portfolio proportionate GMV, 7% of its proportionate portfolio GMV in office assets and 6% of its proportionate GMV in Convention & Exhibition activities[96].

The portfolio will be located across 13 countries, with France being the largest market at 37% of GMV.



(1) Proportionate GMV. Includes investments in shopping centres, assets under construction, assets held for redevelopment and inventories
(2) Including services
(3) Includes Milan project at cost

The combined portfolio will include 56 high quality Flagship shopping destinations, representing 85% of the proportionate retail GMV, with an average footfall of 15.2 million per annum.

The average GMV at 100% per shopping centre of €647 million (€1,003 million for the Flagship portfolio)[97], significantly ahead of other large shopping centre REITs.

The New Group will have a €13.0bn development pipeline[98], the largest of any global retail property company, with iconic developments[99] in London, Milan, Hamburg, Brussels, Paris, San Jose, Lyon and other major cities.

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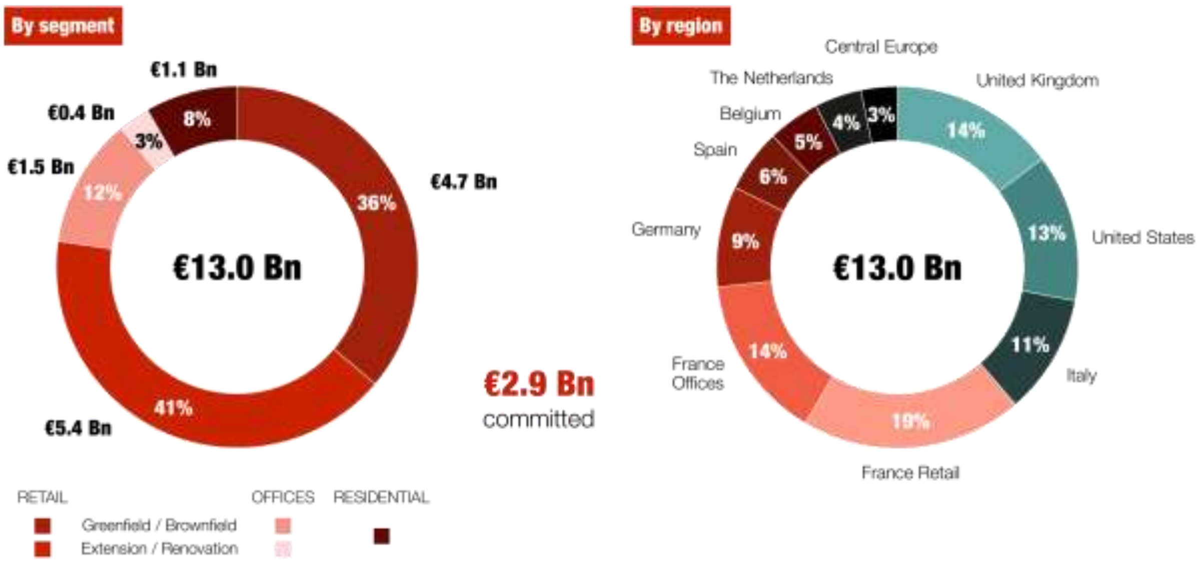
96 Including services.

97 Based on 100% GMV for each shopping centre among US and EU listed commercial REITs with market capitalization above €10 billion as at 31 December 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.



6.9. TAX STATUS

6.9.1 Unibail-Rodamco Tax Status

Unibail-Rodamco has elected for the application of the French SIIC Regime with effect as from January 1, 2003.

Conditions in order to benefit from the SIIC regime

The French SIIC regime, governed by Articles 208 C et seq. of the FTC, allows certain eligible companies, upon election and subject to specific distribution requirements, to be exempt from French corporate income tax on a portion of their profits derived from rental real estate activities and from certain gains on sales of real estate to third-parties.

Companies are eligible to the SIIC regime if they meet the following requirements:

- being listed on a regulated market complying with or operated pursuant to rules similar to those provided for by EU Directive 2004/39;
- having a minimum share capital of €15 million;
- having as main corporate purpose:
  - the acquisition or construction of buildings with a view to renting them out; or
  - the direct or indirect shareholding in partnerships subject to the tax regime provided under Article 8 of the FTC (“**FTC Partnerships”**) or in companies liable to corporate income tax and, having an identical purpose;

[98] For Unibail-Rodamco pipeline projects, total investment cost as per Unibail-Rodamco’s scope and definition as at 31 December 2017. For Westfield pipeline projects, proportionate total investment cost based on Unibail-Rodamco’s estimation of Westfield pipeline per Unibail-Rodamco methodology, as at 31 December 2017.

[99] Designed by Pritzker award-winning architects; such as Tour Triangle located in Paris and designed by architects Herzog & de Meuron, Sisters Towers, located in the Paris region and designed by Christian de Portzamparc and Überseequartier, located in Hamburg and notably designed by Christian de Portzamparc and UN Studio. Other projects include Westfield World Trade Centre, located in New York and designed by Spanish architect Santiago Calatrava and Majunga located in the Paris region and designed by Jean-Paul Viguier.

– their share capital and voting rights (a) must not be held directly or indirectly at 60% or more by one or more shareholders acting in concert (other than one or more SIIC(s)) and (b) must, on the first day of the financial year during which the election takes effect, be held at no less than 15% by persons who individually own less than 2% of their share capital or voting rights.

Companies held directly or indirectly at 95% or more by a SIIC, subject to French corporate income tax, and having an identical corporate purpose may also elect for application of the SIIC regime (“**SIIC Subsidiaries”**).

Distribution requirements

SIIC and SIIC Subsidiaries are exempt from corporate income tax in respect of the following categories of profit:

– profits from the renting out of real properties, provided that 95% of such profits are distributed by the end of the fiscal year following the year during which such profits are realized;

– capital gains on the transfer of real property or shareholdings in FTC Partnerships or SIIC Subsidiaries to third-parties, provided that 60% of such capital gains are distributed by the end of the second fiscal year following that during which such gains are realized; and

– income distributed out of the exempt income of SIIC Subsidiaries, provided that such income is entirely redistributed during the fiscal year following that during which the distribution by the SIIC Subsidiary is made.

Cancellation of the SIIC regime

If at any point in time a SIIC Subsidiary fails to meet any of the requirements to qualify for the SIIC regime, the SIIC regime will be cancelled as from the opening date of the fiscal year during which such failure occurred (the “**Cancellation Fiscal Year**”).

In case of a cancellation of the SIIC regime, the SIIC Subsidiary will be liable to French corporate income tax under the ordinary regime, which will notably result in the taxation of its income derived from its rental activity and/or its capital gains at the standard rate (currently being $33^{1/3}$%, plus surtaxes as the case maybe, notably for companies with a taxable income exceeding €763,000).

The corporate income tax rate of $33^{1/3}$% (to which potential additional taxes are to be added) will be gradually reduced to 31% as from 2019, 28% as from 2020, 26.5% as from 2021 and 25% as from 2022.

If the SIIC itself does not satisfy the SIIC regime requirements, the SIIC regime will be cancelled (in respect of the SIIC as well as its SIIC Subsidiaries) from the opening date of the Cancellation Fiscal Year. The cancellation of the SIIC Regime triggers, in respect of the SIIC and its SIIC Subsidiaries, as a matter of principle, the abovementioned consequences but also:

– any distributable income (a) that was tax-exempted under the SIIC regime and (b) existing at the end of the Cancellation Fiscal Year will be subject to French corporate income tax at the standard rate (currently being $33^{1/3}$%, excluding additional taxes);

- the sum of the unrealized capital gains accrued since the first fiscal year of application of the SIIC regime, after deduction of a 10% allowance for each year spent under the SIIC regime, will be subject to French corporate income tax at a rate of 25%;

- capital gains recognized by the SIIC and its SIIC Subsidiaries upon their election to the SIIC regime (such option triggering the consequences of a cessation of activity) which were subject to French corporate income tax at a reduced rate of 16.5% or 19% (depending on the year of election) will be subject to French corporate income tax at the standard rate (currently being $33^{1/3}$%, excluding additional taxes). The amount of such French corporate income tax is reduced by the amount of French corporate income tax paid upon the election to the SIIC regime.

Since Unibail-Rodamco elected for the SIIC regime more than ten years ago, these consequences would not be applicable if it were to exit the SIIC regime.

Profits realized by a SIIC or a SIIC Subsidiary during the Cancellation Fiscal Year cannot benefit from the SIIC regime and are subject to French corporate income tax. However, the exemption applied to the profits realized during the fiscal years preceding the Cancellation Fiscal Year will not be cancelled even where distribution requirements have yet to be met, subject to these distribution requirements being satisfied afterwards.

Tax consequences of the stapling on the SIIC regime

As mentioned above, companies which are eligible for the SIIC regime must be listed on a French regulated market complying with or operated pursuant to rules similar to EU Directive 2004/39, Unibail-Rodamco applied for a tax ruling in order to confirm that the Transaction and the stapling would not jeopardize the benefit of the SIIC regime for Unibail-Rodamco.

On December 6, 2017, the French tax policy department ("*Direction de la Législation Fiscale*") confirmed this point.

6.9.2 Newco Tax Status

Newco applies the FII regime as laid down in Article 28 of the CITA, Newco has obtained confirmation from the Dutch tax authorities regarding the fulfilment of certain conditions to apply the FII regime, including the granting of a grace period with regard to the applicable shareholder requirements as further described hereinafter.

The Netherlands FII regime

Taxation

Pursuant to the FII regime, an FII is subject to Dutch corporate income tax at a rate of 0%. An FII must annually distribute 100% of its "distributable" profits to its shareholders within eight months after the end of the relevant tax book year (*doorstootverplichting*). An FII's 'distributable' profits are generally determined on the basis of the tax accounting principles applicable to taxpayers regularly subject to Dutch corporate income tax, subject to certain exceptions including:

- the non-availability of the participation exemption in respect of income and capital gains from shareholdings of, generally speaking, 5% or more in other companies;

- subject to certain conditions and limitations, unrealized gains on securities and realized gains on all other investments may be added to a reinvestment reserve (*herbeleggingsreserve*). If and to the extent (un)realized gains are added to the reinvestment reserve, this is treated as an allowable charge against the taxable profits; and
- an FII may further elect to form a rounding off reserve (*afrondingsreserve*) to round off its profits for purposes of the annual distribution obligation.

As such, the amount of "distributable profits" that should annually be distributed in order to qualify for FII status may deviate from any amount of profits calculated on the basis of commercial accounting principles.

Distributions of profits by an FII are generally subject to Dutch dividend withholding tax at a rate of 15%, subject to possible relief depending on a particular shareholder's individual circumstances. From a Dutch tax perspective, considering that an FII is subject to Dutch corporate income tax, it is generally regarded as a 'resident' for purposes of the Dutch double tax treaty network.

An FII acts as the withholding agent for purposes of the Dutch dividend withholding tax due on distributions of profits to its shareholders. An FII must withhold and remit to the Dutch tax authorities the amount of Dutch dividend withholding tax due by the shareholders. An FII may apply a remittance reduction (*afdrachtvermindering*) to the amount of Dutch dividend withholding tax withheld on its own distributions of profits. Subject to certain conditions and limitations, an FII can as such recover Dutch and foreign withholding tax incurred by it through a rebate against the amount of Dutch dividend withholding tax withheld on its distributions of profits.

Conditions to apply the FII regime

In order for an entity to be eligible for the FII regime, next to the annual distribution obligation, it must uninterruptedly meet the following conditions, failure of which will cancel the application of the FII regime as from the beginning of the financial year during which the conditions were failed to be met:

- The statutory objects (as laid down in the entity's articles of association) and the actual activities must be that of making portfolio investments, which is defined as investments aimed at a yield and appreciation in value which may reasonably be expected from regular investment management. This is an all facts and circumstances test. Subject to certain conditions and limitations, the CITA provides for a number of activities which are deemed to be portfolio investment activities for purposes of the FII regime, including (i) owning shares and managing another company whose objects and activities are to develop real estate for its own benefit and that of certain related entities, (ii) making improvements to and developing real estate within the limitations of the FII regime, (iii) providing financing to and furnishing guarantees for the benefit of related entities whose assets, on a consolidated basis, generally at least nearly exclusively consist of real estate and/or associated rights and (iv) owning shares in and managing entities whose objects and actual activities consist of rendering ancillary services that directly relate to the FII's or certain related entities' portfolio.
- The FII may at maximum finance its investments with debt up to (i) 60% of the tax book value of direct and qualifying indirect investments in real estate and (ii) 20% of

the tax book value of all other investments. For purposes of these maximum leverage ratios, third party debt that has been on lent to a related entity whose assets, on a consolidated basis, generally at least nearly exclusively consist of real estate and/or associated rights is disregarded.

- Certain conditions apply to the composition of an FII's shareholders. For 'widely-owned' FIIs (which includes an FII whose shares are traded on a recognised stock exchange), these shareholder requirements are the following:
  - No individual holds an equity interest of 25% or more in the FII;
  - No entity which is subject to tax on profits or of which the profits are taxed at the level of its participants, either alone or with related entities, holds an interest of 45% or more in the FII; and
  - No Dutch resident entities hold an interest of 25% or more in the FII through the interposition of non-Dutch entities with a capital divided into shares or non-Dutch mutual funds.
- With the aim to ascertain a level of independence of an FII from its shareholders, no member of the management board of an FII, and less than half of the members of the supervisory board of the FII are allowed to be a managing director, supervisory director or employee of another entity (not being a 'widely owned' FII itself) which alone or together with certain affiliates holds an interest of 25% or more in the FII.

Failure to meet the annual obligation to distribute the taxable profits from the prior financial year will cancel the application of the FII regime with retroactive effect as per the beginning of such prior financial year.

6.9.3 U.S. Newco and WEA Tax Status

Subject to ongoing analysis, U.S. Newco intends to elect to be taxed as a REIT under sections 856 through 860 of the Internal Revenue Code. Furthermore, WEA has elected to be taxed as a REIT under sections 856 through 860 of the Internal Revenue Code, commencing with its taxable year ended December 31, 1994. The following paragraphs provide a general description of the main aspects of the REIT regime.

General

Under the REIT regime, a REIT that satisfies certain requirements set forth in the Internal Revenue Code and elects to be taxed as a REIT for U.S. federal income tax purposes will generally not be liable for U.S. federal corporate income taxes on the net taxable income that it distributes to its shareholders, except as described below.

The Internal Revenue Code defines a REIT as a corporation, trust or association:

1) that is managed by one or more trustees or directors;

2) that issues transferable shares or transferable certificates of beneficial interest to evidence its beneficial ownership;

3) that would otherwise be taxable as a domestic corporation, but for sections 856 through 860 of the Internal Revenue Code;

4) that is not a financial institution or an insurance company, as such terms are defined in the Internal Revenue Code;

5) the beneficial ownership of which is held by 100 or more persons;

6) not more than 50% in value of the outstanding capital stock of which is owned, directly or indirectly, by five (5) or fewer individuals (as defined in the Internal Revenue Code to include certain entities);

7) that makes an election to be treated as a REIT for the current taxable year or has made an election for a previous taxable year which has not been terminated or revoked;

8) that distributes dividends (other than capital gains dividends) to its shareholders in an amount equal to the excess, if any, of (i) the sum of (A) 90% of its REIT taxable income (computed without regard to the dividends paid deduction and net capital gain) and (B) 90% of its net after-tax income from foreclosure property over (ii) the sum of certain specified items of non-cash income;

9) that, in each taxable year, derives (directly or indirectly) (i) at least 75% of its gross income, excluding gross income from prohibited transactions, from certain investments in real property or mortgages on real property, including rents from real property and dividends from other REITs, and (ii) at least 95% of its gross income, excluding gross income from prohibited transactions, from real property investments and dividends (including dividends from taxable REIT subsidiaries, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing); and

10) which, at the close of each quarter of its taxable year, (i) owns real estate assets (including stock of other REITs), cash, cash items and government securities representing at least 75% of the fair market value of its total assets, and (ii) does not own (A) securities (other than those securities described in (i)) representing more than 25% the total fair market value of its assets, (B) nonqualified publicly offered REIT debt instruments representing more than 25% of its total assets, (C) securities of one or more taxable REIT subsidiaries representing more than 20% of the total fair market value of its assets, or (D) except with respect to taxable REIT subsidiaries, qualified REIT subsidiaries and securities described in (i), (I) securities of any one issuer representing more than 5% of the total fair market value of the REIT's assets or (II) securities of any one issuer representing more than 10% of such issuer's outstanding securities (by either vote or value).

The Internal Revenue Code provides that conditions (1) through (4) and (7) must be met during the entire taxable year, that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year, and condition (6) must be met during the last half of each taxable year of the REIT.

Furthermore, even if a REIT satisfies the requirement to be treated as a REIT under the Internal Revenue Code for a particular year, a REIT may be subject to U.S. federal income tax in the following circumstances:

– A REIT will be taxed on any undistributed REIT taxable income, including undistributed net capital gains, at regular corporate income tax rates;

- If a REIT has (1) net income from the sale or other disposition of "foreclosure property" which is held primarily for sale to customers in the ordinary course of business; or (2) other specified nonqualifying income from foreclosure property, such REIT will generally be subject to tax at the highest corporate income tax rate on any net income from such foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test (as described below);
- A REIT will be subject to a 100% tax on any net income from prohibited transactions, which include certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business;
- If a REIT fails to satisfy condition (9), above, but maintains qualification as a REIT because it satisfied certain other requirements, such REIT will be subject to a 100% tax on an amount equal to the gross income attributable to the greater of (i) the amount by which such REIT fails part (i) of condition (9) and (ii) the amount by which such REIT fails part (ii) of condition (9), multiplied by a fraction intended to reflect the REIT's profitability for the applicable taxable year;
- If the REIT fails to satisfy any of the REIT asset tests (described in condition (10) above) by more than a *de minimis* amount, due to reasonable cause and not due to willful neglect, and the REIT nonetheless maintains REIT qualification because of specified cure provisions, the REIT will be required to pay a tax equal to the greater of US$50,000 or the highest corporate income tax rate multiplied by the net income generated by the non-qualifying assets during the period in which the REIT failed to satisfy the asset tests;
- The REIT may be required to pay monetary penalties in certain circumstances, including if the REIT fails to meet record-keeping requirements intended to monitor its compliance with rules relating to the composition of the REIT's beneficial ownership as described in condition (5) above;
- The REIT will be subject to a 4% excise tax on the excess of the required distribution (as described in condition (8) above) over the amounts actually distributed, or deemed distributed, during each calendar year;
- The REIT could be subject to a 100% tax attributable to certain non-arm's length transactions with any of the REIT's taxable REIT subsidiaries or with tenants that receive services from such taxable REIT subsidiaries; and
- If a REIT acquires appreciated assets from a corporation that is not a REIT (*i.e.*, a subchapter C corporation) in a transaction in which the adjusted basis of the assets in the hands of the REIT is determined by reference to the adjusted basis of the assets in the hands of the C corporation (including in a transaction in which a C corporation converts to a REIT), the REIT may be subject to tax on such appreciation at the highest U.S. federal corporate income tax rate then applicable if the REIT subsequently recognizes gain on the disposition of any such assets during the five-year period following the acquisition of such assets from the subchapter C corporation.

Taxes Imposed on REIT Distributions

A distribution by a REIT that is not attributable to gain from the REIT's sale or exchange of a U.S. real property interest (a "**USRPI**") will be treated as an ordinary income dividend to the extent it is paid out of the REIT's current or accumulated earnings and profits. In the case of a

Dutch FII that qualifies for the benefits of the U.S.-Netherlands income tax treaty, any such ordinary income dividend paid to such Dutch FII by a REIT will be subject to U.S. withholding tax at the rate of 15% of the gross amount of the dividend.

Further, distributions paid by a REIT that are attributable to the REIT's recognized gain from its sale or exchange of a USRPI will be generally taxed to a non-U.S. corporate shareholder at the normal U.S. federal income tax rates applicable to a U.S. corporation on such amount (currently 21%) and a 30% branch profits tax (subject to reduction or elimination under an applicable income tax treaty). However, in the case of a Dutch FII that continues to satisfy certain requirements for a "qualified shareholder" set forth in the Internal Revenue Code, any distributions received by the Dutch FII that are attributable to a REIT's recognized gain from its sale or exchange of a USRPI will generally not be subject to U.S. federal income tax in the hands of the Dutch FII, except to the extent that the distribution is attributable to shares of the Dutch FII owned by a non-U.S. person that owns more than 10% of the outstanding shares of the REIT (whether or not by reason of such non-U.S. persons' ownership interest in the Dutch FII) (in which case, the portion of such distribution would be subject to U.S. federal income tax in the manner described in the immediately preceding sentence).

Failure to Qualify

In the event that a REIT violates a provision of the Internal Revenue Code such that it would fail to qualify as a REIT (other than certain violations of the REIT gross income or asset tests, for which other specified cure provisions may be available), the REIT is generally entitled to retain its status as a REIT if (i) the violation is due to reasonable cause and not due to willful neglect and (ii) the REIT pays a penalty of US$50,000 for each failure to satisfy the provisions.

If a REIT fails to qualify for taxation as a REIT in any taxable year, and the relief provisions are not applicable, the REIT would be subject to U.S. federal income tax on its taxable income at regular corporate income tax rates (currently 21%). Further, distributions by a REIT to its shareholders in any year in which the REIT fails to qualify for taxation as a REIT under the Internal Revenue Code would not be deductible by the REIT, and the REIT would not be required to distribute any amounts to its shareholders. Unless entitled to relief under specific statutory provisions, the REIT would also be disqualified from taxation as a REIT until the fifth taxable year which begins after the taxable year during which the REIT failed to qualify as such under the Internal Revenue Code.

6.9.4 Spanish SOCIMI Regime

Unibail-Rodamco Retail Spain is a Spanish company which opted in 2013 for the SOCIMI regime as non-listed SOCIMI. As a general rule SOCIMIs must be listed corporations. However, Spanish-resident companies wholly owned by SOCIMIs or foreign REITs can also opt for the SOCIMI regime ("non-listed SOCIMI").

Conditions to apply the SOCIMI regime

Shares of all SOCIMIs should be registered shares, which applies also to the non-resident REITs that have invested in non-listed SOCIMIs. In practice, this should mean that the SOCIMIs can identify their shareholders at any time.

A non-listed SOCIMI must have as its main corporate purpose the acquisition urban real estate for rental purposes.

SOCIMIs are allowed to carry out other ancillary activities that do not fall under the scope of their main corporate purpose. However, such ancillary activities must not exceed 20% of the assets or 20% of the net income of the SOCIMI in each tax year.

Regarding the investment, at least 80% of the non-listed SOCIMI's assets must be invested in urban real estate property to be leased.

Regarding the income, at least 80% of a SOCIMI's net annual income must derive from the lease of qualifying assets. Lease agreements between related entities would not be deemed a qualifying activity and, therefore, the rent deriving from such agreements cannot exceed 20% of the SOCIMI's income. Capital gains derived from the sale of qualifying assets are, if transferred after the end of the three-year minimum holding period, excluded from the 80%/20% net income test.

Qualifying assets must be held by the SOCIMI for a three-year period since (i) the first time the real estate asset has been offered for lease by the SOCIMI, if the real estate asset was acquired or developed by the company after becoming a SOCIMI, or (ii) the first day of the financial year in which the company opted for the SOCIMI regime if the asset was held by the company before opting. In the case of urban real estate, the holding period requires that these assets are actually rented for at least three years. For these purposes, the time during which the asset has been offered for lease (even if vacant) may be added to the time the asset was leased with a maximum of one year.

Under the Spanish SOCIMI regime, a non-listed SOCIMI is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirements, to shareholders annually within the six months following the end of the company's financial year of: (i) at least 50% of the profits arising from the transfer of qualifying assets once the minimum three-year holding period has ended (in which case the remainder of such profits must be reinvested in other qualifying assets within a maximum period of three years from the date of the sale, or otherwise distributed as dividends once such reinvestment period has elapsed); and (ii) at least 80% of all other profits obtained (e.g., profits derived from ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner, or the company fails to pay (totally or partially) the corresponding dividends, the SOCIMI would lose its SOCIMI status as of and including the year in which the undistributed profits were obtained. Dividends must be paid within the month following the distribution agreement.

In addition, according to the SOCIMI regime (i) the SOCIMI legal reserve may not exceed 20% of the share capital of the SOCIMI; and (ii) the SOCIMI's by-laws may not establish any reserve that is not available for distribution to its shareholders other than the legal reserve.

Penalties

The loss of the SOCIMI status triggers adverse consequences for the SOCIMI. Causes for such loss of status are:

– delisting of the non-resident REIT;

- substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year;
- failure to adopt a dividend distribution resolution or to effectively satisfy the dividends;
- waiver of the SOCIMI regime by the company; and/or
- failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. The failure to observe the minimum holding period of the assets would not give rise to the loss of SOCIMI status, but will trigger the consequences describe in the paragraph *Taxation*.

Where the SOCIMI regime will be lost, the company would be taxed in accordance with the general Spanish corporate income tax regime at the standard Spanish corporate income tax rate (currently, 25%), and will not be able to elect for the SOCIMI regime for the following three fiscal years as from the end of the last tax period in which the SOCIMI was applicable.

Taxation

Legal entities with tax residency in Spain are subject to Spanish corporate income tax on a worldwide basis. Spanish corporate income tax rate for SOCIMIs has been set at 0% on the income they obtain in pursuing their corporate purpose. In addition, 19% special tax will apply in respect of the dividends distributed to the REIT, with respect to the shareholders of the REIT that own shares equal to 5% or more and are taxed on the dividends at a tax rate less than 10%.

The failure to observe the minimum holding period of the assets would not give rise to the loss of SOCIMI status, but (i) the income generated on the transfer will be considered as non-qualifying income for the purpose of the 80/20% net income test; and (ii) the entire income derived from such assets (both income derived from the transfer and rental income derived from such assets in all tax periods where the SOCIMI's special tax regime would have been applicable) would be taxed at the standard Spanish corporate income tax rate (*i.e.*, currently, 25%).

6.10. SUSTAINABILITY

6.10.1 Strategy

The New Group will define a global CSR strategy based on a "best of breed approach" built on the sustainability agenda of both Unibail-Rodamco and Westfield. It will address the main challenges facing commercial real estate in the next decades: moving toward a low-carbon economy, anticipating new modes of sustainable mobility, fully integrating the New Group's business activities with the local communities, and engaging all teams as well as its stakeholders.

The strategy of the New Group will be established on a materiality approach to ensure its building blocks remain aligned with key external stakeholders' expectations and business priorities.

This strategy will include mid and long term targets as well as a roadmap for the coming years covering all material topics.

6.10.2 Governance

The current CSR governance of Unibail-Rodamco is already recognized by all stakeholders for its effectiveness and the active participation of the Unibail-Rodamco Management Board, Unibail-Rodamco executives and operational teams. The New Group will thus base its CSR governance on that of Unibail-Rodamco and enlarge it to Westfield senior executives and teams to cover all geographic and functional areas in the roll-out of the CSR strategy.

See section 10 "Management Board, Supervisory Board and Employees" of this Prospectus for further information about the New Group's governance.

6.10.3 People and processes

A CSR strategy is fully effective only if supported by all and sustained by the motivation of employees and stakeholders. It must be incorporated into the daily actions of each and every one, whether they work at the Unibail-Rodamco's head office or in the New Group's centres in direct contact with the local communities.

Since January 2017 at Unibail-Rodamco, quantitative CSR goals have been applied to all members of the Unibail-Rodamco Management Board, the Unibail-Rodamco Group Management Team and the Unibail-Rodamco Country Management Teams. They have been gradually extended to all the Group employees since January 2018. The New Group will aim at progressively covering 100% of its staff with specific CSR objectives.

The New Group will also integrate CSR topics as part of its training programs, in order to engage employees and develop the skills needed to achieve the targets set in the CSR strategy.

To ensure CSR remain embedded into all of the New Group activities, sustainability will be integrated in the key internal processes and followed through key performance indicators, such as development processes, asset business plans, investment and talent management reviews.

6.11. HEALTH AND SAFETY

Health & Safety for employees, customers, tenants, suppliers, subcontractors and local communities are a top priority. The New Group will focus on risk prevention and mitigation, respecting the local regulations on Health & Safety and defining even higher standards when needed. The New Group Health & Safety policy, part of the New Group risk policy, is expected to set up key performance indicators and a management system based on monitoring and continuous improvement. It is also expected to include an annual audit performed by an external third party as well as dedicated training.

6.12. ENVIRONMENT

6.12.1 GHG emissions

As part of its CSR strategy, the New Group will pursue a climate-related policy consistent with the ambitions of the 2015 United Nations Climate Change Conference (COP21). The New Group's climate-related policy will build on Unibail-Rodamco's pioneering practice in the real estate sector of covering direct as well as a broad scope of indirect GHG emissions (such as emissions related to construction, tenants' energy consumption, transport of visitors and employees). The New Group will define relevant GHG emission reduction targets covering Scope 1 (direct emissions), Scope 2 (indirect emissions from electricity, heat or cold consumption of New Group's common areas) as well as Scope 3 emissions (such as emissions related to construction, tenant's energy consumption or transport of visitors and employees).

6.12.2 Buildings environmental performance

The New Group will continue to proactively implement environmental management systems and environmental building certifications covering both development projects and standing assets.

As part of the New Group CSR policy, the New Group will continue its efforts to:

– improve the energy efficiency of its buildings;
– use electricity from renewable sources (bought externally or produced on-site);
– optimize its resource use with less material and using more low-carbon materials in its construction projects;
– actively manage its water consumption;
– reduce waste and improve recycling rates at asset level; and
– integrate biodiversity in its development projects and standing assets.

6.12.3 Transport environmental impact

The New Group wants to give new momentum to the issues related to sustainable transportation in the territories where it operates. As part of its CSR strategy, the New Group is expected to continue to work with partners to develop sustainable transportation solutions and improve access in all of its assets. As with the rest of the content of the CSR strategy, this topic will be covered by long and medium term targets as well as an associated roadmap.

6.13. INSURANCE

6.13.1 Unibail-Rodamco

For further information about Unibail-Rodamco's insurance policies, refer to section 6.3 of the 2017 Registration Document.

6.13.2 Westfield

As of the date of the Prospectus, Westfield manages a global program of insurance under the direction of the Chief Risk Officer and in consultation with its external insurance advisor and broker. The program is intended to provide insurance to cover damage and destruction of its properties, business interruption, public liability in respect of its properties, operations and professional conduct, as well as insuring its employees, directors and officers. Westfield procures policies upon terms, conditions and limits of coverage, and subject to deductibles or self-insured retentions, which Westfield believes to be customary and reasonable for the real estate business in its markets and in consideration of its activities and exposures. All insurance carriers employed in Westfield's insurance program are reputable companies meeting appropriate minimum financial standards.

Westfield conducts a formal strategic review of its insurance program on an annual basis and actively monitors the risks of the group and the evolution of the insurance markets to consider mid-term adjustments if appropriate.

Westfield's main lines of insurance include:

- Property and Terrorism Insurance consisting of All Risks Property insurance including Construction Risks and Terrorism insurance. This coverage is procured on a global basis except that World Trade Center is covered in a separate stand-alone policy and Terrorism Risk in the United Kingdom is provided via a government-sponsored program;
- The all-risk property insurance program includes coverage for the potentially catastrophic perils of California Earthquake and Florida Windstorm;
- Primary General Liability Insurance including Construction Risk which is procured under separate policies for the United States and the United Kingdom; and Umbrella and Excess Umbrella Liability provided under a global policy;
- Environmental Liability including Premises Pollution Coverage;
- Directors' and Officers' Liability Insurance;
- Professional Indemnity/Errors & Omissions Insurance;
- Crime Insurance;
- Employment Practices Liability Insurance;
- Cyber Liability Insurance;
- Aviation Insurance; and
- Workers' Compensation and Employer's Liability Insurance.

Potential losses of a catastrophic nature such as those arising from weather events, earthquakes, terrorism or other similar catastrophic events may be either uninsurable or not fully insurable, or, in Westfield's judgment, not insurable on a financially reasonable basis. Westfield believes the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage and industry practice. In the opinion of Westfield management, Westfield's properties and business are adequately insured.

Westfield also engages in extensive loss prevention activities to reduce the probability and impact of losses and claims.

6.13.3 New Group

The New Group will be covered by insurance programmes underwritting by leading insurance companies. These programmes will continue to be actively monitored by the New Group insurance department in liaison with local teams and insurance brokers.

The New Group will adapt its loss prevention policies in order to develop measures to reduce the probability and impact of claims notably with respect to fire protection, safety and liabilities.

The New Group's insurance programme is composed of the following insurance policies:

- Directors' and Officers' Liability Insurance;
- General liability insurance that covers financial damages resulting from third party claims;
- Professional Indemnity Insurance;
- Property damage and terrorism programmes, including business interruptions and loss of rent;
- Environmental Liability insurance;
- Contractors' All Risks regarding its main construction projects and renovation work on properties;
- Crime Insurance;
- Employment Practices Liability Insurance;
- Cyber Insurance;
- Aviation Insurance; and
- Workers’ Compensation and Employer’s Liability Insurance.

The Group Insurance Department will review post closing the New Group's insurance coverage in order to harmonize and optimize programmes and execute synergies whenever possible.

6.14. INTELLECTUAL PROPERTY

Westfield owns trade mark registrations for the “WESTFIELD” brand and related brands in Australia, New Zealand, the United Kingdom, the European Union, the United States and in various Asian countries. Westfield is a party to a trademark licence agreement with Scentre Group under which the Westfield brand is licensed to Scentre Group for use in Australia and New Zealand in connection with Scentre Group’s shopping centre portfolio. Under the trademark licence, Westfield is not permitted to use the Westfield brand in Australia and New Zealand, except for the corporate promotion of WCL. Westfield is not restricted from entering the Australian and New Zealand markets with different branding. Westfield also licences the use of the Westfield brand to co-owned centres managed by it. Under certain management arrangements, in circumstances where the management arrangement terminates for any reason, the centre must cease to use the Westfield brand.

6.15. ORGANIZATIONAL STRUCTURE

6.15.1 Unibail-Rodamco

For information about Unibail-Rodamco’s organizational structure, refer to section 1.7 of the 2017 Registration Document.

6.15.2 Westfield

For information about Westfield’s organizational structure, see section 14.5 “— Structure” of this Prospectus.

6.15.3 New Group

For information about the New Group's organizational structure, see section 14.5 "—Structure" of this Prospectus.

6.16. INVESTMENTS AND DEVELOPMENT

6.16.1 Unibail-Rodamco

For information about Unibail-Rodamco's investments, refer to section 4.1.8 and 4.2 of the 2017 Registration Document. Unibail-Rodamco does not undertake any significant research and development activities.

6.16.2 Westfield

In 2017, two major shopping centre redevelopments were completed by Westfield:

– **Westfield Century City, California (US$1.0 billion; Westfield share US$1.0 billion)**

  The US$1 billion redevelopment of Century City (Los Angeles), creating a total of 1.3 million square feet (approximately 121,000 square meters) of GLA, was completed in the second half of 2017. Century City is a landmark retail destination for the west side of Los Angeles; and

– **Westfield UTC, California (US$600 million; Westfield share US$300 million)**

  The US$600 million expansion of Westfield UTC in San Diego was completed in the fourth quarter of 2017. The project adds a new two-level flagship Nordstrom, encompasses more than 250,000 square feet (approximately 23,000 square meters) of additional retail space and 1,000 additional parking spaces, taking the total to 5,500.

Three major retail projects are under construction at December 31, 2017:

– **Westfield London, UK (£600 million; Westfield share £300 million)**

  The £600 million expansion at Westfield London will add 740,000 square feet (approximately 69,000 square meters) of high-quality retail space, taking the total number of stores to 450, anchored by a new 230,000 square feet (approximately 21,000 square meters) John Lewis department store. Upon completion, Westfield expects to achieve annual retail sales of £1.4 billion (compare to £1 billion currently). The project was commenced in 2015 and opened in March 2018;

– **Westfield Valley Fair, California (US$1.1 billion; Westfield share US$550 million)**

  The US$1.1 billion expansion at Westfield Valley Fair in San Jose commenced in 2016, is to be anchored by a new flagship Bloomingdales department store. The centre is already one of the most productive centres in the United States, containing Nordstrom and Macy's department stores which are amongst the most productive in their respective portfolios. The expansion comprises over 500,000 square feet (approximately 46,000 square meters) of additional retail space including 100 new specialty shops, a luxury ICON cinema, an expanded luxury precinct, leading restaurants, entertainment and event spaces. Completion is expected in 2019; and

- **Westfield WTC– Tower 3, New York (US$300 million; Westfield Share US$300 million)**

  The development of Westfield World Trade Center (New York) – Tower 3, representing the remaining 75,000 square feet (approximately 7,000 square meters) phase of the 365,000 square feet (approximately 34,000 square meters) project total. The completion of the Tower 3 phase of the development is expected in 2019.

Other projects currently under construction at December 31, 2017:

- **Westfield UTC – Residential, California (US$200 million; Westfield share US$100 million)**

  In 2017 a 300 residential apartment rental project commenced at Westfield UTC in San Diego, expected to complete in 2019.

Future major development opportunities include the following:

- In Italy, **Westfield Milan** is a €1.4 billion project (Westfield share €1.05 billion) to create one of Europe's premier retail destinations. Adjacent to Linate Airport, Westfield Milan is situated on a 60 hectare site. Upon completion, Westfield Milan will feature more than 1.8 million square feet (approximately 167,000 square meters) of GLA, anchored by a flagship 194,000 square feet (approximately 18,000 square meters) four-level Galeries Lafayette department store and will house approximately 380 stores;
- In London, **Croydon** is a £1.4 billion project (Westfield share £700 million) to transform the town centre of Croydon in South London into a state of the art retail, leisure and restaurant destination; and
- Other future development opportunities include a redevelopment at Westfield Topanga in Los Angeles (US$300 million, Westfield share US$165 million) and a 1,200 residential apartment rental project in London at Westfield Stratford City.

6.17. Information on Holdings

6.17.1 Unibail-Rodamco

For information about Unibail-Rodamco's information on holdings, refer to section 5.2, note 14 to the Unibail-Rodamco 2017 Consolidated Financial Statements of the 2017 Registration Document.

6.17.2 Westfield

Westfield has entered into several joint ventures for shopping centre development projects:

- a 50% joint venture with JP Morgan Investment Management for the US$600 million expansion project and US$200 million residential project at Westfield UTC in San Diego. The expansion project was completed in the fourth quarter of 2017 and the residential project is expected to complete in 2019;
- a 50% joint venture with Commerz Real Investmentgesellschaft for the £600 million expansion project of Westfield London. The expansion was opened in March 2018;
- a 50% joint venture with JP Morgan Investment Management for the US$1.1 billion expansion project of Valley Fair in San Jose. The expansion project is expected to complete in 2019;
- a 75%/25% joint venture with Stilo Immobiliare Finanziaria (in which Westfield holds the 75% interest) for the €1.4 billion future development project of Westfield Milan in Italy; and
- a 50% joint venture with Hammerson plc for the £1.4 billion future development project of Croydon in London.

6.18. PROPERTY, PLANTS AND EQUIPMENT

6.18.1 Unibail-Rodamco

For information about Unibail-Rodamco's property, plants and equipment, refer to section 1.3 of the 2017 Registration Document.

6.18.2 Westfield

For information about Westfield's property, plants and equipment, see section 6.8.2 "— Portfolio per Country/Region — Westfield" of this Prospectus.

6.19. RISK MANAGEMENT

6.19.1 Unibail-Rodamco

The Unibail-Rodamco Group Risk Committee is composed of the chief resources officer (as Chairperson), the chief financial officer, the deputy chief financial officer, and Unibail-Rodamco Group directors in charge of:

- Construction management;
- Purchasing, maintenance, property & sustainability;
- Legal aspects;
- Organization & Human Resources;
- Insurance;
- Information Technology;
- Internal Audit & Compliance.

This committee aims to align the way risk management is embedded in all operations (operating management, development, property management, finance, human resources, etc.) throughout the Unibail-Rodamco Group. The primary responsibility of the Unibail-Rodamco Group Risk Committee is to oversee and approve the group-wide risk mapping and key mitigating measures to assist the Unibail-Rodamco Management Board in:

- overseeing that all executive teams have identified and assessed the risks that the Unibail-Rodamco Group faces in all regions where it operates and has established a risk management system capable of addressing those risks;
- overseeing, in conjunction with the Unibail-Rodamco Management Board and/or other internal committees, if applicable, that risks such as strategic, financial, credit, real estate market, liquidity, security, property management, IT, legal, regulatory, reputational, and other risks are under control;
- overseeing the division of risk-related responsibilities to each risk owner as clearly as possible and performing a gap analysis and regular reviews to determine that the oversight of any risks is not missed;
- alerting the Unibail-Rodamco Board Member on emerging risks; and
- in conjunction with the Unibail-Rodamco Management Board, approving Unibail-Rodamco's risk management policy.

To fulfil its responsibilities and duties, the Unibail-Rodamco Group Risk Committee:

- supports the development of a risk culture within the Unibail-Rodamco Group, promotes open discussion regarding key risks, integrates risk management into the organization's objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks rather than ignoring them or taking them without a proper risk analysis;
- provides input to management regarding the Unibail-Rodamco risk appetite and tolerance;
- monitors the organization's risk profile (risk mapping);
- approves the risk management policy and plan, which include:
- the Company's risk management structure,
- the standards and methodology adopted to assess risks,
- risk mitigating measures (risk management guidelines),
- training and awareness programs or information.

The Unibail-Rodamco Group Risk Committee duties and action plan are presented annually to the Unibail-Rodamco Management Board, the Unibail-Rodamco Audit Committee as well as the Unibail-Rodamco Supervisory Board.

The Unibail-Rodamco risk management organization and governance were reviewed by KPMG in 2016. KPMG's overall conclusion stated that there was a "Strong risk awareness and mitigation culture at Unibail-Rodamco". The main recommendation was to enhance the documentation of the Risk Management system. The Unibail-Rodamco Group decided to further develop the operational organization of risk management by implementing criteria for assessing the criticality and the level of control of key risks via the creation of risk fact sheets and action plans. Each risk is allocated to a risk owner. This operational approach for assessing risks was discussed with the Unibail-Rodamco Audit Committee and presented to the Unibail-Rodamco Supervisory Board on December 7, 2016.

The Unibail-Rodamco Group Risk Committee met six times in 2017. Its main achievements were:

– the review of the key risk mapping;

– the review of risk sheets where sub-risks are identified and assessed;

– the review of each action plan.

In 2018, the Unibail-Rodamco Group Risk Committee will continue to review all risk sheets and associated action plans in collaboration with risk owners. Risk sheets will be then discussed with the Unibail-Rodamco Audit Committee in the presence of the risk owners. A description of the main risks monitored by this internal control system follows.

For additional information about Unibail-Rodamco's risk management, please refer to sections 6.1 and 6.2 of the 2017 Registration Document.

6.19.2 Westfield

The information provided below applies before completion of the Transaction. See section 6.19.1 "— Risk Management — Unibail-Rodamco" of this Prospectus for the New Group's risk management.

Westfield Enterprise Risk Management Policy and Framework

Westfield has developed an Enterprise Risk Management Policy and an Enterprise Risk Management Framework to assist and guide executives in the identification of business risks, the management and mitigation of those risks and to identify the steps taken or required to mitigate those risks.

The Enterprise Risk Management Policy is a general statement of Westfield's philosophy and objectives with respect to risk management practices adopted by the Westfield Group.

Westfield's risk management philosophy emphasizes the need to:

– proactively identify risk;

– ensure sound risk management systems are in place and that those systems are reviewed regularly;

– use those systems to regularly assess Westfield's performance to ensure objectives are being met; and

– through Westfield's risk management process, to provide a higher degree of certainty of achieving the key business objectives listed above.

The Enterprise Risk Management Policy operates in conjunction with the Enterprise Risk Management Framework.

The Enterprise Risk Management Framework establishes a framework for identifying, assessing, controlling, reviewing and reporting on individual risks. The Framework is applied by the various business units within Westfield in order to identify, assess and manage the risks which may impact Westfield's ability to meet its business objectives. This is done in each jurisdiction in which Westfield operates, for each business unit and at a corporate level. The result of the business analysis is a risk register which is a detailed analysis of the major risks in Westfield's business and how the relevant business unit (or the corporation) intends to manage those risks.

In line with the ASX Corporate Governance Principles and Recommendations (recommendation 7.4) during 2017, Westfield conducted reviews to identify any material economic, environmental and social sustainability risks that could impact the business.

Westfield Risk management structures

The Westfield audit and risk committee

Among the three standing board committees, the audit and risk committee oversees and monitors Westfield's systems of risk management, internal controls and legal compliance.

The audit and risk committee must, in conjunction with management, monitor and review:

- Westfield's policies established by management regarding risk oversight and risk management which are incorporated in an Enterprise Risk Management Policy and an Enterprise Risk Management Framework;
- the appropriateness of the Enterprise Risk Management Policy and the Enterprise Risk Management Framework and control systems adopted by Westfield;
- Westfield's continuing processes for:
  - the identification of material financial, legal and operational risks associated with the conduct of the business of Westfield;
  - the identification of any material exposure to economic, environmental and society sustainability risks;
  - the maintenance of appropriate control systems designed to manage and mitigate key risk areas;
  - the proper implementation of the control systems; and
  - monitoring and reporting against compliance with the Enterprise Risk Management Policy and the Enterprise Risk Management Framework.

The Westfield Board receives regular reports from the audit and risk committee on areas where there are considered to be significant business risks and on the management of those risks.

The Westfield Executive Risk Management Committee

Within the framework of risk management, the audit and risk committee is assisted in its role by the Executive Risk Management Committee, membership of which comprises senior executives nominated by the Westfield Board from time to time.

This Committee is responsible for:

- assisting in the formulation of all aspects of the risk management process to be adopted by Westfield;
- overseeing the implementation by management of Westfield's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the systems and business processes of Westfield;
- ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process between Westfield's management in the relevant jurisdictions; and
- implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of the Westfield Group are such that the Co-Chief Executive Officers and the Chief Financial Officer are able to give the certifications required to be given in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Principles and Recommendations.

The Executive Risk Management Committee reports to the audit and risk committee on the effectiveness of Westfield's management of its material risks.

Westfield Executive Sign-offs

The Westfield Co-Chief Executive Officers and the Chief Financial Officer are required to confirm in writing to the Westfield Board, at the time the full year and half year financial statements of Westfield are being considered for approval by the Westfield Board, that in all material respects:

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

6.19.3 New Group

After completion of the Transaction, the New Group's risk committee is expected to review and assess all identified risks (risk mapping/risk management processes) in order to implement adequate mitigating measures to reduce the impact of such identified risks.

Therefore, the New Group will seek to adopt and implement risk management policies and procedures that it considers appropriate under the circumstances.

7. SELECTED HISTORICAL FINANCIAL AND OPERATIONAL INFORMATION

7.1. UNIBAIL-RODAMCO SELECTED HISTORICAL FINANCIAL AND OPERATIONAL INFORMATION

The following tables set forth selected historical consolidated financial and other data of Unibail-Rodamco for the periods indicated and have been derived from the 2015 Unibail-Rodamco Financial Statements, the 2016 Unibail-Rodamco Financial Statements and the 2017 Unibail-Rodamco Financial Statements for the years ended December 31, 2015, 2016 and 2017, which are incorporated by reference in this Prospectus.

The following information is presented in millions of Euros (except per share data), unless otherwise specified, and is presented in accordance with IFRS.

The following information should be read in conjunction with the section 1 "Risk Factors," and section 8.2 "— New Group Pro Forma Financial Information" of this Prospectus and the 2016 Unibail-Rodamco Financial Statements, the 2016 Unibail-Rodamco Financial Statements and the 2017 Unibail-Rodamco Financial Statements incorporated by reference in this Prospectus.

Historical results for any period are not necessarily indicative of results to be expected for any future period.

	2017	**2016**	**2015**
Net Rental Income (in € Mn)	**1,583**	**1,529**	**1,453**
Shopping Centres	**1,346**	**1,273**	**1,177**
France	610	581	549
Central Europe	172	156	148
Spain	161	146	147
Nordics	146	140	106
Austria	103	99	92
Germany	93	90	67
The Netherlands	62	62	67
Offices	**141**	**153**	**170**
Convention & Exhibition	**95**	**103**	**105**
Recurring net result (in € Mn)	**1,202**	**1,114**	**1,030**
Recurring EPS (in €)	**12.05**	**11.24**	**10.46**
	Dec. 31, 2017	**Dec. 31, 2016**	**Dec. 31, 2015**
Total portfolio valuation (in € Mn)	**43,057**	**40,495**	**37,755**
Going Concern Net Asset Value (in € per share)	**219.20**	**201.50**	**186.70**
EPRA Triple Net Asset Value (in € per share)	**200.50**	**183.70**	**169.90**
EPRA Net Asset Value (in € per share)	**211.00**	**195.60**	**178.80**

Figures may not add up due to rounding

Consolidated Statement of financial position (€ Mn)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2015**
NON CURRENT ASSETS	**41,650.8**	**39,509.3**	**36,634.2**
Investment properties	**38,524.3**	**36,380.9**	**33,710.0**
Investment properties at fair value	*37,181.5*	*35,426.9*	*33,001.8*
Investment properties at cost	*1,342.8*	*954.0*	*708.2*
Other tangible assets	216.3	219.8	216.3
Goodwill	522.4	539.9	542.8
Intangible assets	172.2	229.4	242.1
Loans and receivables	76.8	113.3	41.1
Financial assets	30.8	25.1	17.1
Deferred tax assets	21.9	24.0	31.6
Derivatives at fair value	172.8	268.8	297.2
Shares and investments in companies under the equity method	1,913.3	1,708.2	1,536.0
CURRENT ASSETS	**1,590.2**	**1,235.8**	**1,475.7**
Properties or shares held for sale	**-**	**-**	**268.8**
Derivatives at fair value	**57.9**	**-**	**-**
Trade receivables from activity	**416.5**	**369.0**	**393.6**
Other trade receivables	**541.1**	**466.6**	**470.6**
Tax receivables	216.2	217.7	159.6
Other receivables	251.6	136.4	218.3
Prepaid expenses	73.3	112.5	92.7
Cash and cash equivalents	**574.7**	**400.1**	**342.6**
Available for sale investments	297.9	38.2	98.4
Cash	276.8	362.0	244.2
TOTAL ASSETS	**43,241.0**	**40,745.0**	**38,109.8**
Shareholders' equity (Owners of the parent)	**18,916.2**	**17,465.3**	**16,042.1**
Share capital	499.3	497.0	493.5
Additional paid-in capital	6,470.7	6,402.3	6,310.2
Bonds redeemable for shares	1.1	1.2	1.2
Consolidated reserves	9,715.9	8,349.3	6,967.3
Hedging and foreign currency translation reserves	(210.3)	(193.4)	(64.1)
Consolidated result	2,439.5	2,409.0	2,334.0
Non-controlling interests	**3,777.0**	**3,554.4**	**3,196.5**
TOTAL SHAREHOLDERS' EQUITY	**22,693.2**	**21,019.7**	**19,238.6**
NON CURRENT LIABILITIES	**16,851.6**	**16,209.9**	**15,127.8**
Long-term commitment to purchase non-controlling interests	-	40.9	45.4
Net share settled bonds convertible into new and/or existing shares (ORNANE)	1,020.5	1,049.4	1,087.8
Long-term bonds and borrowings	12,889.6	12,223.7	11,522.9
Long-term financial leases	353.2	355.4	361.4
Derivatives at fair value	315.8	327.9	263.9
Deferred tax liabilities	1,752.5	1,690.2	1,465.6
Long-term provisions	30.5	33.6	35.3
Employee benefits	9.3	9.2	8.7
Guarantee deposits	223.9	208.1	201.4
Tax liabilities	0.1	0.1	0.0
Amounts due on investments	256.2	271.4	135.4
CURRENT LIABILITIES	**3,696.2**	**3,515.4**	**3,743.4**
Current commitment to purchase non-controlling interests	**7.0**	**-**	**-**
Amounts due to suppliers and other current debt	**1,161.6**	**1,314.3**	**1,117.8**
Amounts due to suppliers	187.5	150.4	162.2
Amounts due on investments	425.9	326.5	415.0
Sundry creditors	340.5	625.0	337.7
Other liabilities	207.7	212.3	202.9
Current borrowings and amounts due to credit institutions	**2,301.9**	**2,005.6**	**2,447.7**
Current financial leases	**2.0**	**6.1**	**6.0**
Tax and social security liabilities	**210.5**	**179.1**	**153.8**
Short-term provisions	**13.2**	**10.3**	**18.1**
TOTAL LIABILITIES AND EQUITY	**43,241.0**	**40,745.0**	**38,109.8**

Consolidated statement of comprehensive income (€Mn)	**2017**	**2016**	**2015**
Gross rental income	1,822.3	1,770.3	1,685.0
Ground rents paid	(18.1)	(17.4)	(17.5)
Net service charge expenses	(22.8)	(29.2)	(29.1)
Property operating expenses	(198.7)	(195.2)	(185.6)
Net rental income	**1,582.6**	**1,528.5**	**1,452.8**
Corporate expenses	(117.3)	(116.8)	(104.0)
Development expenses	(3.6)	(5.9)	(4.5)
Depreciation of other tangible assets	(2.2)	(2.2)	(2.2)
Administrative expenses	**(123.1)**	**(124.9)**	**(110.7)**
Acquisition and related costs	**(62.4)**	**(1.3)**	**(1.6)**
Revenues from other activities	256.1	261.3	293.4
Other expenses	(176.3)	(175.1)	(219.7)
Net other income	**79.8**	**86.2**	**73.7**
Proceeds from disposal of investment properties	592.5	973.9	342.4
Carrying value of investment properties sold	(518.7)	(882.7)	(341.0)
Result on disposal of investment properties	**73.8**	**91.2**	**1.4**
Proceeds from disposal of shares	27.3	25.9	114.4
Carrying value of disposed shares	(27.3)	(20.9)	(100.7)
Result on disposal of shares	**0.0**	**5.0**	**13.7**
Valuation gains on assets	1,770.0	2,244.0	2,137.4
Valuation losses on assets	(405.6)	(238.2)	(318.6)
Valuation movements on assets	**1,364.4**	**2,005.8**	**1,818.8**
Impairment of goodwill/Negative goodwill	**(9.2)**	**-**	**-**
NET OPERATING RESULT BEFORE FINANCING COST	**2,906.0**	**3,590.5**	**3,248.2**
Result from non-consolidated companies	0.9	0.4	-
Financial income	*119.5*	*88.8*	*86.3*
Financial expenses	*(347.5)*	*(343.7)*	*(385.8)*
Net financing costs	(228.0)	(254.9)	(299.5)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	21.1	37.0	(183.4)
Fair value adjustments of derivatives and debt	(21.3)	(276.8)	(178.0)
Debt discounting	(0.7)	(0.6)	(0.7)
Profit on disposal of associates	-	-	69.6
Share of the result of companies under the equity method	91.6	(13.3)	243.3
Income on financial assets	27.0	18.3	22.1
RESULT BEFORE TAX	**2,796.7**	**3,100.6**	**2,921.6**
Income tax expenses	(74.2)	(283.2)	(288.3)
NET RESULT FOR THE PERIOD	**2,722.5**	**2,817.4**	**2,633.3**
Non-controlling interests	283.0	408.4	299.3
NET RESULT (Owners of the parent)	**2,439.5**	**2,409.0**	**2,334.0**
Average number of shares (undiluted)	99,744,934.0	99,153,052.5	98,488,530.0
Net result for the period (Owners of the parent)	2,439.5	2,409.0	2,334.0
Net result for the period per share (Owners of the parent) (€)	24.5	24.3	23.7
Net result for the period restated (Owners of the parent)	2,418.4	2,372.0	2,346.2
Average number of shares (diluted)	103,155,132.0	102,762,476.7	100,311,426.0
Diluted net result per share (Owners of the parent) (€)	23.4	23.1	23.4

NET COMPREHENSIVE INCOME (€Mn)	**2017**	**2016**	**2015**
NET RESULT FOR THE PERIOD	**2,722.5**	**2,817.4**	**2,633.3**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries	(16.9)	(130.0)	6.5
Cash flow hedge	-	0.7	1.3
Revaluation of shares available for sale	-	(0.4)	-
Other comprehensive income which can be reclassified to profit or loss	**(16.9)**	**(129.7)**	**7.8**
Employee benefits - will not be reclassified into profit or loss	**0.2**	**-**	**14.8**
OTHER COMPREHENSIVE INCOME	**(16.7)**	**(129.7)**	**22.6**
NET COMPREHENSIVE INCOME	**2,705.8**	**2,687.7**	**2,655.9**
Non-controlling interests	283.1	408.4	299.3
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)	**2,422.7**	**2,279.3**	**2,356.6**

7.2. WESTFIELD SELECTED HISTORICAL FINANCIAL AND OPERATIONAL INFORMATION

The following tables set forth selected historical consolidated financial and other data of Westfield for the periods indicated and have been derived from the Westfield Consolidated Financial Statements 2017, Westfield Consolidated Financial Statements 2016 and Westfield Consolidated Financial Statements 2015, which are reproduced in section 20 of this Prospectus.

The following information is presented in millions of U.S. dollars (except per security data), unless otherwise specified. The audited historical consolidated income statements and audited historical consolidated balance sheet for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 is presented in accordance with International Financial Reporting Standards, as issued by the IASB.

The following information should be read in conjunction with the section 1 "Risk Factors," and section 8.2 "— New Group Pro Forma Financial Information" of this Prospectus and the Westfield Consolidated Financial Statements 2017, Westfield Consolidated Financial Statements 2016 and Westfield Consolidated Financial Statements 2015 reproduced in section 20 of this Prospectus.

Historical results for any period are not necessarily indicative of results to be expected for any future period.

Proportionate format (Consolidated and Equity Accounted)

	2017	2016	2015
Net property income (in US$ Mn)	**803**	**740**	**824**
Flagship	616	547	554
Regional and other property investments	187	193	270
Funds from operations (in US$ Mn)	**707**	**700**	**783**
Funds from operations per stapled security (in US cents)	**34.0**	**33.7**	**37.7**
	Dec. 31, 2017	**Dec. 31, 2016**	**Dec. 31, 2015**
Investment properties (in US$ Mn)	**21,366**	**18,784**	**17,485**
Net tangible assets (in US$ per stapled security)	**5.11**	**4.53**	**4.43**

Westfield historical income statement

The audited historical consolidated income statement for the years ended December 31, 2015, December 31, 2016 and December 31, 2017 is summarised in table below.

	Dec 31, 2015 US$million	Dec 31, 2016 US$million	**Dec 31, 2017 US$million**
Revenue			
Property revenue	620.3	512.0	**630.1**
Property development and project management revenue	595.7	555.4	**733.1**
Property management income	61.4	55.2	**56.3**
	1,277.4	1,122.6	**1,419.5**
Share of after tax profits of equity accounted entities			
Property revenue	661.7	675.8	**685.6**
Property revaluations	426.3	491.2	**279.2**
Property expenses, outgoings and other costs	(210.0)	(224.4)	**(229.9)**
Net interest expense	(86.5)	(80.0)	**(62.7)**
Tax expense	(0.3)	(0.5)	**(0.6)**
	791.2	862.1	**671.6**
Expenses			
Property expenses, outgoings and other costs	(247.6)	(223.2)	**(283.1)**
Property development and project management costs	(471.5)	(462.4)	**(629.7)**
Property management costs	(24.6)	(22.1)	**(21.6)**
Overheads	(116.8)	(116.1)	**(119.9)**
	(860.5)	(823.8)	**(1,054.3)**
Interest income	5.3	18.8	**13.2**
Currency gain/(loss)	11.4	8.6	**(2.2)**
Financing costs	(103.0)	(60.5)	**(136.0)**
Gain/(loss) in respect of capital transactions	(97.3)	1.7	**(23.6)**
Property revaluations	205.7	513.8	**568.2**
Intangible amortisation and impairment	–	–	**(22.9)**
Profit before tax for the period	1,230.2	1,643.3	**1,433.5**
Tax credit/(expense)	1,093.3	(277.2)	**117.7**
Profit after tax for the period	2,323.5	1,366.1	**1,551.2**
Profit after tax for the period attributable to:			
Members of Westfield Corporation	2,323.5	1,366.1	**1,551.2**
External non controlling interests	–	–	–
Profit after tax for the period	2,323.5	1,366.1	**1,551.2**

	Dec 31, 2015 US$million	Dec 31, 2016 US$million	**Dec 31, 2017 US$million**
	Dec 31, 2015 US$million	Dec 31, 2016 US$million	**Dec 31, 2017 US$million**
WCL members	599.3	331.8	**497.5**
WFDT and WAT members	1,724.2	1,034.3	**1,053.7**
Net profit attributable to Westfield Securityholders	2,323.5	1,366.1	**1,551.2**

	Dec 31, 2015 US cents	Dec 31, 2016 US cents	**Dec 31, 2017 US cents**
Basic earnings per WCL Share	28.84	15.97	**23.94**
Diluted earnings per WCL Share	28.55	15.82	**23.68**
Basic earnings per Westfield Security	111.81	65.74	**74.65**
Diluted earnings per Westfield Security	110.68	64.87	**73.84**

Westfield Historical Balance Sheet

The audited historical consolidated balance sheet for the years ended December 31, 2015, December 31, 2016 and December 31, 2017 is summarised in table below.

	Dec 31, 2015 US$million	Dec 31, 2016 US$million	**Dec 31, 2017 US$million**
Current assets			
Cash and cash equivalents[(i)]	1,106.8	292.1	**501.2**
Trade debtors	14.2	22.6	**35.6**
Derivative assets	–	25.7	–
Receivables	231.0	185.0	**135.2**
Inventories and development properties	21.5	40.9	**69.0**
Other	125.2	51.2	**47.9**
Total current assets	1,498.7	617.5	**788.9**
Non current assets			
Investment properties	7,478.0	8,339.8	**9,978.3**
Equity accounted investments	7,728.9	8,236.9	**9,159.5**
Other property investments	337.4	607.9	**287.6**
Inventories and development projects	–	285.9	**352.7**
Derivative assets	131.8	158.9	**92.7**
Receivables	214.0	206.5	**214.5**
Plant and equipment	69.2	144.1	**149.2**
Deferred tax assets	10.1	16.7	**19.4**
Other	114.3	151.3	**211.5**
Total non current assets	16,083.7	18,148.0	**20,465.4**
Total assets	17,582.4	18,765.5	**21,254.3**
Current liabilities			
Trade creditors	36.9	29.2	**44.6**
Payables and other creditors	729.4	722.7	**862.3**
Interest bearing liabilities	3.6	753.3	**3.5**
Other financial liabilities	3.0	2.8	**2.6**
Tax payable	59.5	29.2	**41.7**
Derivative liabilities	–	2.6	–
Total current liabilities	832.4	1,539.8	**954.7**
Non current liabilities			
Payables and other creditors	148.1	102.8	**78.2**
Interest bearing liabilities	5,267.8	5,261.0	**7,225.6**
Other financial liabilities	253.9	263.3	**259.0**
Deferred tax liabilities	1,761.3	1,967.2	**1,835.8**
Derivative liabilities	19.1	21.2	**22.0**

	Dec 31, 2015 US$million	Dec 31, 2016 US$million	**Dec 31, 2017 US$million**
Total non current liabilities	7,450.2	7,615.5	**9,420.6**
Total liabilities	8,282.6	9,155.3	**10,375.3**
Net assets	9,299.8	9,610.2	**10,879.0**
Equity attributable to members of WCL			
Contributed equity	869.7	853.1	**843.7**
Reserves	42.0	(36.3)	**(120.4)**
Retained profits	760.2	1,092.0	**1,589.5**
Total equity attributable to members of WCL	1,671.9	1,908.8	**2,312.8**
Equity attributable to WFDT and WAT members			
Contributed equity	10,571.0	10,571.0	**10,571.0**
Reserves	(408.6)	(908.0)	**(584.4)**
Retained profits	(2,534.5)	(2,021.8)	**(1,493.9)**(ii)
Total equity attributable to WFDT and WAT members	7,627.9	7,641.2	**8,492.7**
Equity attributable to external non controlling interests			
Contributed equity	–	60.2	**60.2**
Reserves	–	–	**13.3**
Retained profits	–	–	**–**
Total equity attributable to external non controlling interests	–	60.2	**73.5**
Total equity	9,299.8	9,610.2	**10,879.0**
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members	1,671.9	1,908.8	**2,312.8**
WFDT and WAT members	7,627.9	7,641.2	**8,492.7**
Total equity attributable to members of Westfield Corporation	9,299.8	9,550.0	**10,805.5**

(i) Cash and cash equivalents comprises cash at bank and short term deposits.

(ii) WAT had negative retained profits in the year December 31, 2017 due to various reasons, including debt and other restructure costs of approximately US$800 million incurred as part of the restructure of Westfield Group in 2014, deferred tax on ‘built in gains’ on properties acquired, and mark to market on other financial liabilities.

8. OPERATIONAL AND FINANCIAL REVIEW

8.1. UNIBAIL-RODAMCO FINANCIAL CONDITION, OPERATING RESULTS AND CAPITAL RESOURCES

For information about Unibail-Rodamco's financial condition, operating results and capital resources, please refer to section 4 of the 2017 Registration Document and section 2 of the 2016 Registration Document.

8.2. NEW GROUP PRO FORMA FINANCIAL INFORMATION

8.2.1 Basis of presentation

On December 12, 2017, Unibail-Rodamco entered into an Implementation Agreement to acquire Westfield through a combination of cash and issuance of shares.

The following unaudited pro forma condensed consolidated financial information contains an unaudited pro forma consolidated statement of income for the year ended December 31, 2017, and an unaudited pro forma consolidated statement of financial position as of December 31, 2017, with the related explanatory notes (together the "**New Group Pro Forma Financial Information**"), and has been prepared to represent the pro forma effects of the Transaction.

Westfield comprises WCL, WFDT and WAT. Unibail-Rodamco will take control of WCL and WFDT through transfers of cash and Unibail-Rodamco Shares. As such, Unibail-Rodamco will be the accounting acquirer of WCL and WFDT as defined in IFRS 3.

With respect to WAT and the stapling of Unibail-Rodamco Shares and Newco Class A Shares, Unibail-Rodamco will also be the accounting acquirer based on IFRS 3 and the Decision of the Interpretation Committee of the IASB dated May 13-14, 2014, that specifically scopes stapling arrangements.

On completion of the Transaction, Unibail-Rodamco will hold directly or indirectly 100% of WCL and WFDT, and 40% of Newco, which will own 100% of WAT, owning approximately 83% of WEA, through WAT, the remaining 17% of WEA is indirectly held by WCL. As a result of the Stapled Share Principle, the same shareholders will together hold 100% of Unibail-Rodamco and of Newco, of which 60% directly (Newco Class A Shares) and 40% indirectly through Unibail-Rodamco.

As a result of the characteristics of the Transaction, Unibail-Rodamco is deemed to be the accounting acquirer under IFRS. Consequently, WCL, WFDT and, consistent with the legal set up of the Transaction and governance of Newco, WAT, are to be fully consolidated by Unibail-Rodamco. Since the holders of the Stapled Shares will be entitled to the same rights and obligations with respect to Unibail-Rodamco and Newco, respectively, the 60% economic interest in Newco directly held by such holders will be reflected under the caption "Net result attributable to the holders of Stapled Shares" and "Net equity attributable to holders of Stapled Shares" on the face of the consolidated statement of income and statement of financial position, respectively.

The New Group Pro Forma Financial Information has been derived from and should be read in conjunction with:

– The 2017 Unibail-Rodamco Consolidated Financial Statements;

– The Westfield Consolidated Financial Statements 2017.

The consolidated statement of financial position as at December 31, 2017, and consolidated statement of income for the year ended December 31, 2017, of Unibail-Rodamco have been extracted from the 2017 Unibail-Rodamco Consolidated Financial Statements. The 2017 Unibail-Rodamco Consolidated Financial Statements were prepared in accordance with IFRS and were jointly audited by Ernst & Young Audit and Deloitte & Associés, statutory auditors of Unibail-Rodamco, as stated in their statutory auditors' report on the consolidated financial statements of Unibail-Rodamco issued on March 27, 2018.

The consolidated statement of financial position as at December 31, 2017, and the consolidated income statement for the year ended December 31, 2017, of Westfield have been derived from the Westfield Consolidated Financial Statements 2017. The Westfield Consolidated Financial Statements 2017 were prepared in accordance with International Financial Reporting Standards issued by the IASB, and were audited by Ernst & Young, independent auditor, as stated in their independent auditor's report on the consolidated financial statements of Westfield dated February 22, 2018.

The unaudited pro forma condensed consolidated statement of income has been prepared to give effect to the Transaction as if it had been completed on January 1, 2017. The unaudited pro forma condensed consolidated statement of financial position has been prepared to give effect to the Transaction as if it had been completed on December 31, 2017.

The New Group Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not necessarily indicative of the results of operations or financial position that would have been achieved had either transaction been consummated on the dates indicated above, or the future consolidated results of operations or financial position of the consolidated New Group.

The pro forma adjustments are based on available information to date, certain assumptions and estimates that Unibail-Rodamco considers as reasonable, and the above-mentioned information provided by Westfield. These adjustments are directly attributable to the business combination, factually supportable, and can be estimated reliably.

The New Group Pro Forma Financial Information does not reflect any revenue enhancements, anticipated synergies or dis-synergies, operating efficiencies or cost savings that may be achieved nor the disposals the New Group has announced it expects to make, nor such additional disposals the New Group may make following implementation of the Transaction. It also does not include the impact of the €2.5 billion of senior debt securities and the €2 billion of deeply subordinated Hybrid Securities it expects to issue to finance part the Transaction.

With respect to Westfield financial information, no difference has been identified between the International Financial Reporting Standards issued by the IASB and IFRS as of and for the year ended December 31, 2017.

Except as set out in section 8.2.3.2 of this Prospectus, the preliminary analysis of Westfield accounting policies and presentation in comparison to Unibail-Rodamco's was performed based on publicly available information and, subject to further detailed analysis after completion of the Transaction, did not evidence significant differences which would have to be reflected as pro forma adjustments to Westfield's historical financial data used for the purpose of preparing the New Group Pro Forma Financial Information.

The New Group Pro Forma Financial Information is presented in millions of Euros and prepared on a basis that is consistent with the accounting policies used in the preparation of the 2017 Unibail-Rodamco Consolidated Financial Statements, except for, because of the significance on Westfield's side, the inclusion on the face of the statement of income of:

– The "Contribution of companies accounted for under the equity method" in the "Net operating results" of such equity accounted entities;

– The separate presentation of "Net property development and project management income".

Unibail-Rodamco intends to adopt this presentation in its 2018 financial statements following the completion of the Transaction.

The tax impact resulting from the pro forma adjustments has been computed based on the 2017 effective tax rate of the corresponding legal entity or country for each of Unibail-Rodamco and Westfield.

The New Group Pro Forma Financial Information has been prepared in accordance with Annex II to the Commission Regulation (EC) n°809/2004 dated April 29, 2004 (as amended) (the "**Prospectus Regulation**") and related ESMA recommendations on the consistent implementation of the Prospectus Regulation and Australian guidance.

Westfield data in U.S. dollars have been translated into Euro using the following exchange rates:

– Average rate: 1 US$ = €0.8853 for the statement of income for the year ended December 31, 2017;

– Closing rate: 1 US$ = €0.8338 for the statement of financial position as at December 31, 2017.

The New Group Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not intended to represent or be indicative of the consolidated results of operations or financial position that would have been reported had the Transaction been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of the New Group following the Transaction. The actual financial position and results of operations of the New Group following the Transaction may significantly differ from the New Group Pro Forma Financial Information reflected herein, due to a variety of factors.

The unaudited pro forma condensed consolidated financial information is presented in millions of euros, unless otherwise stated, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist.

8.2.2 Unaudited pro forma condensed consolidated financial information

1. Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
Currency: € Mn	**Dec. 31, 2017**	**Dec. 31, 2017**	**Dec. 31, 2017**	**Notes**	**Dec. 31, 2017**
Gross rental income	1 822,3	557,8	-		2 380,1
Operating expenses and net service charges	(239,6)	(250,6)			(490,2)
Net rental income	**1 582,6**	**307,2**	**-**		**1 889,8**
Property development and project management revenue	-	649,0	(2,1)	**2,7**	646,9
Property development and project management costs	-	(557,5)	20,3	**2,7**	(537,2)
Net Property development and project management income	**-**	**91,5**	**18,1**		**109,7**
Revenues from other activities	256,1	49,8	-		305,9
Other expenses	(176,3)	(19,1)	-		(195,4)
Net other income	**79,8**	**30,7**	**-**		**110,5**
Share of the result of companies accounted for under the equity method	-	594,5	91,6	**2**	686,2
Income on financial assets	-	-	27,0	**2**	27,0
Contribution of companies accounted for under the equity method	**-**	**594,5**	**118,6**		**713,1**
Administrative expenses	**(123,1)**	**(106,1)**	**-**		**(229,2)**
Acquisition and related costs	**(62,4)**	**(9,1)**	**(188,9)**	**5**	**(260,4)**
Proceeds from disposal of investment properties	592,5	243,4	-		835,9
Carrying value of investment properties sold	(518,7)	(255,1)	6,4	**7**	(767,5)
Result on disposal of investment properties	**73,8**	**(11,8)**	**6,4**		**68,4**
Proceeds from disposal of shares	27,3	-	-		27,3
Carrying value of disposed shares	(27,3)	-	-		(27,3)
Result on disposal of shares	**0,0**	**-**	**-**		**0,0**
Valuation movements on assets	**1 364,4**	**482,7**	**20,3**	**7**	**1 867,4**
Impairment of goodwill/Negative goodwill	(9,2)	-	-		(9,2)
NET OPERATING RESULT	**2 906,0**	**1 379,7**	**(25,5)**		**4 260,2**
Result from non-consolidated companies	0,9	-	-		0,9
Financial income	*119,5*	*11,7*	-		*131,2*
Financial expenses	*(347,5)*	*(87,7)*	*(22,8)*		*(458,1)*
Net financing costs	(228,0)	(76,0)	(22,8)	**6**	(326,9)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	21,1	3,5	-		24,6
Fair value adjustments of derivatives and debt	(21,3)	(38,2)	(11,7)	**10**	(71,1)
Debt discounting	(0,7)	-	-		(0,7)
Share of the result of companies under the equity method	91,6	-	(91,6)	**2**	-
Income on financial assets	27,0	-	(27,0)	**2**	-
RESULT BEFORE TAX	**2 796,7**	**1 269,0**	**(178,7)**		**3 887,0**
Income tax expenses	(74,2)	104,2	(10,5)	**7**	19,5
NET RESULT FOR THE PERIOD	**2 722,5**	**1 373,2**	**(189,2)**		**3 906,5**
Non-controlling interests	283,0				
NET RESULT (Owners of the parent)	**2 439,5**				

Net result for the period attributable to:	
– The holders of the Stapled Shares	3 623,5
– External Non-controlling interests	283,0
Net result for the period	**3 906,5**

Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:	
– Unibail-Rodamco members (1)	3 184,3
– Newco members (1)	439,3
Net result for the period attributable to the holders of the Stapled Shares	**3 623,5**

(1) The "Newco members" line reflects the 49.55% share of WEA that is held by holders of Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The "Unibail-Rodamco members" line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco's 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA. (See 8.2.1 "Basis of presentation" of this Prospectus).

2. Unaudited Pro Forma condensed statement of financial position as of December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
Currency: € Mn	**Dec. 31, 2017**	**Dec. 31, 2017**	**Dec. 31, 2017**	**Notes**	**Dec. 31, 2017**
NON CURRENT ASSETS	**41 650,8**	**17 122,0**	**3 633,2**		**62 405,9**
Investment properties	**38 524,3**	**8 671,7**	**-**		**47 196,0**
Investment properties at fair value	*37 181,5*	*8 320,1*	*-*		*45 501,6*
Investment properties at cost	*1 342,8*	*351,6*	*-*		*1 694,4*
Other tangible assets	216,3	124,4	-		340,7
Goodwill	522,4	47,8	3 649,0	**4,7**	4 219,1
Intangible assets	172,2	103,5	(35,4)	**7**	240,3
Loans and receivables	76,8	178,9	-		255,7
Financial assets	30,8	239,8	19,6	**7**	290,2
Deferred tax assets	21,9	16,2	-		38,1
Derivatives at fair value	172,8	77,3	-		250,1
Shares and investments in companies accounted for under the equity method	1 913,3	7 637,4	-		9 550,7
Other	-	25,1	-		25,1
CURRENT ASSETS	**1 590,2**	**600,3**	**(397,4)**		**1 793,1**
Loans and receivables	**-**	**22,7**	**-**		**22,7**
Trade receivables from activity	**416,5**	**29,7**	**-**		**446,2**
Other receivables	**541,1**	**130,0**	**-**		**671,1**
Derivatives at fair value	**57,9**	**-**	**(57,9)**	**10**	**-**
Cash and cash equivalents	**574,7**	**417,9**	**(339,5)**	**11**	**653,1**
TOTAL ASSETS	**43 241,0**	**17 722,3**	**3 235,8**		**64 199,0**
- Equity attributable to the holders of the Stapled Shares					**26 203,8**
- Unibail-Rodamco members (1)					24 431,0
- Newco members (1)					1 772,8
- External non-controlling interests					**3 838,3**
TOTAL EQUITY	**22 693,2**	**9 071,1**	**(1 722,3)**	**9**	**30 042,1**
NON CURRENT LIABILITIES	**16 851,6**	**7 855,1**	**5 075,8**		**29 782,4**
Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	1 020,5	59,3	-		1 079,8
Long term bonds and borrowings	12 889,6	6 149,4	5 075,8	**6**	24 114,8
Long term financial leases	353,2	32,1	-		385,3
Derivatives at fair value	315,8	18,3	-		334,1
Deferred tax liabilities	1 752,5	1 530,7	-		3 283,2
Long term provisions	30,5	-	-		30,5
Employee benefits	9,3	3,8	-		13,1
Guarantee deposits	223,9	-	-		223,9
Tax liabilities	0,1	-	-		0,1
Amounts due on investments	256,2	61,4	-		317,6
CURRENT LIABILITIES	**3 696,2**	**796,0**	**(117,7)**		**4 374,6**
Current commitment to purchase non-controlling interests	**7,0**	**-**	**-**		**7,0**
Amounts due to suppliers and other current debt	**1 161,6**	**717,3**	**(70,4)**	**12**	**1 808,5**
Current borrowings and amounts due to credit institutions	**2 301,9**	**4,6**	**(47,3)**	**10**	**2 259,2**
Current financial leases	**2,0**	**0,5**	**-**		**2,5**
Tax and social security liabilities	**210,5**	**34,8**	**-**		**245,3**
Short term provisions	**13,2**	**38,9**	**-**		**52,1**
TOTAL LIABILITIES AND EQUITY	**43 241,0**	**17 722,3**	**3 235,8**		**64 199,0**

(1) The "Newco members" line reflects the 49.55% share of WEA that is held by holders Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The "Unibail-Rodamco members" line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco's 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA. (See 8.2.1 "Basis of presentation" of this Prospectus).

8.2.3 Notes to the unaudited pro forma condensed consolidated financial information

1. Westfield historical financial information reclassification and translation into Euros

The New Group Pro Forma Financial Information is presented in Euros, which will be the presentation currency of the New Group. The historical financial information of Westfield is reported pursuant to International Financial Reporting Standards as issued by IASB and presented in U.S. dollars. It has been translated from U.S. dollars to Euro by applying the exchange rate of 0.8338 as at December 31, 2017 to all statement of financial position items, and the average exchange rate of 0.8853 for the year ended December 31, 2017 to all income statement items.

The historical financial information of Westfield has been reclassified to conform to Unibail-Rodamco's presentation. The reconciliation between both formats is presented below.

1.1 Income Statement for the year ended December 31, 2017

	Historical Westfield in US$ million	Included in the following lines of "Adjusted Historical Westfield in US$ million":
Property revenue	630,1	Gross rental income
Property development and project management revenue	733,1	Property development and project management revenue
Property management income	56,3	Revenues from other activities
Revenue	**1 419,5**	
Property revenue	685,6	
Property revaluations	279,2	
Property expenses, outgoings and other costs	(229,9)	
Net interest expense	(62,7)	
Tax expense	(0,6)	
Share of after tax profits of equity accounted entities	**671,6**	Contribution of companies accounted for under the equity method
Property expenses, outgoings and other costs	(283,1)	Operating expenses and net service charges
Property development and project management costs	(629,7)	Property development and project management costs
Property management costs	(21,6)	Other expenses
Overheads	(119,9)	Administrative expenses
Expenses	**(1 054,3)**	
Interest income	13,2	Net financing costs
Currency gain/(loss)	(2,2)	Fair value adjustments of derivatives and debt
Financing costs	(136,0)	A. Net financing costs for (99.1) US$ million (Note 6 of Westfield 2017 Financial report) B. Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares for 4.0 US$ million (Note 6 of Westfield 2017 Financial report) C. Fair value adjustments of derivatives and debt for (40.9) US$ million (Note 6 of Westfield 2017 Financial report)
Gain/(loss) in respect of capital transactions	(23,6)	A. Result on disposal of investment properties for (13.3) US$ million (Note 7 of Westfield 2017 Financial report) B. Acquisition and related costs for (10.3) US$ million (Note 7 of Westfield 2017 Financial report)
Property revaluations	568,2	Valuation movements on assets
Intangible amortisation and impairment	(22,9)	Valuation movements on assets
Profit before tax for the period	**1 433,5**	
Tax credit/(expense)	117,7	Income tax expenses
Profit after tax for the period	**1 551,2**	

	Adjusted Historical Westfield in US$ million	Adjusted Historical Westfield in € million
	Dec. 31, 2017	**Dec. 31, 2017**
Gross rental income	630,1	557,8
Operating expenses and net service charges	(283,1)	(250,6)
Net rental income	**347,0**	**307,2**
Property development and project management revenue	733,1	649,0
Property development and project management costs	(629,7)	(557,5)
Net Property development and project management income	**103,4**	**91,5**
Revenues from other activities	56,3	49,8
Other expenses	(21,6)	(19,1)
Net other income	**34,7**	**30,7**
Contribution of companies accounted for under the equity method	**671,6**	**594,5**
Administrative expenses	**(119,9)**	**(106,1)**
Acquisition and related costs	**(10,3)**	**(9,1)**
Proceeds from disposal of investment properties	274,9	243,4
Carrying value of investment properties sold	(288,2)	(255,1)
Result on disposal of investment properties	**(13,3)**	**(11,8)**
Valuation movements on assets	**545,3**	**482,7**
NET OPERATING RESULT	**1 558,5**	**1 379,7**
Result from non-consolidated companies	-	-
Financial income	*13,2*	*11,7*
Financial expenses	*(99,1)*	*(87,7)*
Net financing costs	(85,9)	(76,0)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	4,0	3,5
Fair value adjustments of derivatives and debt	(43,1)	(38,2)
RESULT BEFORE TAX	**1 433,5**	**1 269,0**
Income tax expenses	117,7	104,2
NET RESULT FOR THE PERIOD	**1 551,2**	**1 373,2**

Net result for the period attributable to:		
– Members of Westfield Corporation	1 551,2	1 373,2
– External Non-controlling interests	-	-
Net result for the period	**1 551,2**	**1 373,2**

1.2 Balance sheet as at December 31, 2017

	Historical Westfield in US$ million	Included in the following lines of "Adjusted Historical Westfield in US$ million":
Cash and cash equivalents	501,2	Cash and cash equivalents
Trade debtors	35,6	Trade receivables from activity
Derivative assets	-	
Receivables	135,2	Other receivables
Inventories and development projects	69,0	Investment properties at cost
Other	47,9	A. Other receivables for 20.7 US$million (Note 12 of Westfield 2017 Financial report) B. Loans and receivables for 27.2 US$million (Note 12 of Westfield 2017 Financial report)
Total current assets	**788,9**	
Investment properties	9 978,3	Investment properties at fair value
Equity accounted investments	9 159,5	Shares and investments in companies accounted for under the equity method
Other property investments	287,6	Financial assets
Inventories and development projects	352,7	Investment properties at cost
Derivative assets	92,7	Derivatives at fair value
Receivables	214,5	Loans and receivables
Plant and equipment	149,2	Other tangible assets
Deferred tax assets	19,4	Deferred tax assets
Other	211,5	A. Goodwill for 57.3 US$million (Note 12 of Westfield 2017 Financial report) B. Intangible assets for 124.1 US$million (Note 12 Westfield of Westfield 2017 Financial report) C. Other for 30.1 US$million (Note 12 of Westfield 2017 Financial report)
Total non current assets	**20 465,4**	
Total assets	**21 254,3**	
Trade creditors	44,6	Amounts due to suppliers and other current debt
Payables and other creditors	862,3	A. Short term provisions for 46.7 US$million (Note 18 of Westfield 2017 Financial report) B. Amounts due to suppliers and other current debt for 815.6 US$million (Note 18 of Westfield 2017 Financial report)
Interest bearing liabilities	3,5	Current borrowings and amounts due to credit institutions
Other financial liabilities	2,6	A. Finance leases for 0.6 US$million (Note 20 of Westfield 2017 Financial report) B. Current borrowings and amounts due to credit institutions fror 2.0 US$million (Note 20 of Westfield 2017 Financial report)
Tax payable	41,7	Tax and social security liabilities
Total current liabilities	**954,7**	
Payables and other creditors	78,2	A. Sundry creditors and accruals for 73.6 US$million (Note 18 of Westfield 2017 Financial report) B. Employee benefits for 4.6 US$million (Note 18 of Westfield 2017 Financial report)
Interest bearing liabilities	7 225,6	Long term bonds and borrowings
Other financial liabilities	259,0	A. Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares for 71.1 US$million (Note 20 of Westfield 2017 Financial report) B. Long term bonds and borrowings for 149.4 US$million (Note 20 of Westfield 2017 Financial report) C. Finance leases for 38.5 US$million (Note 20 of Westfield 2017 Financial report)
Deferred tax liabilities	1 835,8	Deferred tax liabilities
Derivative liabilities	22,0	Derivatives at fair value
Total non current liabilities	**9 420,6**	
Total liabilities	**10 375,3**	
Net assets	**10 879,0**	

	Historical Westfield in US$ million	Included in the following lines of "Adjusted Historical Westfield in US$ million":
Equity attributable to members of WCL		
Contributed equity	843,7	
Reserves	(120,4)	
Retained profits	1 589,5	
Total equity attributable to members of WCL	**2 312,8**	- Equity attributable to members of Westfield Corporation
Equity attributable to to WFDT members		
Contributed equity	5 613,5	
Reserves	(1 224,3)	
Retained profits	560,0	
Total equity attributable to WFDT members	**4 949,2**	- Equity attributable to members of Westfield Corporation
Equity attributable to to WAT members		
Contributed equity	4 957,5	
Reserves	639,9	
Retained profits	(2 053,9)	
Total equity attributable to WAT members	**3 543,5**	- Equity attributable to members of Westfield Corporation
Equity attributable to external non controlling interests		
Contributed equity	60,2	
Reserves	13,3	
Retained profits	-	
Total equity attributable to external non controlling interests	**73,5**	- External non-controlling interests
Total equity	**10 879,0**	

	Adjusted Historical Westfield in US$ million	Adjusted Historical Westfield in € million
	Dec. 31, 2017	**Dec. 31, 2017**
NON CURRENT ASSETS	**20 534,4**	**17 122,0**
Investment properties	**10 400,0**	**8 671,7**
Investment properties at fair value	*9 978,3*	*8 320,1*
Investment properties at cost	*421,7*	*351,6*
Other tangible assets	149,2	124,4
Goodwill	57,3	47,8
Intangible assets	124,1	103,5
Loans and receivables	214,5	178,9
Financial assets	287,6	239,8
Deferred tax assets	19,4	16,2
Derivatives at fair value	92,7	77,3
Shares and investments in companies accounted for under the equity method	9 159,5	7 637,4
Other	30,1	25,1
CURRENT ASSETS	**719,9**	**600,3**
Loans and receivables	**27,2**	**22,7**
Trade receivables from activity	**35,6**	**29,7**
Other receivables	**155,9**	**130,0**
Cash and cash equivalents	**501,2**	**417,9**
TOTAL ASSETS	**21 254,3**	**17 722,3**
- Equity attributable to members of Westfield Corporation	**10 805,5**	**9 009,8**
- External non-controlling interests	**73,5**	**61,3**
TOTAL EQUITY	**10 879,0**	**9 071,1**
NON CURRENT LIABILITIES	**9 420,6**	**7 855,1**
Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	71,1	59,3
Long term bonds and borrowings	7 375,0	6 149,4
Long term financial leases	38,5	32,1
Derivatives at fair value	22,0	18,3
Deferred tax liabilities	1 835,8	1 530,7
Employee benefits	4,6	3,8
Amounts due on investments	73,6	61,4
CURRENT LIABILITIES	**954,7**	**796,0**
Amounts due to suppliers and other current debt	**860,2**	**717,3**
Current borrowings and amounts due to credit institutions	**5,5**	**4,6**
Current financial leases	**0,6**	**0,5**
Tax and social security liabilities	**41,7**	**34,8**
Short term provisions	**46,7**	**38,9**
TOTAL LIABILITIES AND EQUITY	**21 254,3**	**17 722,3**

2. Reclassifications of specific line items in the historical financial information of Westfield under IFRS as issued by the IASB

A preliminary analysis of Unibail-Rodamco and Westfield's respective accounting policies as disclosed in their 2017 consolidated financial statements has identified some differences described below.

a. <u>Operating overheads</u>
   Westfield's adjusted historical income statement presented in the New Group Pro Forma Financial Information has been derived from the audited consolidated income statement of Westfield for the year ended December 31, 2017, presented by function.
   Reclassifications related to Westfield's operating overheads by nature have not been reflected in the pro forma adjustments, as the information was not available.
b. <u>Net property development and project management income</u>
   Westfield operates development projects and construction for the current and future redevelopment and expansion of new and existing shopping centre investments. Revenue and expenses related to this activity are presented on separate line items of the Westfield consolidated income statement. Considering the materiality of these lines in the future consolidated financial statements of the New Group after the completion of the Transaction, they have been presented on separate line items in the pro forma statement of income.
c. <u>*"Contribution of companies accounted for under the equity method"*</u>
   "Share of the result of companies under the equity method" and "Income on financial assets" are presented below the "Net operating result" in Unibail-Rodamco's consolidated statement of income. Considering the materiality of these lines in the future consolidated financial statements of the New Group after the completion of the Transaction, and as they are directly related to the operations of the New Group and taking into account the fact that the main part of the net contribution is related to operating revenues, they have been reclassified above "Net operating result" in the pro forma statement of income.

The final analysis of Westfield's accounting policies, which will be performed after the completion of the Transaction, may lead to differences not identified in the New Group Pro Forma Financial Information.

3. Preliminary Purchase Accounting

The acquisition will be accounted for as a business combination in accordance with IFRS 3 Revised "*Business Combinations*", which requires that identifiable assets acquired and liabilities assumed be measured at their fair values as of the acquisition date. This valuation will be based on a detailed asset by asset (for the standing assets) and project by project (for the pipeline) review, which is not possible at this stage based on Westfield's publically available financial information.

Purchase accounting requires the acquirer to identify by nature all assets acquired and liabilities assumed of the acquiree and to measure each at fair value.

Unibail-Rodamco did not have full access to the detailed information of Westfield. As a result, Unibail-Rodamco was not able to assess the fair value of the assets acquired and liabilities assumed to be reflected in the New Group Pro Forma Financial Information.

After the completion of the Transaction, Unibail-Rodamco will appoint independent appraisers to perform the valuation of Westfield's assets and liabilities. The excess of the consideration transferred, over the fair value of the identifiable assets acquired and the liabilities assumed will be recognized as goodwill. In accordance with IFRS 3 Revised, the measurement period shall not exceed one year from the acquisition date.

At this stage, no preliminary purchase accounting has been reflected in the New Group Pro Forma Financial Information since Unibail-Rodamco does not have sufficient detailed information that would allow properly recognizing and measuring at fair value, separately from goodwill, the identifiable assets acquired and the liabilities assumed, as required by IFRS 3 Revised.

However Unibail-Rodamco expects that the purchase accounting will result in recognizing certain assets acquired and liabilities assumed which, by nature, have already been identified and will be recorded at fair value, including, without limitation: projects included in the pipeline, the Westfield trademark, the property management business, the project development and project management business, the Airport business and Westfield’s financial debt. Thus, the final purchase accounting, which will be performed in the future consolidated financial statements of the New Group after the completion of the Transaction, may significantly differ from the New Group Pro Forma Financial Information.

The New Group does not anticipate significant impacts in term of depreciation when this purchase accounting is finalized. No depreciation is expected with respect to investment properties (whether consolidated or held through equity method investments) since investment properties are accounted for at fair value under IAS 40 by Westfield and will continue to be under the New Group accounting policies. Further, the Westfield trademark is expected to be accounted for as an intangible asset with indefinite useful life and as such to be tested for impairment at least annually rather than depreciated. Last, only the estimated fair value of the contract portfolio of the fee business (property management and project and construction management mainly) is expected to be amortized over the duration of the contracts existing on the date of acquisition.

Based on the Westfield Consolidated Financial Statements 2017, the equity value of WAT as at December 31, 2017 relative to Westfield's consolidated equity value as at that same date, is 32.79%. Based on such relative equity value, approximately 33% of the purchase price could be expected to be allocated to WAT (the part of Westfield that will be acquired by Newco). However, the allocation of the purchase price will ultimately depend on the outcome of the valuation described in this note, and may be different from 33%.

4. Goodwill

Under the Transaction terms, Unibail-Rodamco will acquire Westfield through a combination of cash and issuance of shares. The consideration offered to Westfield’s Securityholders comprises 0.01844 Stapled Shares (Scrip Consideration) plus US$2.67 in cash for each Westfield Security (Cash Consideration). Approximately 38.3 million Unibail-Rodamco Shares will be issued to Westfield Securityholders to fund the Scrip Consideration and a total of approximately US$5.5 billion will be paid as the Cash Consideration.

In January 2018, the Unibail-Rodamco Group entered into a currency option to hedge the EUR/USD foreign exchange risk at 1 USD = €0.828 for which the hedge accounting is applied. The Cash Consideration in Euro is calculated based on this exchange rate. In accordance with IFRS 9, that Unibail-Rodamco intends to apply to this hedging transaction in 2018, the €47.4 million premium related to this currency option has been included in the Cash Consideration.

The Scrip Consideration to be received by Westfield Securityholders will be measured at the fair value of the equity issued at the completion date of the Transaction, *i.e.*, on the date of acquisition, which is expected to be the date on which all conditions precedent are met and after the Unibail-Rodamco Shareholder and the Westfield Securityholders approve the Transaction.

For the purpose of the New Group Pro Forma Financial Information, the preliminary purchase consideration below reflects the estimated fair value of equity issued based on February 5, 2018, closing price of €195.65 per Unibail-Rodamco Share, and the number of outstanding Westfield Securities as at December 31, 2017. The amount of total purchase consideration disclosed below is not necessarily indicative of the actual consideration that will be transferred at the completion date of the Transaction.

The preliminary estimated purchase consideration and Westfield's net assets acquired as if the Transaction had closed on December 31, 2017, are presented as follows:

	Dec. 31, 2017
Number of Westfield Securities as of December 31, 2017	2,078,089,686
Exchange ratio into Unibail-Rodamco Shares	0.01844
Number of Unibail-Rodamco Shares to be issued	38,319,974
Unibail-Rodamco Share price as at February 5, 2018 (in €)	195.65
Market value of the Unibail-Rodamco Shares to be issued in exchange of Westfield Securities (in € million) (1)	**7,497.3**
Number of Westfield Securities as of December 31, 2017	2,078,089,686
Cash per Westfield Security (in US$)	2.67
Cash consideration (in US$ million)	**5,548.5**
Cash consideration (in € million) (2)	**4,593.1**
Cost of the hedging (3)	**47.4**
Estimated purchase consideration (in € million) (1) + (2) + (3)	**12,137.8**

The following table summarizes the goodwill calculation:

Currency: € Mn	**Dec. 31, 2017**
Estimated purchase consideration	**12,137.8**
Book value of net assets acquired (equity attributable to parent company owners)	**9,009.8**
Final dividend paid on February 28, 2018, by Westfield	(221.0)
Transaction costs to be incurred after December 31, 2017 by Westfield (estimated by Westfield) (see Note 5)	(80.3)
Employee share plan benefits reserve (deducted from cash) (see Note 5)	(41.6)
OneMarket demerger (see Note 7)	(225.9)
Adjusted net book value of assets acquired	**8,441.1**
Goodwill as per IFRS 3 Revised	**3,696.8**
Less: pre-existing Westfield goodwill related to OneMarket	(47.8)
Net Pro Forma adjustment to the goodwill line item	**3,649.0**

At this stage, Unibail-Rodamco is not able to estimate the amount of the goodwill, if any, after the purchase price allocation.

The final goodwill calculation will be affected by the result of Westfield between January 1, 2018 and the acquisition date. The final goodwill calculation will be affected by the result of Westfield between January 1, 2018 and the acquisition date, by the Unibail-Rodamco Share price, and by the fair value of the assets and liabilities at acquisition date (see Note 3 "Preliminary Purchase Accounting").

The following table provides a sensitivity analysis to changes in the Unibail-Rodamco Share price and the impact on the computation of the pro forma purchase consideration and the preliminary goodwill before purchase price allocation:

	Unibail-Rodamco Share price (in €)	**Estimated purchase consideration (in € million)**	**Preliminary goodwill (in € million)**
Base case Unibail-Rodamco Share price at February 5, 2018	195.65	12,137.8	3,696.8
Unibail-Rodamco Share price +10% compared to base case	215.22	12,887.6	4,446.5
Unibail-Rodamco Share price -10% compared to base case	176.09	11,388.1	2,947.0

5. Transaction costs and other related costs

Transaction costs included in the New Group Pro Forma Financial Information are directly attributable to the Transaction. These costs mainly include banking, legal and consulting fees.

They are not expected to have a continuing impact on the consolidated New Group.

The pro forma adjustments related to these transaction costs are as follow:

- The full amount of Unibail-Rodamco's estimated transaction costs are accounted for in the pro forma consolidated statement of income for the year ended December 31, 2017, as if they had all been incurred on January 1, 2017, and as at December 31, 2017, for the pro forma statement of financial position. Unibail-Rodamco's transaction costs incurred during the year ended December 31, 2017, have been included in its historical financial information for a total amount of €58.9 million. The estimated future transaction costs to be incurred by Unibail-Rodamco after December 31, 2017, €66.1 million, have been reflected in the pro forma adjustment columns of the pro forma statement of income and of the pro forma statement of financial position;
- Westfield's transaction costs incurred during the year ended December 31, 2017, have been included in its historical financial information for a total amount of US$10.0 million. These transaction costs have been eliminated in the pro forma adjustment column of the pro forma consolidated statement of income for €9.1 million, as they will not impact the New Group's net result. The future transaction costs to be incurred by Westfield in 2018 have been recorded as an adjustment for €80.3 million in the pro forma statement of financial position and are reflected in the preliminary purchase accounting as a reduction of the net assets of Westfield acquired by Unibail-Rodamco.

In addition, a total of other related costs of €131.9 million was booked as an adjustment in the pro forma statement of income. It includes:

- The cost of accelerating the employee share plan benefits of Westfield (€100.0 million) provided for in the Implementation Agreement and reflected as a compensation expense (with an expected cash settlement) assumed by Unibail-Rodamco, based on the estimated market value of such share based payment at the acquisition date. The total cash settlement of the employee share plan is expected to be €141.6 million, also including €41.6 million already recorded in equity by Westfield, which will be reversed;
- Redundancy and other employee related costs (€31.9 million).

The total transaction costs and other related costs (representing the amount of transaction costs and other related costs incurred in 2017 or to be incurred in 2018) have been estimated to €346.3 million, with €256.9 million allocated to the statement of income and €89.4 million allocated directly to equity.

6. Financing of the transaction

For the purpose of the New Group Pro Forma Financial Information, an amount of €5,075 million was considered as drawn (out of the €6.1 billion total amount available under the Bridge Loan) for the cash consideration of the Transaction as well as the transaction costs and other related costs funded under the Bridge Loan, as follows:

- Cash Consideration (see section 8.2.3.4 of this Prospectus) of €4,593.1 million,
- Cost of hedging the Cash Consideration for the portion accounted for under hedge accounting and included in the purchase accounting of €47.4 million (see section 8.3.2.4 of this Prospectus) and for the prior compound option hedging transaction settled for €47.3 million recorded through income (see section 8.2.3.10 of this Prospectus),
- 2017 Transaction costs and other related costs for a total €68.0 million consisting of €58.9 million for Unibail-Rodamco and €9.1 million for Westfield (see section 8.2.3.5 of this Prospectus),
- 2018 Transaction and other related costs of €319.9 million consisting of €66.1 million transaction costs for Unibail-Rodamco, €80.3 million transaction costs for Westfield, €141.6 million for Westfield cash-settled accelerated share plan benefits and €31.9 million for Westfield redundancy and other employee related costs (see section 8.2.3.5 of this Prospectus).

The interest expenses related to the €5.1 billion of Bridge Loan borrowings amount to €22.8 million, and are included in the pro forma adjustments. Unibail-Rodamco intends to replace, repay or refinance the Bridge Loan through one or more capital markets offerings and asset disposal proceeds. Any debt securities would be issued by Unibail-Rodamco or Newco either under their EMTN programme and/or by way of a standalone issuance. Such securities may be either senior or subordinated securities.

In addition, Unibail-Rodamco intends to issue Hybrid Securities, subject to market conditions, for a total amount of €2.0 billion. The Hybrid Securities will be accounted for as an equity instrument under IAS 32 and upon issuance will reduce or repay, as the case may be, the commitments under the Bridge Loan. Since no term sheet has been signed, the New Group considers that reflecting the proceeds from the Hybrid Securities as a pro forma adjustment was not “factually supportable”. Consequently, the Hybrid Securities have not been reflected in the New Group Pro Forma Financial Information.

The outstanding ORNANEs have been kept as non-current in the pro forma statement of financial position, because, even if there were to be a partial or total reimbursement as a consequence of the stapling of the Unibail-Rodamco Shares with Newco Class A Shares, Unibail-Rodamco expects that the refinancing will be made through the Bridge Loan.

7. OneMarket demerger

As provided for in the Implementation Agreement, a 90% interest in the OneMarket business will be demerged from Westfield into a newly formed ASX listed entity held by Westfield Securityholders, and Westfield retaining a 10% interest (see Section 3.8 “— OneMarket Demerger” of this Prospectus). Thus the demerger is reflected in the pro forma adjustments based on the consolidated carrying value of the OneMarket business as at December 31, 2017.

Unibail-Rodamco plans to keep a 10% participation in this business unit, and intends to continue benefitting from what it has to offer in the future. Unibail-Rodamco already has strong digital innovation capacities in-house, and will fully leverage both companies’ knowledge of consumer expectations to deliver best-in-class retail experience. The success of the business model of OneMarket depends on it being independent from any one retail landlord.

The net loss of the OneMarket business was disclosed in the Westfield Consolidated Financial Statements 2017, and was reversed in the pro forma consolidated income statement for the year ended December 31, 2017, and resulted in an increase of the net result of €34.3 million.

The impact of the demerger has been adjusted in the pro forma statement of financial position as of December 31, 2017. The net asset value of the OneMarket business, as reported by Westfield in the Westfield Consolidated Financial Statements 2017, is €251.0 million, with the following breakdown:

- Goodwill: €47.8 million;
- Intangible assets: €35.4 million;
- Financial assets: €5.5 million;
- Cash and cash equivalents: €164.7 million, funded by Westfield in 2017; and
- Amounts due to suppliers and other current debt: -€2.4 million.

These amounts have been adjusted in the pro forma statement of financial position in order to reflect the demerger of 90% of the OneMarket business, with an increase of €25.1 million of the “Financial assets”, corresponding to 10% of the net asset value of OneMarket (non-consolidated shares), and a decrease of €225.9 million of the total equity, corresponding to the attribution of OneMarket shares resulting from the demerger.

8. Net result and equity attributable to holders of Stapled Shares

The calculation of the net result and equity attributable to holders of Stapled Shares is based on the information available in the financial statements of Westfield as at December 31, 2017.

The percentage of ownership of Newco in WEA is expected to be approximately 83%. Therefore, the holders of Stapled Shares will directly (via Newco and WAT) own 49.55% of the net result of WEA and 49.55% of the equity (see section 8.2.1 "— Basis of presentation" of this Prospectus).

9. Detail of pro forma adjustments on total equity

The effects of the pro forma adjustments on total equity are described as follows:

Currency: € Mn	
Unibail-Rodamco increase of share capital	7,497.3
Westfield's equity	(9,009.8)
Unibail-Rodamco's transaction costs in 2018	(66.1)
Employee share plan and redundancy costs	(131.9)
Fair value of derivatives	(11.7)
Total	**(1,722.3)**

10. Derivatives at fair value

The adjustment of -€57.9 million relates to:

- The Swap owned by Unibail-Rodamco, which was deemed settled at completion of the Transaction for an amount of -€46.2 million, with the corresponding impact on cash and cash equivalents;
- The fair value of the compound option implemented by Unibail-Rodamco at the announcement date to cover the EUR/USD foreign exchange risk of the Transaction, has been reversed by an amount of -€11.7 million. The €47.3 million premium relating to the compound option was booked in "Current borrowings and amounts due to credit institutions" as at December 31, 2017, and has been reversed against cash in the pro forma adjustment column of the pro forma statement of financial position.

11. Cash and cash equivalents

The adjustment of -€339.5 million relates to:

Currency: € million	
Bridge Loan financing (See section 8.2.3.6 of this Prospectus)	5,075.7
Cash Consideration (See section 8.2.3.4 of this Prospectus)	(4,593.1)
Transaction costs and other related costs (See section 8.2.3.5 of this Prospectus)	(387.9)
Cost of hedging the Cash Consideration (See section 8.2.3.6 of this Prospectus)	(94.7)
Impact of OneMarket demerger	(164.7)
Restatement of final dividend paid on February 28, 2018 by Westfield	(221.0)
Settlement of the Swap (See section 8.2.3.10 of this Prospectus)	46.2
Total	**(339.5)**

12. Amounts due to suppliers and other current debt

The adjustment of -€70.4 million relates to:

Currency: € million	
OneMarket demerger (See section 8.3.2.7 of this Prospectus)	(2.4)

Acquisition and related costs incurred during the year ended December 31, 2017 recorded as a proforma adjustment against cash and cash equivalents (See sections 8. 2.3.5 and 8. 2.3.11 of this Prospectus)	(68.0)
Total	**(70.4)**

8.2.4 Statutory auditors' report on pro forma financial information

To Mr. Christophe Cuvillier, Chairman of the Unibail-Rodamco Management Board, and Unibail-Rodamco Chief Executive Officer and Mr. Jaap Tonckens, Member of the Unibail-Rodamco Management Board, and Unibail-Rodamco Chief Financial Officer,

In our capacity as statutory auditors of your company and in accordance with AMF instruction n°2016-04 and Commission Regulation (EC) n°809/2004, we hereby report to you on the pro forma financial information of Unibail-Rodamco SE for the period from January 1, to December 31, 2017 set out in section 8.2 of the prospectus of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. made available to the public in the context of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco SE and the class A shares of WFD Unibail-Rodamco N.V., stapled together to form the stapled shares to be filed with the French financial markets authority ("Autorité des marchés financiers" – "AMF") and the Dutch authority for the financial markets ("De Autoriteit Financiële Markten" – "AFM") and in section 4 of the document E of Unibail-Rodamco SE made available to the public in connection with the share capital increase of Unibail-Rodamco SE through the issue of new ordinary shares of Unibail-Rodamco SE shares in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares to be filed with the AMF.

The pro forma financial information has been prepared for the sole purpose of illustrating the impact that the acquisition of Westfield Corporation Limited by Unibail-Rodamco SE might have had on the consolidated statement of financial position of Unibail-Rodamco SE as at December 31, 2017 and on the consolidated statement of income of Unibail-Rodamco SE for the year ended December 31, 2017 had the transaction taken place as at December 31, 2017 and January 1, 2017 respectively. By its very nature, the pro forma financial information is based on a hypothetical situation and, therefore, does not represent the financial position or performance that would have been reported, had the transaction taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the pro forma financial information in accordance with AMF instruction n°2016-04 and the provisions of Commission Regulation (EC) n°809/2004 and ESMA recommendations on pro forma financial information.

It is our responsibility to express an opinion, based on our work, in accordance with Annex II, item 7 of Commission Regulation (EC) n°809/2004, as to the proper compilation of the pro forma financial information.

We performed those procedures that we deemed necessary in accordance with the professional auditing standards applicable in France to such engagements. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the pro forma financial information, mainly consisted in ensuring that the information used to prepare the pro forma information was consistent with the underlying financial information, as described in the notes to the pro forma financial information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with management to obtain the information and explanations that we deemed necessary.

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated; and
- that basis is consistent with the accounting policies of Unibail-Rodamco SE.

This report has been issued solely for the purposes of:

- the registration of the document E with the AMF made available to the public in connection with the share capital increase of Unibail-Rodamco SE through the issue of new ordinary shares of Unibail-Rodamco SE shares in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares ; and,
- the prospectus in connection with the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco SE and the class A shares of WFD Unibail-Rodamco N.V., stapled together to form the stapled shares;

and cannot be used for any other purpose.

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Neuilly-sur-Seine and Paris-La Défense, on March 28, 2018

The statutory auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Pascal Colin Partner	Jean-Yves Jégourel Partner

8.3. WESTFIELD HISTORICAL FINANCIAL INFORMATION

8.3.1 Basis of presentation

Please refer to section 20, parts A, B and C of this Prospectus for the Westfield Consolidated Financial Statements and the auditor's reports relating thereto.

8.3.2 Operations and activities

Westfield 2017 Operations and activities

The Westfield Group reported FFO earnings for the year ended December 31, 2017 of US $706.8 million. FFO per security was US$34.0 cents, at the top end of the forecast. International Financial Reporting Standards as issued by the IASBnet profit of US$1,551.2 million for 2017 included FFO earnings of US$706.8 million, US$847.4 million of property revaluations, US$54.7 million of leasing incentives amortisation, US$39.1 million relating to the mark to market of derivatives and preference shares, US$23.6 million loss on capital transactions, US$22.9 relating to intangible amortisation and impairment and a US$137.3 million benefit for deferred tax.

The distribution for the year ended December 31, 2017 was US$25.5 cents per Westfield Security.

As at December 31, 2017, the Westfield Group had balance sheet assets of US$23.6 billion, gearing ratio of 38.1% and $2.6 billion in available liquidity. The Westfield Group has assets under management of US$34.5 billion, of which 84% are Flagship assets.

Profit after tax, funds from operations and distribution for the period[(i)]

	31 Dec 17 US$million
Net property income	802.7
Net project and management income	138.1
Overheads	(119.9)
Financing costs	(131.7)
Interest on other financial liabilities	(16.9)
Mark to market of derivatives and preference shares	(39.1)
Property revaluations	847.4
Gain/(loss) in respect of capital transactions	(23.6)
Intangible amortisation and impairment	(22.9)
Tax benefit	117.1
Profit after tax	1,551.2
Adjusted for:	
– Amortisation of leasing incentives and related leasing costs	54.7
– Mark to market of derivatives and preference shares	39.1
– Property revaluations	(847.4)
– (Gain)/loss in respect of capital transactions	23.6
– Intangible amortisation and impairment	22.9
– Deferred tax benefit	(137.3)
FFO [(ii)]	706.8
Less: amount retained	(176.9)
Dividend/distributions	529.9
FFO per security (cents)	34.01
Dividend/distribution per security (cents)	25.50

(i) The Westfield Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from and net assets in equity accounted properties on a gross basis whereby the underlying components of net income are disclosed separately as revenues and expenses.

(ii) FFO is a widely recognised measure of the performance of real estate investments groups by the property industry and is an important measure of operating performance of the Westfield Group.

The analysis of the results has been completed on a proportionate basis as approximately 55% (by asset value) of the shopping centre investments are equity accounted. FFO earnings include net property income (before the amortisation of leasing incentives and related leasing costs), management and project income, corporate overheads, underlying net interest (excluding derivative mark to markets), currency gains and underlying taxation of the business (excluding deferred tax).

Operating environment

The Westfield Group is transforming its portfolio by creating and operating Flagship assets in leading world markets. During 2017, the Westfield Group successfully launched the redevelopment of Century City in Los Angeles and the expansion of UTC in San Diego. The Westfield Group continued to make good progress on the expansions at Westfield London and Valley Fair in Silicon Valley. For the year ended December 31, 2017, US847.4 million of revaluation gains were achieved, primarily driven by the uplift created from developments.

Net property income (on a FFO basis) was US$857.4 million for the year ended December 31, 2017 compared to US$795.1 million for the year ended December 31, 2016, an increase of US$62.3 million or 7.8%. This increase was largely driven by the completed developments at the World Trade Center in New York in Q4 2016 and in Q4 2017 Century City in Los Angeles and UTC in San Diego.

The Westfield Group's portfolio achieved comparable net operating income growth of 2.2% for the year and was 93.2% leased at year end, with the Flagship portfolio at 94.9%. The Flagship portfolio achieved comparable net operating income growth of 2.7% for the year with the regional portfolio growing by 0.7%. Specialty sales productivity was US$733 psf up 2.0% for the year. The Flagship portfolio achieved specialty retail sales of US$908 psf, up 2.7% with the regional portfolio achieving specialty retail sales of US$455 psf, down 0.3%.

Management and project income was US$138.1 million for the year ended December 31, 2017. This includes income from managing centres held in joint ventures and airports, and project income including developments at London, UTC, Valley Fair and Stratford.

Financing costs of US$145.1 million includes underlying interest before interest capitalised of US$275.1 million and $130.0 million of interest capitalised on the Westfield Group's developments including the Century City, UTC, Valley Fair and Westfield London.

The mark to market of interest rate derivatives and preference shares of US$39.1 million primarily reflects the revaluation of the minority interests in the United States.

The deferred tax benefit of US$137.3 million includes a US$82.6 million one-time benefit arising from the increase to the taxable cost base of certain properties in the United Kingdom and a one-time deferred tax credit of US$237.0 million following the reduction of the United States corporate tax rate from 35% to 21%.

Capital management

As at December 31, 2017, the Westfield Group had balance sheet assets of US$23.6 billion, including property investments of US$21.4 billion. During 2017, the Westfield Group raised US$1.5 billion of bonds and extended US$57.0 million (Westfield Group's share $28.5 million) of mortgages. The Westfield Group continues to operate well within its covenants with gearing at 38.1%, secured debt to total assets at 11.7%, interest cover at 3.2 times and unencumbered leverage of 229% as at December 31, 2017.

Digital

In November 2017, the Westfield Group rebranded its retail technology business to OneMarket reflecting a shift in its business and operating model. Further information about the OneMarket business and the proposed OneMarket demerger is set out in section 3.8 of this Prospectus.

Principal activities

The principal activities of the Westfield Group during the 2017 financial year were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its US and UK portfolio. There were no significant changes in the nature of those activities during the year.

Westfield 2016 Operations and activities

The Westfield Group reported FFO earnings for the year ended December 31, 2016 of $700.4 million, in line with forecast. FFO per security was US$33.7 cents per security, up 3.8% on a constant currency basis adjusted for asset divestments and income lost from redevelopment projects underway.

International Financial Reporting Standards as issued by the IASB net profit of US$1,366.1 million for the year includes US$1,005.0 million of property revaluations, US$54.9 million of leasing incentives and related leasing costs amortisation, US$30.2 million relating to the mark to market of derivatives and preference shares, $1.7 million gain on capital transactions and a US$255.9 million charge for deferred tax.

The distribution for the year ended December 31, 2016 was US$25.1 cents per Westfield Security, also in-line with forecast.

As at December 31, 2016, Westfield Group had balance sheet assets of US$21.1 billion, gearing ratio of 35.2%[100] and US$2.8 billion in available liquidity.

As at December 31 2016, the Westfield Group had assets under management of US$30.9 billion, of which 82% were Flagship assets.

[100] Based on market capitalisation

Profit after tax, funds from operations and distribution for the period[(i)]

	31 Dec 16 US$million
Net property income	740.2
Net project and management income	126.1
Overheads	(116.1)
Financing costs	(64.0)
Interest on other financial liabilities	(18.9)
Mark to market of derivatives and preference shares	(30.2)
Property revaluations	1,005.0
Gain/(loss) in respect of capital transactions	1.7
Tax expense	(277.7)
Profit after tax	1,366.1
Adjusted for:	
– Amortisation of leasing incentives and related leasing costs	54.9
– Mark to market of derivatives and preference shares	30.2
– Property revaluations	(1,005.0)
– (Gain)/loss in respect of capital transactions	(1.7)
– Deferred tax expense	255.9
FFO [(ii)]	700.4
Less: amount retained	(178.8)
Dividend/distributions	521.6
FFO per security (cents)	33.70
Dividend/distribution per security (cents)	25.10

(i) The Westfield Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from and net assets in equity accounted properties on a gross basis whereby the underlying components of net income are disclosed separately as revenues and expenses.

(ii) FFO is a widely recognised measure of the performance of real estate investments groups by the property industry and is an important measure of operating performance of the Westfield Group.

The analysis of the results has been completed on a proportionate basis as approximately 58% (by asset value) of the shopping centre investments are equity accounted. FFO earnings include net property income (before the amortisation of leasing incentives and related leasing costs), management and project income, corporate overheads, underlying net interest (excluding derivative mark to markets), currency gains and underlying taxation of the business (excluding deferred tax).

Operating environment

During 2016, the Westfield Group successfully opened the Westfield World Trade Center and commenced the expansion at Valley Fair in San Jose. The Westfield Group continued to make good progress on the US$1 billion redevelopment of Century City in Los Angeles, US$600 million expansion at UTC in San Diego and the £600 million expansion at Westfield London. For the year ended December 31, 2016, over US$1 billion of revaluation gains were achieved, driven by the value created from completed developments.

Net property income (on a FFO basis) was US$795.1 million for the 2016 financial year. The Westfield Group's portfolio achieved comparable net operating income growth of 3.2% for the year and was 94.9% leased at the 2016 year end. The Flagship portfolio achieved comparable net operating income growth of 4.0% for 2016 with the regional portfolio growing by 0.6%.

Specialty sales productivity was US$725 psf, with comparable sales up 2.2% for the year. The Flagship portfolio achieved specialty retail sales of US$898 psf, up 3.5% with the regional portfolio achieving specialty retail sales of US$457 psf, up 0.5%.

Management and project income was US$126.1 million for the 2016 financial year. This included income from managing centres held in joint ventures and airports; and project income including developments at London, UTC, Valley Fair and from the finalisation of third party project at Bradford.

Financing costs of US$64.0 million included underlying interest before interest capitalised of US$197.5 million and US$133.5 million of interest capitalised on the Westfield Group's developments including the Westfield World Trade Center and Century City.

Property revaluations of US$1,005.0 million arose during 2016, driven by the value created from the Westfield Group's completed development and revaluations from the Westfield Group's Flagship assets including London and Stratford in the UK.

The mark to market of interest rate derivatives and preference shares of US$30.2 million primarily reflects the revaluation of the minority interests in the US.

The deferred tax expense of US$255.9 million includes deferred tax accrued on the revaluation and tax depreciation of property investments.

Capital management

As at December 31, 2016, the Westfield Group had balance sheet assets of US$21.1 billion, including property investments of US$19.1 billion. During 2016, the Westfield Group refinanced US$555 million (Westfield Group's share $339 million) of mortgages to August 2026 and extended US$150 million of bank facilities from July 2017 to July 2020. The Westfield Group continued to operate well within its covenants with gearing at 37.1%, secured debt to total assets at 12.9%, interest cover at 3.8 times and unencumbered leverage of 243%.

Principal activities

The principal activities of the Westfield Group during the 2016 financial year were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its US and UK portfolio. There were no significant changes in the nature of those activities during the year.

Westfield 2015 Operations and activities

The Westfield Group reported FFO earnings for the year ended December 31, 2015 of US$783.4 million (US$37.7 cents per Westfield Security), in line with forecast. International Financial Reporting Standards as issued by the IASB net profit of US$2,323.5 million for 2015 included US$632.0 million of property revaluations, US$44.0 million of tenant allowance amortisation, US$82.9 million relating to the mark to market of derivatives and preference shares, US$97.3 million loss on capital transactions and a reduction in the accounting of deferred tax by US$1,132.3 million[101].

The distribution for the year ended December 31, 2015 was US$25.1 cents per Westfield Security also in-line with forecast.

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[101] Accounting of the deferred tax liability recognised at the relevant tax treaty rate.

As at December 31, 2015, Westfield Group had balance sheet assets of US$20.0 billion, gearing ratio of 29.9%[102] and US$4.5 billion in available liquidity. The Westfield Group had assets under management of US$29.0 billion, of which 82% were Flagship assets.

Profit after tax, funds from operations and distribution for the period[(i)]

	31 Dec 15 US$million
Net property income	817.4
Net project and management income	168.0
Overheads	(116.8)
Financing costs	(67.7)
Interest on other financial liabilities	(22.2)
Mark to market of derivatives and preference shares	(82.9)
Property revaluations	632.0
Gain/(loss) in respect of capital transactions	(97.3)
Tax expense	1,093.0
Profit after tax	**2,323.5**
Adjusted for:	
– Amortisation of tenant allowances	44.0
– Mark to market of derivatives and preference shares	82.9
– Property revaluations	(632.0)
– (Gain)/loss in respect of capital transactions	97.3
– Deferred tax expense	(1,132.3)
FFO [(ii)]	**783.4**
Less: amount retained	(261.8)
Dividend/distributions	**521.6**
FFO per security (cents)	**37.70**
Dividend/distribution per security (cents)	**25.10**

(i) The Westfield Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from and net assets in equity accounted properties on a gross basis whereby the underlying components of net income are disclosed separately as revenues and expenses.

(ii) FFO is a widely recognised measure of the performance of real estate investments groups by the property industry and is an important measure of operating performance of the Westfield Group.

The analysis of the results has been completed on a proportionate basis as approximately 57% (by asset value) of the shopping centre investments are equity accounted. FFO earnings include net property income (before the amortisation of tenant allowances), management and project income, corporate overheads, underlying net interest (excluding derivative mark to markets), currency gains and underlying taxation of the business (excluding deferred tax).

Operating environment

For the year ended December 31, 2015, the Westfield Group completed over US$1 billion in projects, commenced US$2.5 billion of projects including Century City in Los Angeles, UTC in San Diego and the expansion at Westfield London, completed the US$925 million joint venture of three regional assets in the United States and divested six non-core assets for US$1.3 billion.

102 Based on market capitalisation.

Net property income (on a FFO basis) was US$861.4 million for the year ended December 31, 2015. The Westfield Group's portfolio achieved comparable net operating income growth of 3.9% for the year and was 95.9% leased at year end. The Flagship portfolio achieved comparable net operating income growth of 4.2% for the year with the regional portfolio growing by 2.7%.

Specialty sales productivity was US$726 psf with comparable sales up 6.4% for the year. The Flagship portfolio achieved specialty retail sales of US$902 psf, up 8.0% with the Regional portfolio achieving specialty retail sales of $454 psf, up 3.2%.

Management and project income was US$168.0 million for the year ended December 31, 2015. This included income from managing centres held in joint ventures and project income principally from Westfield's third party project at Bradford in the United Kingdom and United States joint venture assets.

Financing costs of US$67.7 million includes underlying interest before interest capitalised of US$177.2 million and US$109.5 million of interest capitalised on Westfield's developments including the World Trade Center and Century City.

Property revaluations of US$632.0 million have arisen during the year. The majority of the revaluation gain was for the Flagship assets, in particular London and Stratford in the United Kingdom, Annapolis, Montgomery, San Francisco, Southcenter and Topanga (including the completed development at The Village) in the United States.

The mark to market of interest rate derivatives and preference shares of US$82.9 million primarily reflects the revaluation of the minority interests in the United States.

Loss on capital transactions of US$97.3 million primarily includes the divestment of 6 non-core assets during 2015 for approximately US$1.3 billion of gross proceeds.

The deferred tax credit of US$1,132.3 million includes US$234.9 million accrued for deferred tax on the revaluation and tax depreciation of property investments and a one off US$1,367.2 million tax benefit arising from a change in applicable tax rates for accounting purposes.

Digital initiatives

The Westfield Group continued to invest in its digital platform which is focused on better connecting retailers and consumers both physically and digitally. During 2015, the Westfield Group successfully unified all assets onto a single digital platform and piloted a digital suite of services at Westfield London.

Capital management

As at December 31, 2015, the Westfield Group had balance sheet assets of $20.0 billion, including property investments of US$17.5 billion. During 2015, the Westfield Group retired the remainder of the bridge facility put in place for the restructure of the Westfield Group in 2014, issued US$1 billion of 144A bonds in September 2015 and entered into $630 million (Westfield Group's share: $390 million) of new secured mortgages.

Principal activities

The principal activities of the Westfield Group during the 2015 financial year were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its US and UK portfolio. There were no significant changes in the nature of those activities during the year.

8.4. WAT HISTORICAL FINANCIAL INFORMATION

8.4.1 WAT Financial Information

Please refer to Section 20, parts D, E and F of this Prospectus for the WAT Financial Information and the auditor's reports relating thereto.

8.4.2 Operations and activities

In this section, WAT and its controlled entities are referred to as the WAT Group.

WAT 2017 Operations and activities

The WAT Group reported International Financial Reporting Standards as issued by the IASB profit of US$1,000.8 million and a distribution of US$265.0 million for the 2017 financial year.

The WAT Group contributed net property income of US$606.9 million for the 2017 financial year.

Management and project income was US$33.1 million for the 2017 financial year. This includes income from managing centres held in joint ventures and airports; and project income including developments at UTC and Valley Fair.

Property revaluations of US$596.8 million arose during the year, driven by the value created from the WAT Group's completed developments and revaluations from the WAT Group's Flagship assets.

The deferred tax credit of US$95.5 million includes a one time deferred tax credit of US$237.0 million following the reduction of the United States corporate tax rate from 35% to 21%.

In October 2017, the WAT Group successfully launched the major stage of the US$1 billion redevelopment of Century City in Los Angeles, including Nordstrom and a world class and industry leading retail tenancy mix.

The opening of Westfield Century City was a hugely important milestone in the execution of the WAT Group's strategy.

The WAT Group also successfully launched the US$600 million expansion at UTC in San Diego in Q4 2017, including a new Nordstrom department store.

Principal Activities

The principal activities of the WAT Group during the 2017 financial year were the ownership, development, design, construction, asset management, leasing and marketing activities undertaken with respect to its US portfolio of retail properties. There were no significant changes in the nature of those activities during the 2017 financial year.

WAT 2016 Operations and activities

The WAT Group reported International Financial Reporting Standards as issued by the IASB profit of US$1,053.6 million and a distribution of US$457.2 million for the Financial Year.

The WAT Group contributed net property income of US$573.8 million for the Financial Year.

Management and project income was US$38.8 million for the 2016 financial year. This includes income from managing centres held in joint ventures and airports; and project income including developments at UTC and Valley Fair.

Property revaluations of US$820.5 million have arisen during the year, driven by the value created from the WAT Group's completed development and revaluations from the WAT Group's flagship assets.

The deferred tax expense of US$193.4 million includes deferred tax accrued on the revaluation and tax depreciation of property investments.

In August 2016, the WAT Group successfully opened the US$1.2 billion major stage of Westfield World Trade Center ahead of the target yield. The opening of Westfield World Trade Center was a hugely important milestone in the execution of the WAT Group's strategy.

Principal Activities

The principal activities of the WAT Group during the 2016 financial year were the ownership, development, design, construction, asset management, leasing and marketing activities undertaken with respect to its US portfolio of retail properties. There were no significant changes in the nature of those activities during the 2016 financial year.

WAT 2015 Operations and activities

The WAT Group reported International Financial Reporting Standards as issued by the IASB profit of US$1,875.2 million and a distribution of US$445.7 million for the 2015 financial year.

The WAT Group contributed net property income of US$632.2 million for the 2015 financial year.

Management and project income was US$47.4 million for the 2015 financial year. This includes income from managing centres held in joint ventures and project income from Westfield's United States joint venture assets.

During the 2015 financial year, the WAT Group reported property revaluations of US$230.5 million. The majority of the revaluation gain was for the Flagship assets, in particular

Annapolis, Montgomery, San Francisco, Southcenter and Topanga (including the completed development at The Village) in the United States.

The deferred tax credit of US$1,194.0 million includes US$173.2 million accrued for deferred tax on the revaluation and tax depreciation of property investments and a one off US$1,367.2 million tax benefit arising from a change in applicable tax rates for accounting purposes.

During 2015, the WAT Group completed the US$250 million development at The Village at Topanga in Los Angeles.

In September 2015, the Westfield Group issued US$1 billion of 144A bonds, of which the WAT Group was assigned US$300 million.

Principal Activities

The principal activities of the WAT Group during the 2015 financial year were the ownership, development, design, construction, asset management, leasing and marketing activities undertaken with respect to its US portfolio of retail properties. There were no significant changes in the nature of those activities during the 2015 financial year.

8.5. NEW GROUP CAPITAL RESOURCES

Short term financing

The New Group intends to access the money markets by issuing short term paper ("*billets de trésorerie*" (NEU CP), BMTN (NEU MTN) and U.S. commercial Paper (USCP)).

Medium and long term financing

The New Group intends to access the bond markets (senior, hybrid and/or convertible) in Europe and in the United States. In addition, it intends to continue to rely on bank and financial institutions debt, including corporate debt or drawn credit lines as well as secured financings.

Unibail-Rodamco intends for all corporate debt raised by entities of the New Group to be treated *pari passu*. In order to achieve this, Unibail-Rodamco intends to seek, once the Transaction is completed, that certain guarantees are given by certain companies within the New Group in respect of the corporate debt incurred by or to be incurred by relevant entities within the New Group.

9. UNIBAIL-RODAMCO PROFIT FORECAST

The forecasts presented in this section have been prepared on the basis of data, assumptions and estimates that Unibail-Rodamco considers to be reasonable. Such data, assumptions and estimates may change due to uncertainties in the economic, political, accounting, competitive and regulatory environment or as a function of other factors that are unknown to Unibail-Rodamco as of the date of this Prospectus.

Moreover, the occurrence of one or more of the risks described in section 1 “Risk Factors” of this Prospectus, could have an impact on Unibail-Rodamco’s business, results, financial condition or prospects and therefore jeopardize these forecasts. Unibail-Rodamco does not guarantee and can give no assurance that the forecasts described in this section will be achieved.

The forecasts presented below and the assumptions underlying them have been prepared pursuant to the Prospectus Regulation and ESMA’s recommendations on forecasts.

9.1. ASSUMPTIONS

Unibail-Rodamco has based its forecast for 2018 on its consolidated financial statements on a stand-alone basis as of and for the year ended December 31, 2017.

The principal assumptions and estimates used for the Unibail-Rodamco Group’s 2018 budget and forecast that are within Unibail-Rodamco's control are:

– Rents: rental income from the renewal of leases, re-letting or vacancies for all units in the Unibail-Rodamco Group’s portfolio and rental income from extensions and renovations of standing assets or delivery of new assets.

– Indexation: where benchmarks are not available, indexation assumptions are estimated on the basis of available information.

– Exchange rates: are based on a combination of market forward rates and forecasts from Bloomberg and analysts in January of the first year of the annual plan and are updated annually in connection with the preparation of each new annual plan.

– The Congress & Exhibition division: rental income and service revenues have been forecast based on the frequency of events and the order book as at December 31, 2017, supplemented by forecasts for future business.

– Investments: the amount of investment required to deliver the projects in the Unibail-Rodamco Group’s development pipeline, to maintain the Unibail-Rodamco Group’s assets as well as the proceeds from expected disposals of mature or non-strategic assets.

– Disposals: based on the Unibail-Rodamco Group’s view on the ability of assets to generate returns required by the Unibail-Rodamco Group, disposals are assumed to be made. The amount of disposals may vary from year to year.

– Financial expenses: cash flows generated by the Unibail-Rodamco Group’s forecast operations have been estimated and the business plan includes assumptions about interest rates based on market forecasts (forward rates) and the effects of hedging instruments implemented by the Unibail-Rodamco Group are integrated in the calculation of financial expenses.

– Taxes: taxes are estimated on the basis of the income generated by the Unibail-Rodamco Group's subsidiaries in each country based on the laws and regulations known at the time of the preparation of the annual business plan.

– Accounting principles: application of accounting standards and methods on which the 2017 consolidated financial accounts are based.

Indexation and exchange rates are external factors on which Unibail-Rodamco has no influence.

9.2. UNIBAIL-RODAMCO FORECAST FOR THE YEAR ENDING DECEMBER 31, 2018

Based on (i) what Unibail-Rodamco considers reasonable assumptions about stable macro-economic growth and geopolitical conditions as well as the assumption of a stable business environment in the countries in which the Unibail-Rodamco currently operates and (ii) expected net rental income growth as a result of rental uplifts, deliveries of assets during 2017, the acquisition of a stake in Metropole Zlicin and partially offset by an disposal of an office asset in H2-2017, Unibail-Rodamco expects to increase its recurring profit before tax in 2018 to between €1,295 million and €1,310 million (after deduction of minority interests), representing an increase of between 6.1% and 7.4% compared to the year ended December 31, 2017.

Unibail-Rodamco expects its average number of shares outstanding to increase by approximately 400,000 shares in 2018, compared to the average number of shares in 2017, representing an estimated increase of +0.4%.

Based on the above, Unibail-Rodamco expects its recurring profit before tax per share to increase by up to 7.1%. Please refer to section 2.2 of this Prospectus for the definition of recurring profit before tax, and to sections 4.2 and 4.3 of the 2017 Registration Document for more information.

Consequently Unibail-Rodamco expects its recurring earnings per share in 2018 to increase and reach a range between €12.75 and €12.90, on a standalone basis, representing a recurring earnings per share growth of between +5.8% and +7.1%, compared to the €12.05 recurring earnings per share published for 2017. Upon completion of the Transaction, Unibail-Rodamco's forecasts on a standalone basis will of course cease to be operative. Unibail-Rodamco will endeavor to provide an update for the year ending December 31, 2018 as soon as it reasonably can do so with confidence.

9.3. STATUTORY AUDITORS' REPORT ON THE RECURRING PROFIT BEFORE TAX PER SHARE FORECAST FOR THE YEAR ENDED DECEMBER 31, 2018

To Mr. Christophe Cuvillier, Chairman of the Unibail-Rodamco Management Board, and Unibail-Rodamco Chief Executive Officer and Mr. Jaap Tonckens, Member of the Unibail-Rodamco Management Board, and Unibail-Rodamco Chief Financial Officer,

In our capacity as statutory auditors of your company and in accordance with Commission Regulation (EC) n°809/2004, we hereby report to you on the recurring profit before tax per share forecast of Unibail-Rodamco SE for the year ended 31 December 2018 set out in section 9 of the prospectus made available to the public in the context of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco SE and the class A shares of WFD Unibail-Rodamco N.V. ", stapled together to form the stapled shares to be filed with the French financial markets authority ("Autorité des Marchés Financiers" – "AMF") and the Dutch authority for the financial markets ("De Autoriteit Financiële Markten" – "AFM").

It is your responsibility to compile the profit forecast, together with the material assumptions upon which they are based, in accordance with the requirements of Commission Regulation (EC) n°809/2004 and ESMA's recommendations on profit forecast.

It is our responsibility to express an opinion, based on our work, in accordance with Annex I, item 13.2 of Commission Regulation (EC) n°809/2004, as to the proper compilation of this forecast.

We performed the work that we deemed necessary according to the professional guidance issued by the French institute of statutory auditors (Compagnie nationale des commissaires aux comptes – CNCC) for this type of engagements. Our work included an assessment of the procedures undertaken by management to compile the profit forecast as well as the implementation of procedures to ensure that the accounting policies used are consistent with the policies applied by Unibail-Rodamco SE for the preparation of the historical financial information. Our work also included gathering information and explanations that we deemed necessary in order to obtain reasonable assurance that the profit forecast has been properly compiled on the basis stated.

Since profit forecasts, by nature, are uncertain and may differ significantly from actual results, we do not express an opinion as to whether the actual results reported will correspond to those shown in the profit forecast.

In our opinion:

a) the profit forecast has been properly compiled on the basis stated; and

b) that basis of accounting used for the profit forecast is consistent with the accounting policies of Unibail-Rodamco SE.

This report has been issued solely for the purposes of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco SE and the class A shares of of WFD Unibail-Rodamco N.V., stapled together to form the stapled shares and cannot be used for any other purpose.

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Neuilly-sur-Seine and Paris-La Défense, on March 28, 2018

The statutory auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Pascal Colin Partner	Jean-Yves Jégourel Partner

10. MANAGEMENT BOARD, SUPERVISORY BOARD AND EMPLOYEES

10.1. UNIBAIL-RODAMCO

10.1.1 Unibail-Rodamco Management Structure

For information about Unibail-Rodamco's current management structure, please refer to sections 3 and 7.6 of the 2017 Registration Document.

Following completion of the Transaction, Unibail-Rodamco will maintain its two-tier board structure which consists of the Unibail-Rodamco Supervisory Board and the Unibail-Rodamco Management Board.

Unibail-Rodamco Supervisory Board

For information about Unibail-Rodamco Supervisory Board practices, absence of conflicts of interests and shareholding of Unibail-Rodamco SB Members, please refer to sections 3.1 and 3.2 of the 2017 Registration Document.

Following completion of the Transaction, the Unibail-Rodamco Supervisory Board will remain chaired by Colin Dyer. Upon completion of the Transaction, two former Westfield Board members, Mr. Peter Lowy and Mr. John McFarlane, will be appointed to the Unibail-Rodamco Supervisory Board, subject to the approval of the Unibail-Rodamco General Meeting.

Upon completion of the Transaction, Mr. Alec Pelmore and Mr. Jean Louis Laurens will have resigned from the Unibail-Rodamco Supervisory Board and have been appointed as Newco Supervisory Board Members.

Then at completion of the Transaction, the Unibail-Rodamco Supervisory Board will be composed as follow:

- Mr. Colin Dyer *(Chairman / independent)*
- Mr. Philippe Collombel *(independent)*
- Ms. Jill Granoff *(independent)*
- Ms. Mary Harris *(independent)*
- Ms. Dagmar Kollmann *(independent)*
- Mr. Peter Lowy *(non independent)*
- Mr. John McFarlane *(independent)*
- Mr. Roderick Munsters *(independent)*
- Ms. Sophie Stabile *(independent)*
- Mr. Jacques Stern *(independent)*

- Ms. Jacqueline Tammenoms Bakker *(independent)*

Set out below are the business experience and principal business activities outside Unibail-Rodamco by the prospective members of the Unibail-Rodamco Supervisory Board.

Peter Lowy is an executive director of Westfield and serves as Co-Chief Executive Officer. He holds a Bachelor of Commerce from the University of New South Wales (UNSW). Prior to joining Westfield in 1983, Mr. Lowy worked in investment banking both in London and New York. Mr. Lowy serves as Chairman of the Homeland Security Advisory Council for Los Angeles county and he is an inaugural member of the U.S. Investment Advisory Council of the Department of Commerce. He also serves on the RAND Corporation Board of Trustees and is a Director of the Lowy Institute for International Policy. Prior to the establishment of Westfield, Mr. Lowy was the Joint Managing Director of the Westfield Group from 1997.

John McFarlane is a non-executive director of Westfield. He is a leading figure in global banking and in the City of London, having spent over 40 years in the sector, including 23 years at main board level. Mr. McFarlane is chairman of Barclays as well as TheCityUK and was previously Chairman of Aviva, FirstGroup, and the Australian Bankers Association. He was CEO of Australia and New Zealand Banking Group for 10 years, and prior to that group executive director of Standard Chartered, and head of Citibank in the UK. Mr. McFarlane is a non-executive director of Old Oak Holdings, and the UK Financial Services Trade and Investment Board, and a member of the International Monetary Conference, the European Financial Roundtable, and the Institut International d'Etudes Bancaires. He was formerly a non-executive director of The Royal Bank of Scotland Group, Capital Radio, and the London Stock Exchange. Born in Dumfries, Scotland and attended Dumfries Academy, Mr. McFarlane has an MA from the University of Edinburgh, and a MBA from Cranfield University, and studied finance at the London Business School. He has banking fellowships in Hong Kong, Australia and the UK, and was the inaugural recipient of Cranfield School of Management Distinguished Alumnus Award.

The following table sets out information, as at March 21, 2018, being the latest practicable date, relating to Mr. Peter Lowy and Mr. John McFarlane:

Name	**Position to be held in Unibail-Rodamco**	**Current appointments outside the Unibail-Rodamco Group**	**Former appointments outside the Unibail-Rodamco Group in the past five years**
Mr. Peter Lowy	Member of the Supervisory Board	Director of Westfield Corporation Limited (since 2014)* / ** Director of Westfield America Management Limited (since 1996) Director of Cordera Holdings Pty Ltd (since 1986) Director of Franley Holdings Pty Ltd (since 1986) Director of Franley Securities	Director of Westfield Holdings Limited (retired 2014)* / *** Director of Westfield Management Limited (retired 2014) *** Director of Palmerston Pty Ltd (retired 2015) Director of Connate Pty. Limited (retired 2015)

		Pty Ltd (since 1986) Director of Lowy Institute For International Policy (since 2003) Director of DHL Income Company Pty Limited (since 2006) Director of LFG Super Fund 1 Pty Limited (since 2006) Director of PSL Income Company Pty Limited (since 2006) Director of SML Income Company Pty Limited (since 2006) Director of Lowy Foundation Pty Limited (since 2007) Trustee of Orange Trust (since 2017) Co-trustee of Blank Wall Trust (since 2010) President and Manager of LFG International USA, LLC. (since 2015) Manager of 9016 Hopen LLC. (since 2017) President and Manager of LFG Theatrical LLC. (since 2017) President and Manager of LFG Trading LLC. (since 2017) President and Manager of LFT US Protector, Inc. (since 2014)	
Mr. John McFarlane	Member of the Supervisory Board	Director of Westfield Corporation Limited (since 2014)* Director of Westfield America Management Limited (since	Director of Westfield Holdings Limited (retired 2014)* *** Director of Westfield Management Limited

		2008) Director of Barclays plc and Barclays Bank plc (since 1 January 2015, Chairman since 23 April 2015)* Chairman of TheCityUK (since 2015) Director of Old Oak Holdings Ltd (since 2008) Director of UK Financial Services Trade and Investment Board (since 2015) Director of The International Monetary Conference (since 2017)	(retired 2014) *** Chairman of Aviva plc (retired 2015)* Chairman of FirstGroup plc (retired 2015)*

* Listed companies

** Mr. Peter Lowy is also currently a director of various controlled entities of WCL and entities within the Lowy Family Group.

*** Prior to the establishment of Westfield Corporation, Mr. Peter Lowy was a director of Westfield Holdings Limited and Westfield Management Limited from 19 October 1987 and 1 May 1986 respectively, and Mr. John McFarlane was a director of Westfield Holdings Limited and Westfield Management Limited from 26 February 2008. These entities were renamed "Scentre Group Limited" and "Scentre Management Limited" respectively in June 2014.

To the knowledge of Unibail-Rodamco, no close family relationship exists between Mr. Peter Lowy, Mr. John McFarlane and other prospective members of the Unibail-Rodamco Supervisory Board.

Upon completion of the Transaction, the address of Mr. Peter Lowy and Mr. John McFarlane will be 7 place du Chancelier Adenauer, 75016 Paris, France.

During the last five years, Mr. Peter Lowy and Mr. John McFarlane have not:

– been convicted for fraud;

– been associated with any bankruptcy, receivership or liquidation while acting in capacity of a senior manager, or a member of the administrative or supervisory body of any company;

– been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); and

– been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

Service contracts

Mr. Peter Lowy is currently party to a service agreement with Westfield. The benefits payable by Westfield on termination of his employment are summarized as follows:

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

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

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

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

  If Mr. Peter Lowy is made redundant by the Westfield Group or is terminated without cause, he is entitled to receive:

  – accrued statutory entitlements;

  – a pro-rata performance bonus to the date of termination;

  – in the absence of securityholder approval of a higher amount, a redundancy payment of 12 months base salary; and

  – pro-rata vesting of outstanding awards under the Westfield Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle).

The Co-Chief Executive Officers of Westfield (being Mr. Peter Lowy and Mr. Steven Lowy) have agreed to forego any amounts in the nature of severance payments in connection with the Transaction.

Mr. John McFarlane is paid fees for service on the Westfield Board and its committees as detailed in section 10.4.2 "— Remuneration and Benefits — Westfield" of this Prospectus. No other bonuses or benefits are paid on termination.

Save as described above, the Unibail-Rodamco SB Members do not have an employment or service contract with Unibail-Rodamco. If Unibail-Rodamco terminates an individual's appointment before the end of his or her term, no severance payment is due.

Conflicts of interest

Unibail-Rodamco is not aware of any potential conflict between any duties to Unibail-Rodamco of Mr. Peter Lowy and Mr. John McFarlane, expected to serve as members of the Unibail-Rodamco Supervisory Board, and their private interests or other duties. Subject to the Voting Agreement disclosed under section 3.10.1 "— Voting Agreement" of this Prospectus, there are no arrangements or understandings with major stockholders, customers, suppliers or others pursuant to which any of the contemplated members of the Unibail-Rodamco Supervisory Board have been selected.

Unibail-Rodamco Management Board

Following completion of the Transaction, the Unibail-Rodamco Management Board will consist of Mr. Christophe Cuvillier, Group Chief Executive Officer, and Mr. Jaap Tonckens, Group Chief Financial Officer. Their mandates will be renewed by anticipation for a new 4-year period upon completion of the Transaction. The four other current Unibail-Rodamco MB Members, Mr. Olivier Bossard, Mr. Fabrice Mouchel, Ms. Astrid Panosyan and Mr. Jean-Marie Tritant, will step down as Unibail-Rodamco MB Members upon completion of the Transaction.

Notwithstanding anything to the contrary set forth in the articles of association of Unibail-Rodamco, should the Unibail-Rodamco Management Board comprise two members only, the meetings of the Unibail-Rodamco Management Board will be validly held where both members are present and approval of its decisions will require unanimous vote, except for certain decisions set out in the Unibail-Rodamco Management Board's charter which may be approved by majority vote, with the Chairman of the Unibail-Rodamco Management Board having a casting vote.

In accordance with the recommendations of the AMF and the Afep-Medef Code, Unibail-Rodamco will disclose information pertaining to the conditions relating to their departure from their current mandate as Unibail-Rodamco MB Members:

- No monetary termination benefits will apply;
- Their total 2018 short-term incentive amount including the part linked to their Management Board mandate will be calculated based on year-end results and will be paid in 2019 after shareholders meeting approval (ex-post vote);
- The total valuation of their remuneration components due or granted as MB Members but not yet paid will be performed and disclosed in due time;

They will become members of the Senior Management Team in the New Group and play key roles in the successful integration process. They will be offered an employment contract, taking into consideration their seniority in the Unibail-Rodamco Group since their initial entry date. As any Unibail-Rodamco Group employee, they will be submitted to local labour law requirements and applicable collective agreements.

They will remain eligible for the following:

- A fixed salary which will be determined taking into consideration, level and complexity of tasks, their profile and experience, in line with market benchmarks;
- An STI as a percentage of their fixed salary;
- The same LTI scheme as all other Group beneficiaries. Their non-vested stock-options and performance shares will remain in place, with the exact same terms and conditions as all other Group beneficiaries.
- Unibail-Rodamco Group health insurance, life insurance, collective retirement plans, profit sharing schemes and savings plans (without the benefit of the top-up contribution offered to other employee participants);

- the supplementary contribution scheme paid into a blocked savings account. As per all MB Members and all employees, there will be no additional pension scheme ("*retraite chapeau*"/defined benefits).

It should also be noted that:

- There will be no contractual severance package, nor intra-group board fees.

- The unemployment insurance (GSC type) will no longer apply.

For conditions applicable before the completion of the Transaction, refer to the 2017 Registration document (section 3.2.1).

10.1.2 Unibail-Rodamco Group Management Team

The following individuals serve as officers of Unibail-Rodamco (the "**Unibail-Rodamco Group Management Team**"). The Unibail-Rodamco Group Management Team assists the Management Board in the execution of Unibail-Rodamco Group's strategy in the regions and in their respective fields of expertise. Together with the Unibail-Rodamco Management Board, the management team forms the Unibail-Rodamco Group Management Team.

The Unibail-Rodamco Group Management Team is composed of:

- Managing Director Benelux;
- Managing Director Central Europe and Austria/Slovakia;
- Managing Director Offices France;
- Managing Director Retail France;
- Managing Director Germany;
- Managing Director Netherlands;
- Managing Director Nordic countries;
- Managing Director Spain;
- Managing Director of Strategy and Innovation, Managing Director Viparis;
- Managing Director of Development;
- Group General Counsel; and
- Group Director of Human Resources and Organization.

10.1.3 Remuneration and benefits of Unibail-Rodamco SB Members and Unibail-Rodamco MB Members following completion of the Transaction

The remuneration of Unibail-Rodamco SB Members and Unibail-Rodamco MB Members following completion of the Transaction is intended to take into account the increased size and organizational complexity of the business, along with the challenges in executing the Transaction. See section 10.4.1 of this Prospectus for further information with respect to the remuneration of Unibail-Rodamco SB Members and Unibail-Rodamco MB Members.

10.2. NEWCO

10.2.1 Newco Management Structure

Upon completion of the Transaction, Newco will have a two-tier board structure consisting of a management board (the "**Newco Management Board**") (*bestuur*) and a supervisory board (the "**Newco Supervisory Board"**) (*raad van commissarissen*). The Newco Management Board is responsible for the day-to-day management of Newco which includes, among other things, formulating strategies and policies, and setting and achieving Newco's objectives. The Newco Supervisory Board supervises and advises the Newco Management Board.

Each member of the Newco Management Board (a "**Newco MB Member**") and the Newco Supervisory Board (a "**Newco SB Member**") must act in the corporate interests of Newco and of the business connected with it and consider with due care the interests of all stakeholders including Newco's shareholders, creditors, employees and customers.

Conflict of interests

Pursuant to Dutch law, a managing director or a supervisory director of a Dutch public limited liability company, such as Newco, may not participate in the adoption of resolutions (including deliberations in respect thereof) if such director has a direct or indirect personal interest conflicting with the interests of such company and the business connected with it. Such a conflict of interest only exists if in the situation at hand the managing director or supervisory director is deemed to be unable to serve the interests of the company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Newco Articles, a Newco MB Member shall not participate in the deliberations and decision-making of the Newco Management Board on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of Newco and of the business connected with it. If, as a result thereof, no resolution can be passed by the Newco Management Board, the resolution shall be passed by the Newco Supervisory Board.

Pursuant to the Newco Articles, a Newco SB Member shall not participate in the deliberations and decision-making of the Newco Supervisory Board on a matter in relation to which such member has a direct or indirect personal interest which conflicts with the interests of Newco and of the business connected with it. If, as a result thereof, no resolution can be passed by the Newco Supervisory Board, the resolution may nevertheless be passed by the Newco Supervisory Board as if none of the Newco SB Members has such a conflict of interests.

If a Newco MB Member or Newco SB Member does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and such member may be held liable towards Newco. As a general rule, agreements and transactions entered into by a company based on a decision of its management board that are adopted with the participation of a board member who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest. The existence of a (potential) personal conflict of interest does not affect the authority to represent the company.

Newco is not aware of any potential conflict between any duties to Newco of the Newco MB Members and the Newco SB Members, and their private interests or other duties. There are no arrangements or understandings with major stockholders, customers, suppliers or others pursuant to which any of the Newco MB Members or the Newco SB Members have been selected.

To the knowledge of Newco, no close family relationship exists between the Newco MB Members or the Newco SB Members.

During the last five years, the Newco MB Members and the Newco SB Members have not:

– been convicted for fraud;

– been associated with any bankruptcy, receivership or liquidation while acting in capacity of a senior manager, or a member of the administrative or supervisory body of any company;

– been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); and

– been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

Indemnification

Pursuant to the Newco Articles, Newco will indemnify and hold harmless each Newco Indemnified Officer against:

– any financial losses or damages incurred by such Newco Indemnified Officer; and

– any expense reasonably paid or incurred by such Newco Indemnified Officer in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved,

to the extent this relates to his current or former position with Newco and/or any of the Newco Subsidiaries and in each case to the extent permitted by applicable law.

No indemnification shall be given to a Newco Indemnified Officer:

– if a competent court or arbitral tribunal has established that the acts or omissions of such Newco Indemnified Officer that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described above are of an unlawful nature (including acts or omissions which are considered to constitute malice, gross negligence, intentional recklessness and/or serious culpability attributable to such Newco Indemnified Officer) and such Newco Indemnified Officer does not have, or no longer has, the possibility to appeal such decision;

– to the extent that his financial losses, damages and expenses are covered under insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so);

– in relation to proceedings brought by such Newco Indemnified Officer against Newco, except for proceedings brought to enforce indemnification to which he is entitled pursuant to the Newco Articles, pursuant to an agreement between such Newco

Indemnified Officer and Newco which has been approved by the Newco Supervisory Board or pursuant to insurance taken out by Newco for the benefit of such Newco Indemnified Officer; and

– for any financial losses, damages or expenses incurred in connection with a settlement of any proceedings effected without the prior consent of the Newco Supervisory Board.

The Newco Management Board, with the approval of the Newco Supervisory Board, may stipulate additional terms, conditions and restrictions in relation to the indemnification set out above.

Antecedents

With respect to each of the Newco MB Members, Newco SB Members and Newco Senior Managers, Newco is not aware of (i) any convictions in relation to fraudulent offences in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such person held any office, directorships or senior management positions in the last five years, or (iii) any official public incrimination or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

10.2.2 Newco Management Board

Responsibility, powers and function

The Newco Management Board is charged with the management of Newco, subject to the restrictions contained in the Newco Articles. In performing their duties, Newco MB Members shall be guided by the interests of Newco and of the business connected with it.

The Newco Management Board shall provide the Newco Supervisory Board with the information necessary for the performance of its tasks in a timely fashion. Certain resolutions of the Newco Management Board require the approval of the Newco Supervisory Board, as more fully described below. At least once a year, the Newco Management Board shall inform the Newco Supervisory Board in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of Newco.

The Newco Management Board, with the approval of the Newco Supervisory Board, may perform the legal acts referred to in section 2:94(1) DCC without the prior approval of the Newco General Meeting. The Newco Management Board is entitled to represent Newco. The power to represent Newco also vests in the President US and any other Newco MB Member acting jointly.

Newco Management Board Rules

In accordance with the Newco Articles and prior to completion of the Transaction, the Newco Management Board will - with the approval of the Newco Supervisory Board - draw up internal rules applicable to the Newco Management Board concerning its organization, decision-making and other internal matters (the "**Newco Management Board Rules**"), with due observance of the Newco Articles. In performing their duties, the Newco MB Members shall act in compliance with the Newco Management Board Rules.

Appointment, dismissal and suspension

Pursuant to the Newco Articles, the Newco Management Board consists of one or more Newco MB Members. The Newco Management Board shall be composed of individuals or entities. The Newco Supervisory Board shall determine the number of Newco MB Members. The Newco Chairman shall, with due observance of the Newco Management Board Rules, designate one Newco MB Member as President US, and may revoke such designation from time to time. Upon completion of the Transaction, the Newco Management Board is envisaged to consist of two Newco MB Members.

The Newco General Meeting shall appoint the Newco MB Members. The Newco General Meeting can only appoint a Newco MB Member upon a nomination by (i) the Newco Supervisory Board pursuant to and in accordance with a binding recommendation by the Newco governance, nomination and remuneration committee ("**Newco GNRC**"), (ii) the Newco Chairman, (iii) a Newco Controlling Shareholder or (iv) the Newco Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that Newco General Meeting or the explanatory notes thereto. A Newco MB Member may be appointed or reappointed for a term which shall expire immediately following the end of the annual Newco General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The Newco General Meeting may at any time suspend or dismiss any Newco MB Member. In addition, the Newco Supervisory Board may at any time suspend a Newco MB Member. The Newco Supervisory Board shall not make any proposal, or approve any proposal made by the Newco Management Board, for the suspension or dismissal of a Newco MB Member and shall not resolve upon the suspension of a Newco MB Member, other than pursuant to and in accordance with a binding recommendation either by the Newco Chairman or by the Newco GNRC. A suspension by the Newco Supervisory Board can at any time be lifted by the Newco General Meeting. If a Newco MB Member is suspended and the Newco General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

Meetings and decision-making

The Newco Management Board shall meet as often as any Newco MB Member deems necessary or appropriate. A Newco MB Member can be represented by another Newco MB Member holding a written proxy for the purpose of the deliberations and the decision-making of the Newco Management Board.

Resolutions of the Newco Management Board shall be passed, irrespective of whether this occurs at a meeting or otherwise, by a majority of the votes cast, unless the Newco Management Board Rules provide differently. Each Newco MB Member may cast one vote in the decision-making of the Newco Management Board. Invalid votes, blank votes and abstentions shall not be counted as votes cast. Where there is a tie in any vote of the Newco Management Board, the relevant resolution shall not have been passed.

Meetings of the Newco Management Board can be held through audio-communication facilities, unless a Newco MB Member objects thereto.

Resolutions of the Newco Management Board may, instead of at a meeting, be passed in writing, provided that all Newco MB Members are familiar with the resolution to be passed and none of them objects to this decision-making process.

The approval of the Newco Supervisory Board is required for resolutions of the Newco Management Board concerning, *inter alia*, the following matters (as described in the Newco Articles):

- the approval and amendment of Newco's strategy, its five-year business plan and its annual budget;
- the application for the bankruptcy or suspension of payments of Newco or, to the extent this requires a resolution of the Newco Management Board, any of the Newco Subsidiaries;
- the dissolution of Newco Subsidiaries, to the extent this requires a resolution of the Newco Management Board;
- the issue of Newco Shares or the granting of rights to subscribe for Newco Shares;
- the limitation or exclusion of pre-emption rights;
- the acquisition of shares by Newco in its own capital;
- the drawing up or amendment of the Newco Management Board Rules;
- the performance of the legal acts concerning a material change to the identity or the character of Newco or its business, as described in more detail in the next paragraph;
- the making of an interim distribution;
- the making of a proposal to the Newco General Meeting concerning certain matters, including the issue of Newco Shares or the granting of rights to subscribe for Newco Shares, the limitation or preclusion of pre-emption rights, the reduction of Newco's issued share capital, the making of a distribution from Newco's reserves or in the form of Newco Shares or non-cash assets, the amendment of the Newco Articles, the entering into a merger or demerger, the instruction of the Newco Management Board to apply for Newco's bankruptcy and Newco's dissolution;
- the making of a proposal to the Newco General Meeting concerning the suspension or dismissal of a Newco MB Member or a Newco SB Member;
- the following types of transactions and actions by Newco or, to the extent this requires a resolution of the Newco Management Board, by any Newco Subsidiary:
    - the acquisition or disposal of real estate properties, shares and other assets, for a book value or transaction value exceeding an amount to be determined by the Newco Supervisory Board;
    - the making of investments and capital expenditures for improvement or expansion of real estate, for a book value or transaction value exceeding an amount to be determined by the Newco Supervisory Board;
    - the transfer of all or part of the business to a party who is not an entity of the Stapled Group, for a book value or transaction value exceeding an amount to be determined by the Newco Supervisory Board;

  - the participation, or taking of any other interest, in other companies or businesses and modifying or terminating such participations and interests, if this would represent a book value or transaction value exceeding an amount to be determined by the Newco Supervisory Board;
  - the entering into of off-balance sheet commitments exceeding an amount to be determined by the Newco Supervisory Board;
  - the incurrence of indebtedness exceeding an amount to be determined by the Newco Supervisory Board;
  - the providing of financing to, or the raising of financing from, entities of the Stapled Group or others, in each case exceeding amounts to be determined by the Newco Supervisory Board;
  - the furnishing of guarantees, the providing of security, the warranting of performance or in any other way assuming liability for or in respect of obligations of (i) entities of the Stapled Group to the extent this would exceed an amount to be determined by the Newco Supervisory Board or (ii) others, irrespective of the amount concerned;
  - the encumbrance of assets to the extent this would exceed a secured amount to be determined by the Newco Supervisory Board;
  - the outsourcing of asset management and retail management activities and/or responsibilities to a party who is not an entity of the Stapled Group, to the extent this would relate to a higher percentage of the total value of the investments and participations of Newco as to be determined by the Newco Supervisory Board;
  - the adoption of, or making material changes to, the accounting standards applied by Newco and the Newco Subsidiaries;
  - the taking of any action that would, or would reasonably be expected to, adversely affect the relevant fiscal regimes applicable to the entities of the Stapled Group, as determined by the Newco Supervisory Board; and
- such other resolutions of the Newco Management Board as the Newco Supervisory Board shall have specified in a resolution to that effect and notified to the Newco Management Board.

The approval of the Newco General Meeting is required for resolutions of the Newco Management Board concerning a material change to the identity or the character of Newco or its business, including in any event:

- transferring the business or materially all of the business to a third party;
- entering into or terminating a long-lasting alliance of Newco or of a Newco Subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for Newco; and
- acquiring or disposing of an interest in the capital of a company by Newco or by a Newco Subsidiary with a value of at least one third of the value of the assets, according to the balance sheet with explanatory notes or, if Newco prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in Newco's most recently adopted annual accounts.

The absence of the approval of the Newco Supervisory Board or the Newco General Meeting of a resolution as referred to above shall result in the relevant resolution being null and void pursuant to section 2:14(1) DCC, but shall not affect the powers of representation of the Newco Management Board or of the Newco MB Members.

Newco Management Board Composition

The Newco Management Board is currently composed of the following Newco MB Member:

Name	Age	Term
Gerard Sieben	48	No fixed term

It is envisaged that upon completion of the Transaction, the Newco Management Board will be composed of the following Newco MB Members:

Name	Age	Term
Jean-Marie Tritant	51	4 years
Gerard Sieben	48	4 years

Newco's registered address serves as the business address for the Newco MB Members.

Mr Jean-Marie Tritant Newco MB Member Born November 10, 1967 Number of Unibail-Rodamco Shares held: 167 789 French national	**Experience and expertise** ▪ Graduate of ESC Dijon – Business School. ▪ Master's Degree in commercial real estate from Paris I-Sorbonne University (a qualification recognised by the Royal Institution of Chartered Surveyors). ▪ Started his career at Arthur Andersen Paris. ▪ Joined Unibail in 1997. ▪ Appointed as Unibail-Rodamco Managing Director of the Office Division in 2002, and Unibail-Rodamco Managing Director Retail France in 2007. ▪ Appointed to the Unibail-Rodamco Management Board as Chief Operating Officer effective April 25, 2013. **Other current intra-group Functions and Mandates** **French Companies** ▪ Management Committee Member of Aquarissimo S.A.S., Chesnay Pierre 2 S.C.I., Saint Jean S.N.C., Saint Jean II S.N.C., Juin Saint Hubert S.N.C., Juin Saint Hubert II S.N.C., and Les Terrasses Saint Jean S.N.C. **Foreign Companies** ▪ Director of U&R Management B.V. ▪ Director and Secretary of Unibail-Rodamco Spain S.L.U. (formerly Unibail-Rodamco Inversiones, S.L.U.), Unibail-Rodamco Ocio S.L.U., Unibail-Rodamco Palma, S.L.U., Unibail-Rodamco Real Estate, S.L. and Unibail-Rodamco Retail Spain, S.L. ▪ Director and Chairman of Proyectos Inmobiliaros New Visions, S.L.U, Essential Whites, S.L.U, Unibail-Rodamco Steam, S.L.U and Proyectos Inmobiliarios Time Blue, S.L.U. ▪ SB Member of Unibail-Rodamco Germany GmbH. ▪ Director and Chairman of Rodamco Sverige AB. **Previous Mandates during the last five years** **French Companies** ▪ Unibail-Rodamco Chief Operating Officer and Unibail-Rodamco MB member. ▪ Chairman of Unibail Management S.A.S., of Rodamco Gestion S.A.S., of Espace Expansion S.A.S. ▪ Managing Director of Uni-Commerces S.A.S., of Immobilière Lidice S.A.S., of Rodamco France S.A.S, of Unibail Management S.A.S. ▪ Manager of Espace Coquelles S.A.R.L., of BAY 1 BAY 2 S.A.R.L., of BEG Investissements S.A.R.L. and of Geniekiosk S.A.R.L. ▪ Chairman and CEO of Union Internationale Immobilière S.A., of Société d'Exploitation des Parkings du Forum des Halles de Paris S.A.

	▪ Director of Société Foncière du 6/8 Rue Louis Armand S.A. **Foreign Companies** ▪ Director and representative of Unibail-Rodamco Nederland Winkels B.V. ▪ SB Member of mfi AG. ▪ Director and Chairman Unibail-Rodamco Proyecto Badajoz S.L.U., Unibail-Rodamco Palma, S.L.U. and Promociones Inmobiliarias Gardiner, S.L.U.
Gerard Sieben Newco MB Member Born on May 5, 1970 Dutch national	**Experience and expertise** • Bachelor in economics of the HEAO, ISBW Opleidingen. Bedrijfseconomie. • Mr. Sieben worked at Procter & Gamble Professional Care NL, as controller for 4 years. • He then joined Unibail-Rodamco in June 2008, where he held various positions, such as Head of accounting, Corporate center Rodamco Europe NV, Head of accounting Netherlands and Corporate center Rodamco Europe NV, and Finance Director Benelux and Corporate center Rodamco Europe BV. • He is currently Project manager, Finance transformation at Unibail-Rodamco. **Other current intra-group Functions and Mandates** **French Companies** ▪ Not applicable. **Foreign Companies** ▪ Not applicable. **Previous Mandates during the last five years** **French Companies** ▪ Not Applicable **Foreign Companies** ▪ Not applicable.

10.2.3 Newco Supervisory Board

Responsibility, powers and function

The Newco Supervisory Board is charged with the supervision of the policy of the Newco Management Board and the general course of affairs of Newco and of the business connected with it. The Newco Supervisory Board shall provide the Newco Management Board with advice. In performing their duties, Newco SB Members shall be guided by the interests of Newco and of the business connected with it.

Newco Supervisory Board Rules

In accordance with the Newco Articles and prior to completion of the Transaction, the Newco Supervisory Board will draw up internal rules applicable to the Newco Supervisory Board concerning its organization, decision-making and other internal matters (the "**Newco Supervisory Board Rules**"), with due observance of the Newco Articles. In performing their duties, the Newco SB Members shall act in compliance with the Newco Supervisory Board Rules. Amendments or supplements to the Newco Supervisory Board Rules require the approval of the Newco UR Supervisory Directors.

Appointment, dismissal and suspension

Pursuant to the Newco Articles, the Newco Supervisory Board consists of at least two, but no more than seven, Newco SB Members. The Newco Supervisory Board shall be composed of individuals. The Newco Supervisory Board shall determine the number of Newco SB Members. The Newco Supervisory Board must comprise such number of Newco UR Supervisory Directors as equals the highest integer that is less than 50% of all Newco SB Members in office. This requirement can be set aside by the Newco General Meeting with a majority of at least two-thirds (2/3) of the votes cast representing more than half of Newco's issued share capital. Upon completion of the Transaction, the Newco Supervisory Board will consist of five Newco SB Members, two of which are Newco UR Supervisory Directors.

The Newco Supervisory Board shall elect a Newco UR Supervisory Director to be the Newco Chairman and another Newco UR Supervisory Director to be the Newco Vice-Chairman, in each case pursuant to and in accordance with a recommendation by the Newco GNRC. The Newco Supervisory Board may dismiss the Newco Chairman or the Newco Vice-Chairman pursuant to and in accordance with a recommendation by the Newco GNRC, provided that the Newco UR Supervisory Director so dismissed shall subsequently continue his term of office as a Newco UR Supervisory Director without having the title of Newco Chairman or Newco Vice-Chairman, as the case may be.

The Newco General Meeting shall appoint the Newco SB Members. The Newco General Meeting can only appoint a Newco SB Member upon a nomination by (i) the Newco Supervisory Board pursuant to and in accordance with a binding recommendation by the Newco GNRC, (ii) the Newco Chairman, (iii) a Newco Controlling Shareholder or (iv) the Newco Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that Newco General Meeting or the explanatory notes thereto and taking into account the requirement with respect to the requisite number of Newco UR Supervisory Directors. A Newco SB Member may be appointed or reappointed for a term which shall expire immediately following the end of the annual Newco General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The Newco General Meeting may at any time suspend or dismiss any Newco SB Member. The Newco Supervisory Board shall not make any proposal, or approve any proposal made by the Newco Management Board, for the suspension or dismissal of a Newco SB Member, other than pursuant to and in accordance with a binding recommendation either by the Newco Chairman or by the Newco GNRC. If a Newco SB Member is suspended and the Newco General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

Meetings and decision-making

Each Newco SB Member may cast one vote in the decision-making of the Newco Supervisory Board. Where there is a tie in any vote of the Newco Supervisory Board, the Chairman shall have a casting vote, provided that there are at least three (3) Newco SB Members in office. If this is not the case, the resolution shall not have been passed.

The Newco Supervisory Board shall meet as often as any Newco SB Member deems necessary or appropriate. A Newco SB Member can be represented by another Newco SB Member holding a written proxy for the purpose of the deliberations and the decision-making of the Newco Supervisory Board.

Resolutions of the Newco Supervisory Board shall be passed, irrespective of whether this occurs at a meeting or otherwise, by a majority of the votes cast, unless the Newco Supervisory Board Rules provide differently. Each Newco SB Member may cast one vote in the decision-making of the Newco Supervisory Board. Invalid votes, blank votes and abstentions shall not be counted as votes cast. Where there is a tie in any vote of the Newco Management Board, the Newco Chairman shall have a casting vote, provided that there are at least three Newco SB Members in office. Otherwise, the relevant resolution shall not have been passed.

Meetings of the Newco Supervisory Board can be held through audio-communication facilities, unless a Newco SB Member objects thereto.

Resolutions of the Newco Supervisory Board may, instead of at a meeting, be passed in writing, provided that all Newco SB Members are familiar with the resolution to be passed and none of them objects to this decision-making process.

Newco Supervisory Board Composition

As of the date of this Prospectus, Newco does not have a Newco Supervisory Board.

It is envisaged that upon completion of the Transaction, the Newco Supervisory Board will be composed of the following Newco SB Members:

Name	**Age**	**Position**	**Term**
Christophe Cuvillier	55	Newco Chairman*	4 years
Jaap Tonckens	55	Newco Vice-Chairman*	4 years
Alec Pelmore	64	Newco SB Member	4 years
Jean-Louis Laurens	63	Newco SB Member	4 years
Aline Taireh	43	Newco SB Member	4 years

* designates a Newco UR Supervisory Director.

Newco's registered address serves as the business address for the Newco SB Members.

Newco expects that upon completion of the Transaction all of the Newco SB Members will be independent within the meaning of best practice provision 2.1.8 of the DCGC, including:

- Ms. Taireh, who is an employee of, and receives personal financial compensation (other than any compensation for work as a Newco SB Member) from, a subsidiary of Newco but not of Newco itself or an associated company within the meaning of section 5:48 DFSA; and
- the Newco UR Supervisory Directors are both members of the Unibail-Rodamco Management Board and are therefore affiliated with Unibail-Rodamco, but Unibail-Rodamco will be a group company of Newco.

Mr. Christophe Cuvillier Newco SB Member (Chairman) Born on December 5, 1962 French national Number of Unibail-Rodamco Shares held: 102,879	**Experience and expertise** ▪ Graduate of the École des Hautes Études Commerciales (HEC). ▪ Prior to joining Unibail-Rodamco, Mr Cuvillier held various positions within Kering Group from 2000; notably, CEO of Fnac from 2008 to 2010 and CEO of Conforama from 2005 to 2008. ▪ Prior to Kering, he spent 14 years with the Luxury Products Division of the L'Oreal Group, both in France and abroad. ▪ Appointed Member of the Unibail-Rodamco Management Board as Chief Operating Officer in April 2011 (effective June 1, 2011). ▪ Appointed Chief Executive Officer of Unibail-Rodamco effective April 25, 2013. **Other current Functions and Mandates outside of the Unibail-Rodamco Group** **French Companies**

	▪ Chairman of the Unibail-Rodamco Management Board and Chief Executive Officer of Unibail-Rodamco ▪ Representative of Unibail-Rodamco as Member of the French *Fédération des Sociétés Immobilières et Foncières* (FSIF). ▪ Director of Pavillon de l'Arsenal. ▪ Representative of Unibail-Rodamco on the Board of Directors of Société Paris-Île-de-France Capitale Économique. **Foreign Companies** ▪ Chairman of the European Public Real Estate Association (EPRA). **Other current intra-group Functions and Mandates** **French Companies** ▪ Director of Viparis Holding. **Foreign Companies** ▪ Director and Chairman of the Board of Directors of U&R Management B.V. **Previous Mandates during the last five years** **French Companies** ▪ Director of Comexposium Holding S.A. **Foreign Companies** ▪ Director and Secretary of Unibail-Rodamco Spain S.L.U. (formerly Unibail-Rodamco Inversiones, S.L.U.) and Unibail-Rodamco Ocio S.L.U. ▪ Director and Chairman of the Board of Proyectos Inmobiliaros New Visions S.L.U., Unibail-Rodamco Proyecto Badajoz S.L.U., Essential Whites S.L.U., Promociones Inmobiliarias Gardiner S.L.U., Unibail-Rodamco Steam S.L.U., Proyectos Inmobiliarios Time Blue S.L.U. ▪ Chairman of the Supervisory Board of Rodamco Europe B.V.
Mr. Jaap Tonckens Newco SB Member (Vice-Chairman) Born on July 16, 1962 American and Dutch national Number of Unibail-Rodamco Shares held: 10,642	**Experience and expertise** ▪ Law Degree from Leiden University, The Netherlands. ▪ Master's Degree in Law from Emory University, Atlanta, GA, U.S.A. ▪ Associate with Shearman & Sterling L.L.P. in New York and Paris. ▪ Associate, Vice-President and Executive Director at Morgan Stanley in London. ▪ Managing Director at Morgan Stanley, Leverage & Acquisition Finance, New York, NY, U.S.A. ▪ Managing Director at Endurance Capital, New York, NY, U.S.A. ▪ Joined Unibail-Rodamco Management Board as General Counsel in September 2009 and was appointed Chief Investment Officer of Unibail-Rodamco in October 2010. ▪ Appointed Chief Financial Officer of Unibail-Rodamco effective July 2012. **Other current Functions and Mandates outside of the Unibail-Rodamco Group** ▪ Director of OneMarket **Other current intra-group Functions and Mandates** **French Companies** ▪ Unibail-Rodamco Management Board Member and Chief Financial Officer of Unibail-Rodamco ▪ Chairman of Uni-Commerces S.A.S., of Immobilière Lidice S.A.S., of Rodamco-France S.A.S., of UR-LAB S.A.S. and of Belwarde 1 S.A.S. ▪ Management Committee Member of S.C.I. Chesnay Pierre 2, of Geniekiosk S.A.R.L., of Aquarissimo S.A.S. and of S.C.I. Parimall-Parly 2. **Foreign Companies** ▪ Chairman of the Supervisory Board of Unibail-Rodamco Germany. ▪ Director of Centro Asset Management Limited, Centro Europe (NO.2) Limited, Centro Europe Limited, Centro Holding (UK) Limited, Centro Management GmbH, CentrO Grundstücksentwicklungs GmbH, Neue Mitte Oberhausen Projektentwicklung Ltd. & Co. KG, Neue Mitte Oberhausen Projektentwicklung Beteiligungs GmbH, Neue Mitte Oberhausen Projektentwicklung Verwaltungs Ltd. & Co. KG, Centro Oberhausen GmbH, Centro Projektentwicklungs GmbH and SL Oberhausen Beteiligungs GmbH. ▪ Director of Unibail-Rodamco Belgium N.V. ▪ Representative of the Unibail-Rodamco SE Permanent Establishment in The Netherlands. ▪ Director of Rodamco Nederland B.V., Rodamco Nederland Winkels B.V., U&R Management B.V., Rodamco Europe Beheer B.V. and Rodamco Europe Properties B.V. ▪ Director of Unibail-Rodamco Nederland Winkels B.V. ▪ Director of Unibail-Rodamco Poland 2 B.V., Rodamco España B.V., Rodamco

	Central Europe B.V., Eroica B.V. (formerly Rodamco Russia B.V.), Rodamco Austria B.V., Rodamco Hungary B.V., Rodamco Czech B.V., Rodamco Deutschland B.V., Dotterzwaan B.V., Cijferzwaan B.V. Unibail-Rodamco Poland 4 B.V., Unibail-Rodamco Poland 5 B.V., Rodamco Project I B.V., Unibail-Rodamco Poland I B.V., Rodamco Europe Finance B.V., Rodamco Europe Finance II B.V., Unibail-Rodamco Cascoshop Holding B.V., Unibail-Rodamco Investments B.V., Unibail-Rodamco Investments 2 B.V., Unibail-Rodamco Investments 3 B.V., Real Estate Investments Poland Coöperatief U.A., Unibail-Rodamco Project B.V., Stichting Rodamco, Old Tower Real Estate B.V., New Tower Real Estate B.V., Broekzele Investments B.V., Unibail-Rodamco Retail Investments 1 B.V., Unibail-Rodamco Retail Investments 2 B.V., Traffic UK B.V. ▪ Director of Unibail-Rodamco Austria Verwaltungs GmbH, Shopping Center Planungs und Entwicklungs GmbH, SCS Motor City Süd Errichtungs GmbH, SCS Liegenschaftsverwertung GmbH, DZ-Donauzentrum Besitz- und Vermietungs-GmbH, Unibail-Rodamco Invest GmbH. ▪ Director of Unibail-Rodamco Česká republika, s.r.o., Centrum Praha Jih-Chodov s.r.o., Centrum Černý Most, a.s., Černý Most II, a.s., Centrum Chodov, a.s. ▪ SB Member of Beta Development, s.r.o. ▪ Director of Rodamco Deutschland GmbH. ▪ Member of the Administrative Board (Verwaltungsrat) of Ring-Center I Berlin KG. ▪ Director of Uniborc S.A. ▪ Director of Aupark a.s. UR P6 spol. s r.o. and P6AUP s.r.o ▪ Member of the Board of GSSM Warsaw Sp. z o.o., WSSM Warsaw Sp. z o.o., Crystal Warsaw Sp. z o.o., Wood Sp. z o.o., SB Member of CH Warszawa U sp. z o.o. ▪ Director and Chairman of Unibail-Rodamco Spain S.L.U. (formerly Unibail-Rodamco Inversiones, S.L.U.), Unibail-Rodamco Ocio S.L.U., Unibail-Rodamco Palma, S.L.U., Unibail-Rodamco Real Estate, S.L. and Unibail-Rodamco Retail Spain, S.L. ▪ Director and Secretary of Proyectos Inmobiliaros New Visions S.L.U., Essential Whites S.L.U., ▪ Director and Secretary of Unibail-Rodamco Steam S.L.U. and Proyectos Inmobiliarios Time Blue S.L.U. ▪ Member of the Board of Rodamco Sverige A.B., Fisketorvet Shopping Center. ▪ Chairman of the Board of Rodamco Northern Europe A.B., Eurostop A.B., Eurostop Holding A.B., Rodamco Projekt A.B., Rodamco Centerpool A.B., Knölsvanen Bostad A.B., Rodamco Solna Centrum A.B., Piren A.B., Rodamco A.B., Rodamco Väsby Centrum A.B., Rodamco Expand A.B., Rodamco Parkering A.B., Rodamco Fisketorvet A.B., Rodamco Nacka A.B., Rodamco Täby A.B., Rodamco Garage A.B., Anlos Fastighets A.B., Rodamco Scandinavia Holding A.B., Fastighetsbolaget Anlos H A.B., Fastighetsbolaget Anlos L A.B., Rodamco Handel A.B., Fastighetsbolaget Anlos K A.B., Rodareal O.Y. and Rodamco Anlos Holding A.B. **Previous Mandates during the last five years** **French Companies** ▪ NA **Foreign Companies** ▪ Member of the Board of Unibail-Rodamco SI B.V. ▪ Director of Crystal Warsaw Real Estate B.V. ▪ Chairman of Fastighetsbolaget Grindtorp A.B., Rodamco Holding A.B., Rodamco Tumlaren A.B., Rodamco Invest A.B., Fastighetsbolaget Helsingborg Västra A.B., Fastighetsbolaget Helsingborg Östra A.B., Rodamco Nova Lund 2 A.B., Rodamco Nova Lund 3 A.B., Fastighetsbolaget Anlos 1 A.B., Fastighetsbolaget Anlos 2 A.B., Fastighetsbolaget Anlos 3 A.B. and Rodamco Management A.B. ▪ Director of Moravská obchodní, a.s., Rodamco Pankrác, a.s. and Garáže Hráského s.r.o. ▪ Director of Euro-Mall Ingatlanbefektetési Kft. ▪ Member of the Board of Gdansk Station Shopping Mall Sp. z o.o., Wilenska Station Shopping Mall Sp. z o.o., Arkadia Centrum Handlowe Sp. z o.o., Wilenska Centrum Handlowe Sp. z o.o. and Rodamco CH 1 sp. z o.o. ▪ Member of the Board of Unibail-Rodamco Liegenschaftserwerbs GmbH and Unibail-Rodamco Austria Management GmbH. ▪ Member of the Board of Directors and Secretary of Unibail-Rodamco Proyecto Badajoz S.L.U. and Promociones Inmobiliarias Gardiner S.L.U. ▪ Director of Rodamco Europe B.V.
Mr. Jean-Louis Laurens Newco SB Member Born on August 31, 1954	**Experience and expertise** ▪ Graduate of the École des Hautes Études Commerciales (HEC). ▪ Doctorate in Economics and a Master’s in Law.

French national Number of Unibail-Rodamco Shares held: 363	▪ Former Executive Director of Morgan Stanley International, Former CEO of AXA Investment Managers France, former CEO of Robeco France and former Global Head of Mainstream Investment of Robeco Group (until 2009). **Other Current Functions and Mandates** ▪ Non-executive Chairman of the Board of Directors of Unigestion Asset Management France. ▪ Ambassador of AFG (*Association Française de la Gestion financière*)(France). **Previous Mandates during the last five years** ▪ Unibail-Rodamco SB Member and Vice-Chairman and Chairman of Unibail-Rodamco Audit Committee ▪ General Partner of Rothschild & Cie Gestion Paris (France). ▪ Chairman of the Board of Director of Rothschild Asset Management Inc. New York (USA) and of the Board of Directors of Risk Based Investment Solutions Ltd, London (UK) (Rothschild Group).
Mr. Alec Pelmore Newco SB Member Born on October 14, 1953 British national Number of Unibail-Rodamco Shares held: 500	**Experience and expertise** ▪ Degree in Mathematics from Cambridge University. ▪ He held various positions as an equity investment analyst specialising in real estate companies mainly at Dresdner Kleinwort Benson and Merrill Lynch. With his partner Robert Fowlds, his team was voted no. 1 for real estate in Europe for 12 out of 13 years from 1995 to 2007. **Other Current Functions and Mandates** ▪ Non-Executive Director of London Metric Property PLC (UK) (listed). **Previous Mandates during the last five years** ▪ Unibail-Rodamco SB Member ▪ Senior Independent Director on the Board of Metric Property Investments PLC (UK) (listed) and Chairman of its AC.
Ms. Aline Taireh Newco SB Member Born on January 15, 1975 American national	**Experience and expertise** ▪ Bachelor of Arts in Criminology and Psychology from University of California Irvine ▪ Juris Doctorate Degree from Brooklyn Law School, New York ▪ Associate with O'Melveny & Myers LLP, Los Angeles, CA ▪ Joined Westfield as Senior Corporate Counsel in January 2007 and was appointed Associate General Counsel of Westfield in January 2008. **Other Current Functions and Mandates** ▪ Appointed Senior Vice President and Deputy General Counsel of Westfield effective June 2012. **Previous Mandates during the last five years** ▪ Not applicable

Conflicts of interest

Newco is not aware of any potential conflict between any duties to Newco of Newco SB Members and their private interests or other duties.

Committees

Upon completion of the Transaction, Newco will have established the Newco Audit Committee and the Newco GNRC.

Newco Audit Committee

The Newco Audit Committee assists and advises the Newco Supervisory Board on its audit duties and prepares its decisions in this regard. The duties of the Newco Audit Committee include reviewing and discussing the effectiveness of internal risk management and control systems and the financial information to be disclosed by Newco. The Newco Audit Committee also monitors the Newco Management Board with regard to Newco's compliance programme with recommendations and observations of internal and external auditors, Newco's compliance with applicable laws and regulations, the functioning of the internal audit department (if applicable), Newco's tax policy, Newco's application of information and communication technology and Newco's financing. In addition, it maintains regular contact with and supervises Newco's external auditor, including his independence, and it advises the Newco

Supervisory Board regarding the external auditor's nomination for (re)appointment by the Newco General Meeting.

The Newco Audit Committee will meet at least quarterly and otherwise as often as any of the Newco SB Members deems necessary or appropriate. The Newco Audit Committee will at least once a year meet with Newco's external auditor without any of the Newco MB Members being present.

The Newco Audit Committee will consist of at least two Newco SB Members, with the exact number to be determined by the Newco Supervisory Board. The members of the Newco Audit Committee will be appointed and dismissed by the Newco Supervisory Board on the basis of a recommendation by the Newco GNRC. At least one member of the Newco Audit Committee must have competence in accounting and/or auditing. More than half of all the members of the Newco Audit Committee, including the chairman of the Newco Audit Committee, must be independent from Newco (including within the meaning of the DCGC). The chairman of the Newco Audit Committee shall not be the Newco Chairman or a former Newco MB Member.

The roles and responsibilities of the Newco Audit Committee as well as the composition and the manner in which it discharges its duties will be set out in a committee charter and, in part, in the Newco Supervisory Board Rules. Pursuant to a resolution to that effect, the Newco Supervisory Board may amend or supplement the charter and allow temporary deviations.

It is envisaged that upon completion of the Transaction, the Newco Audit Committee will consist of Jean-Louis Laurens (chairman), Alec Pelmore and Jaap Tonckens.

Newco GNRC

The Newco GNRC assists and advises the Newco Supervisory Board on its duties regarding the nomination of Newco MB Members and Newco SB Members. It is charged with drawing up selection criteria and appointment procedures for the Newco MB Members and Newco SB Members. Furthermore, it periodically assesses the size and composition of the Newco Management Board and the Newco Supervisory Board, and makes proposals for the composition profile of the Newco Supervisory Board. In addition, the Newco GNRC periodically assesses the functioning of individual Newco MB Members and Newco SB Members, and reports on such review to the Newco Supervisory Board. It is also charged with making proposals for (re)appointment or dismissal of Newco MB Members and Newco SB Members as well as for the election or dismissal of the Newco Chairman. The Newco GNRC supervises the policy of the Newco Management Board regarding the selection criteria and appointment procedures for Newco's senior management.

The Newco GNRC further assists and advises the Newco Supervisory Board on its duties regarding the compensation of the Newco MB Members and the Newco SB Members. The duties of the Newco GNRC include preparing proposals for the Newco Supervisory Board concerning the compensation policy for the Newco MB Members, the compensation of the individual Newco MB Members within the framework of the compensation policy as adopted by the Newco General Meeting, and the compensation of individual Newco SB Members subject to approval by the Newco General Meeting. It also prepares Newco's compensation report to be adopted by the Newco Supervisory Board.

In addition, the Newco GNRC periodically reviews and assesses the adequacy of the corporate governance practices, policies and rules of Newco and the Newco Subsidiaries, and makes recommendations to the Newco Supervisory Board on all matters of corporate governance (including on any remedial actions to be taken).

The Newco GNRC will meet at least annually and otherwise as often as any of the Newco SB Members deems necessary or appropriate.

The Newco GNRC will consist of three Newco SB Members, including two Newco UR Supervisory Directors. The members of the Newco GNRC will be appointed and dismissed by the Newco Supervisory Board on the basis of a recommendation by the Newco GNRC. The chairman of the Newco GNRC shall not be the Newco Chairman or a former Newco MB Member.

The roles and responsibilities of the Newco GNRC as well as the composition and the manner in which it discharges its duties will be set out in a committee charter and, in part, in the Newco Supervisory Board Rules. Pursuant to a resolution to that effect, the Newco Supervisory Board may - with the approval of the Newco UR Supervisory Directors - amend or supplement the charter and allow temporary deviations.

It is envisaged that upon completion of the Transaction, the Newco GNRC will consist of Alec Pelmore (chairman), Christophe Cuvillier and Jaap Tonckens.

Service contracts

The Newco SB Members do not have an employment or service contract with Unibail-Rodamco. Upon termination of an individual's appointment before the end of his or her term, no severance payment is due.

10.3. NEW GROUP ADVISORY BOARD, INTEGRATION COMMITTEE AND SENIOR MANAGEMENT TEAM

10.3.1 The Advisory Board

The New Group’s advisory board (the “**Advisory Board**”) is an informal "Think Tank" chaired by Sir Frank Lowy AC. Its mission it is to provide structured review, analysis and non-binding recommendations to the supervisory boards and the management boards of Unibail-Rodamco and Newco on a variety of business topics as well as on the risks and opportunities in key business areas relevant to the New Group:

- Retail, internet and consumer trends;
- Innovation in technology, digital, artificial intelligence, big data;
- Emerging businesses;
- Disruption trends and what will inspire future innovations;
- The future of urban centres, modes of transportation and consumer mobility;
- Accelerating the New Group's social and environmental responsibility goals;
- Emerging markets and their influence on the world;
- Geo-strategy, country risk, defense and security.

The Advisory Board will be composed of six to eight permanent members. The composition and profile of permanent members will take into account, amongst others, reputation, experience in relevant business sectors and background knowledge required to appropriately advice and provide informed guidance.

The Advisory Board has no decision-making authority nor any authority to speak for or represent the New Group. It would meet two to three times a year and is convened by the chief executive officer of Unibail-Rodamco. The Advisory Board members are appointed by the chief executive officer of Unibail-Rodamco, upon the recommendation of the Advisory Board Chairman. Each Advisory Board member shall act with independence, discretion, loyalty and professionalism.

The Advisory Board will be established upon the completion of the Transaction.

The complete composition of the Advisory Board will be made public and its first meeting will be held in the course of the fourth quarter of 2018.

Future external members of the Advisory Board may from time to time be awarded an attendance fee, which will be disclosed in Unibail-Rodamco's annual report. Neither the Chairman of the Advisory Board nor any internal members will receive any specific or dedicated compensation related to the Advisory Board membership.

10.3.2 The Integration Committee

Unibail-Rodamco and Westfield have established a committee (the "**Integration Committee**") initially comprising of the individuals agreed by Westfield and Unibail-Rodamco.

Members of the Integration Committee do not receive specific or dedicated compensation for their membership.

Composition of the Integration Committee

Until the completion of Transaction, the Integration Committee is composed of representatives of both Unibail-Rodamco and Westfield, as follows:

- Astrid Panosyan (Unibail-Rodamco's chief resources officer, permanent member)
- Jaap Tonckens (Unibail-Rodamco's chief financial officer, permanent member)
- David Zeitoun (Unibail-Rodamco's general counsel, permanent guest)
- Michael Gutman (Westfield president and chief operating officer, permanent member)
- Elliott Rusanow (Westfield chief financial officer, permanent member)
- Peter Schwartz (Westfield U.S. general counsel, permanent guest)

Role of the Integration Committee:

Until the completion of Transaction, the role of the Integration Committee is to act as a forum for discussion and planning in respect of the following:

- matters related to integration planning, including employee retention and incentivisation, stakeholder engagement and communications, consolidation of operations, functions or processes and shared services, of the future combined Westfield Group and Unibail-Rodamco Group and other relevant matters;

- approvals for purposes of prohibited actions under the Implementation Agreement;
- the process and management of requests for Unibail-Rodamco's approval of actions listed in the Implementation Agreement;
- the manner in which Westfield information and access to people will be provided; and
- the list of third parties to whom notice must be given, or from whom consent or approval is required and the process for giving notice to, or seeking consent or approval from, such third parties (as applicable).

The Integration Committee does not have power to bind the other party or to give a consent, approval or waiver on behalf of such other party. The respective businesses of the Westfield Group and the Unibail-Rodamco Group shall continue to operate independently and will not implement any integration plans until (and subject to) implementation of the Schemes.

After the completion of the Transaction, the composition and the missions of the Integration Committee will be reshaped to focus on the implementation of a “100 days organizational action plan” and the capture of the expected synergies.

10.3.3 The Senior Management Team

Upon completion of the Transaction, an internal New Group body (the “**Senior Management Team**”) will be the main body for coordination between Unibail-Rodamco and Newco entities, in charge of the definition of their shared strategy and business policies, and providing advice on key business decisions.

While both entities (Unibail-Rodamco and Newco) have separate decision-making corporate bodies acting independently, the Senior Management Team acts as the New Group’s main internal body for coordination between both entities. The Senior Management Team does not constitute a management board or supervisory board of Unibail-Rodamco and/or Newco, and does not override or substitute such corporate bodies.

Members of the Senior Management Team do not receive specific or dedicated compensation for their membership.

Composition of the Senior Management Team

Upon completion of the Transaction, the Senior Management Team will be composed of representatives of both Unibail-Rodamco and Newco, as follows:

- The Group Chief Executive Officer;
- The Group Chief Financial Officer;
- The Group Chief Development Officer;
- The Group Chief Resources Officer;
- The President US;
- The Deputy Chief Operating Officer US;
- The Chief Operating Officer Europe;

- The Chief Operating Officer UK/Italy;
- The Chief Financial Officer Europe; and
- The other Newco MB Member.

The composition of the Senior Management Team is based on three alternative criteria:

- being a Unibail-Rodamco MB Member or a Newco MB Member, or
- being a top manager with New Group transverse functions (development, resources), or
- being a top manager in operating or finance in one of the two continental platforms (Europe or U.S.) of the New Group.

This composition is intended to reflect the geographical and functional diversity of the New Group. In the future, such composition may change at the initiative of the Unibail-Rodamco Management Board, subject to approval by the Unibail-Rodamco Supervisory Board and Newco Supervisory Board.

By essence, the Senior Management Team will aim to be a consensual internal body. As consequence, formal voting process is not expected. If needed, the voting principle "*one person, one vote*" without veto right would be applied.

When required by efficiency, for specific expertise or matters, the Senior Management Team may set up sub-committees (*e.g.*, a tax committee; an asset & liability management committee; a group risk committee; a compliance committee and an information technology committee) all with appropriate delegation of authority.

Role of the Senior Management Team

The Senior Management Team will have the following roles:

- Advisory role to the Unibail-Rodamco Management Board and/or Newco Management Board;
- Co-decision-making powers together with the Unibail-Rodamco Management Board and/or Newco Management Board;
- Power to make proposal/take initiatives.

In the future, such roles may change at the initiative of the Unibail-Rodamco Management Board, subject to approval by the Unibail-Rodamco Supervisory Board and Newco Supervisory Board.

Advisory role

Principle: the Senior Management Team provides non-binding advices and recommendations only, the Unibail-Rodamco and/or Newco corporate bodie(s) keeping a discretionary decision making power.

The advisory role of the Senior Management Team shall include the following:

- Strategic management;

- Maximizing economies of scale & convergence to reinforce the global processes;
- Coordination of the joint activities at New Group level (allowing for decisions to be made while respecting autonomy of Unibail-Rodamco and Newco and guaranteeing consensual approach);
- Providing advice on the main strategic business decisions that can have an impact on the New Group, thus acting as the main advisory body for Unibail-Rodamco and Newco;
- Participating in the elaboration of continental policies, the final decision being the responsibility of Newco for the U.S. platform and of Unibail-Rodamco for the European platform;
- Facilitating the sharing of best practices across the New Group;
- Promoting, through the composition of the Senior Management Team, a constructive dialogue and a culture of cooperation between the different entities and departments across the New Group;
- Ensuring the cooperation and development of synergies between departments, as well as overseeing and defining priorities for New Group-level corporate teams.

Co-decision-making powers together with the Unibail-Rodamco Management Board and/or the Newco Management Board

Principle: to be implemented, a relevant decision must be approved under similar terms by each of (i) the Unibail-Rodamco and/or Newco corporate bodie(s) and (ii) the Senior Management Team.

For certain issues which cannot be managed separately by Unibail-Rodamco or Newco, a joint decision of their relevant management board(s) and supervisory board(s), as well as the Senior Management Team will be necessary. Decisions will be made and/or approved by such relevant management board(s) and supervisory board(s), but in order to be implemented, they should be approved, in addition, by the Senior Management Team.

Such decisions will include, but are not limited to, the following:

- The New Group's global 5-year business plans, including the Newco Group 5-year business plans and the Unibail-Rodamco Group 5-year business plans.
- New Group human resources policies, including new or additional LTI plans or other financial incentive schemes, talent management and staff exchanges, development programs for top executives, etc.
- Defining and harmonizing the New Group's corporate policies, and enforcing implementation in their respective fields, in both continental platforms.

Practically and from an internal decision making process perspective, this co-decision power makes it necessary to ensure full alignment of the decisions taken by the relevant Unibail-Rodamco Management Board and Unibail-Rodamco Supervisory Board or Newco Management Board and Newco Supervisory Board and the decisions taken by the Senior Management Team.

Power to make proposal/take initiative

Principle: the relevant Unibail-Rodamco and/or Newco corporate bodies can only take decisions that have been, and under the same terms as, proposed by the Senior Management Team.

As part of the New Group's internal decision making process, the Senior Management Team will receive initiative power ensuring that Unibail-Rodamco and Newco harmonize their strategy, policies or decisions where relevant. An initiative may come from the full Senior Management Team, or a Senior Management Team sub-committee designated for specific matters.

On those topics, from an internal perspective:

- the Senior Management Team cannot take the final decision which remains in the scope of responsibilities of the relevant corporate bodies;
- the relevant corporate bodies can validly take any decision on the concerned topics provided that the Senior Management Team has previously taken the initiative to submit a decision proposal;
- the relevant corporate bodies remain free to accept or reject a proposal from the Senior Management Team;
- the relevant corporate bodies can each only implement resolutions on those topics where the Senior Management Team's initiative is required (i) pursuant to and in accordance with a proposal from the Senior Management Team and (ii) provided that a corresponding resolution is adopted at the other entity.

They can each only implement resolutions on those topics where the Senior Management Team's initiative is required (i) pursuant to and in accordance with a proposal from the Senior Management Team and (ii) provided that a corresponding resolution is adopted at the other entity.

Resolutions at Newco and/or Unibail-Rodamco requiring, from an internal decision making process perspective, the initiative of the Senior Management Team include:

- Significant changes in the scope of the New Group, whether geographic and/or in the asset investment profile;
- Any investment, divestment, expense, commitment, financing, guarantee or similar legal act, for an amount exceeding €300 million;
- Any decision in respect of amending or terminating the Stapled Share Principle, as well as any decisions that - due to the Stapled Share Principle - require a corresponding resolution at the other entity; and
- Decisions related to financing, credit rating and risk management policies.

Guidelines and benchmarking

The Senior Management Team will be responsible for delivering guidelines and benchmarking, ensuring coordination and guaranteeing the sharing of best practices across the New Group.

10.4. REMUNERATION AND BENEFITS

10.4.1 Unibail-Rodamco

The Remuneration Policy is defined by the Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco Governance, Nomination and Remuneration Committee ("**Unibail-Rodamco GNRC**") (100% independent). For a description of the Unibail-Rodamco Management Board and Supervisory Board 2018 Remuneration Policy, refer to section 3.2.1 and 3.2.2 of the 2017 Registration Document. It will be adjusted, subject to and applicable from the completion of the Transaction, as described below.

Unibail-Rodamco Management Board remuneration policy in the event of completion of the Transaction (*section 3.2.1 of the 2017 Registration Document****)***

Remuneration policy components and key principles

The remuneration policy components and key principles will remain unchanged.

Components

Main remuneration components		Purpose
Fixed Income (FI)		Attract high-calibre experienced individuals with a competitive remuneration level that reflects the scale and dynamics of the business.
Short-term Incentive (STI)		Motivate and reward achievement of annual financial and operational objectives
Long-term Incentive (LTI)	Performance Shares (PS)	Retain and align with the medium/long-term value creation objectives of the Company and its shareholders
	Performance Stock Options (SO)	
Other Benefits		Provide access to Social Security and benefits schemes

Key principles

Remuneration Policy defined by the Unibail-Rodamco Supervisory Board (100% independent), upon the recommendation of the Unibail-Rodamco GNRC (100% independent), based on "Pay for Performance" principle

INCLUDED IN THE REMUNERATION POLICY FOR UNIBAIL-RODAMCO MB MEMBERS
Reasonable and balanced remuneration based on benchmarks through an external independent consultant
Cap on STI
Cap on the overall LTI allocation
Same LTI scheme for employees and Management Board
4-year vesting period on Stock Options
5-year period (French Resident) (made up of 3-year vesting period + 2-year holding period) or 4-year vesting period (Non-French Resident) on Performance Shares
Continuous presence of 2-years preceding vesting for LTI
Strong track record of stringent performance conditions calculated over a long period (minimum 3 years) on the full LTI grant, no reward for under performance
Obligation to retain shares
Obligation to invest in shares
Claw Back / Malus: introduced in 2018

EXCLUDED FROM THE REMUNERATION POLICY FOR UNIBAIL-RODAMCO MB MEMBERS
No Welcome bonus
No Exceptional Remuneration
No Employment contract
No Service Agreement
No Additional pension scheme "retraite chapeau"/defined benefits
No Intra-Group Board fees
No Contractual Severance Package
No Contractual Non-Compete Indemnity
No Discount on Stock Option subscription price
No Profit-sharing scheme
No Reward for under performance

Post-Transaction, Unibail-Rodamco will have a total proportionate GMV of over €62 billion (+41%[103]). The New Group will own 102 shopping centres (+52%) in 13 countries, with a 9-hour difference across markets. It will have by far the largest development pipeline of the sector at €13 billion (+61%). The acquisition of Westfield is the largest transaction between France and the U.S. in the past 5 years and one of the largest ever public market transactions in the Australian market.

The Transaction will have several key implications for the governance and the remuneration policy submitted for approval at the 2018 Unibail-Rodamco General Meeting, among others:

- The Unibail-Rodamco Management Board will consist of two members, Christophe Cuvillier, Chief Executive Officer, and Jaap Tonckens, Chief Financial Officer;
- The STI and LTI quantums will be revised for the new Unibail-Rodamco MB Members through more relevant benchmarks to set competitive remuneration levels, attract, motivate and retain worldwide leadership;
- The performance conditions pertaining to the current STI and LTI plans will be adjusted for the 2018 transition year; and
- The STI and LTI schemes of the New Group from 2019 onwards will need to be designed and submitted for approval at a future shareholder meeting.

The Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco GNRC, decided, on March 5, 2018, to apply the following adjustments to the Remuneration Policy, subject to and applicable as from the completion of the Transaction.

Use of an external independent advisor and relevant benchmarks

The current Chief Executive Officer of the Unibail-Rodamco Management Board and all other Unibail-Rodamco MB Members have succeeded in leading Unibail-Rodamco, designing and executing the strategy, achieving or exceeding annual targets and creating long term value for Unibail-Rodamco's Shareholders. While continuing to deliver exceptional results, the Unibail-Rodamco Management Board negotiated the agreement to acquire Westfield, a truly transformational deal.

Key to ensuring successful integration and strong performance is Unibail-Rodamco’s ability to attract, motivate and retain worldwide leadership through competitive remuneration levels. Accordingly, the Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco GNRC, sought in January 2018 the guidance of WTW, an external independent advisor, to set the right remuneration levels that retain and motivate the Unibail-Rodamco MB Members for the whole duration of their new 4-year mandates. Given its unique features among CAC40 and European real estate companies and the extended geographical scope of the New Group, now including the US and the UK markets, WTW used a new relevant remuneration benchmark taking a blended approach based on the five following peer groups:

- **France General Industry (CAC40)**

  (the New Group is in mid-range of market capitalisations)
- **Selected European Real Estate**

[103] Compared to December 31, 2017.

(Unibail-Rodamco on a stand-alone basis was already before the Transaction the largest listed European real estate company in terms of market capitalisation, portfolio size and development pipeline);

– **Selected UK General Industry**

(15 companies – of which, 9 companies have lower market capitalisations and only 6 companies have higher market capitalisations than the New Group);

– **Selected US Real Estate**

(12 companies - all but one have a significantly lower market capitalisation and portfolio size, the New Group also having by far the largest development pipeline);

– **Selected US General Industry (for information)**

(33 companies – of which, 23 companies have lower market capitalisations and only 10 companies have higher market capitalisations);

This benchmark showed that the Chief Executive Officer's total current remuneration is significantly below the median of the French CAC40, Selected UK General Industry and Selected US Real Estate. Post-closing, the Chief Executive Officer's proposed new total remuneration at target would be at the median of the French CAC40 and below the median of Selected UK General Industry and of Selected US Real Estate.

For the Chief Financial Officer, who has been asked to relocate to the US, the benchmark concluded that his current total remuneration is significantly below the median of Selected US Real Estate and Selected US General Industry, while post-closing his new proposed remuneration at target would remain below the median of the Selected US Real Estate (and also that of the Selected US General Industry).

Fixed Income (FI)

The goal is to set a FI for the whole duration of the new four year-mandates of the Unibail-Rodamco MB Members, in line with the Afep-Medef Code recommendation that FI should "only be reviewed at relatively long intervals". It needs to:

– reflect the significant change in scope ;

– be consistent with relevant WTW benchmarks; and

– ensure reasonable fairness with remuneration levels of senior Westfield executives who will continue in the New Group.

As a result, the Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco GNRC, decided to adjust the gross annual FI of the Unibail-Rodamco Management Board (before income tax and social security charges). These amounts will remain unchanged for the entire term of their new 4-year mandates (assuming no significant changes within the New Group or in the market), as follows:

Function	**Unibail-Rodamco MB Members**	**Fixed income 2018 as from the closing date**
Chief Executive Officer	Mr Christophe Cuvillier	€1,250,000
Chief Financial Officer	Mr Jaap Tonckens	€800,000

Short term incentive (STI) structure and quantum

The WTW benchmark further showed that the STI cap as a percentage of FI for the Unibail-Rodamco MB Members should be increased to ensure a competitive remuneration structure. The ratio between the quantitative and qualitative components remains unchanged. The Unibail-Rodamco Supervisory Board, upon the recommendation of Unibail-Rodamco GNRC, decided to adjust the STI quantum as described in the table below:

Short-term Incentive		
	2018 post-closing	
Chief Executive Officer	**Maximum potential award:**	
	200% of FI	
	Quantitative component 160%	Qualitative component 40%
Chief Financial Officer	**Maximum potential award:**	
	150% of FI	
	Quantitative component 105%	Qualitative component 45%

STI for 2018

2018 is a transition year comprised of 2 distinct sequences: a pre-Transaction period applicable to the current Unibail-Rodamco Management Board and scope of Unibail-Rodamco, and a post-Transaction period applicable to the Unibail-Rodamco Management Board after completion of the Transaction. The Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco GNRC, decided that the 2018 full-year STI will be measured against two essential objectives, each weighted equally:

They will each be measured on both quantitative and qualitative components, which split remains unchanged:

<table>
<tr><th>(on a 100% basis)</th><th>Maintain business momentum on Unibail-Rodamco's current scope
(50%)</th><th>Successfully drive the integration of Westfield
(50%)</th></tr>
<tr><td>Quantitative
(80% for CEO and 75% for CFO)</td><td>Pro-forma Unibail-Rodamco standalone budget based on the guidance communicated to investors in early 2018

40%/35%</td><td>Completion of the Transaction

Cost synergies as announced to the market proportional to the capture of initial phased-in cost synergies

40%/35%</td></tr>
<tr><td>Qualitative
(20% for CEO and 30% for CFO)</td><td>Individual objectives established around three themes:
○ <u>People Developer and Engagement</u>: attract, retain, engage and develop employees, foster collaboration, diversity and inclusion;
○ <u>Value Creator</u>: contribute to the Unibail-Rodamco Group's growth strategy; challenge and rethink practices, innovate and contribute to new business; and
○ <u>Business Operator</u>: efficiently control the daily business and improve profitability throughout the Unibail-Rodamco Group's operations.

As well as at least three components relating to the Unibail-Rodamco Group's CSR ambition for each Unibail-Rodamco MB Member.

10%/15%</td><td>Collective Unibail-Rodamco Management Board objectives:
○ Implement the 5-year Business Plan process at Westfield
○ Retain key managers post-Transaction
○ Implement New Group organization

Individual objectives focused on successful integration.

Examples of the type of objectives include:
○ Define new corporate identity and plan roll out of the Westfield brand on key Unibail-Rodamco assets
○ Deliver opening balance sheet of Westfield (standalone); deliver closing balance sheet for the New Group
○ Define new leadership model and organize first joint talent review

10%/15%</td></tr>
</table>

As previously, the Unibail-Rodamco MB Members will have various individual qualitative objectives per theme. The level of attainment of each objective is evaluated, by the Unibail-Rodamco Supervisory Board and Unibail-Rodamco GNRC (100% independent), based on a score from 1 to 5. The overall attainment level is determined by taking the sum of the scores of each objective divided by the maximum possible score of all objectives (i.e. the number of objectives multiplied by the maximum score of 5). The target attainment level of each objective is a score of 4 i.e. an 80% attainment. For business confidentiality, details on the qualitative objectives and attainment levels are disclosed "ex-post facto".

The STI quantum will be calculated pro-rata temporis, according to the current remuneration policy for the pre-Transaction period, and to the adjusted remuneration policy for the post-Transaction period.

Long term incentive (LTI)

LTI quantum

All the WTW benchmarks show that LTI market practices offer a much higher quantum than that of Unibail-Rodamco. As LTI is an essential part of the Remuneration Policy and significantly contributes to align Unibail-Rodamco MB Members' interests with long term value creation objectives of Unibail-Rodamco and its shareholders, the Unibail-Rodamco Supervisory Board, upon recommendation of Unibail-Rodamco GNRC, decided to adapt the LTI cap for both the Chief Executive Officer and Chief Financial Officer of Unibail-Rodamco. The adjusted LTI cap is described in the table below:

LTI	
Management Board Members	**As from 2019**
	Maximum potential award:
	180% of FI

2018 Annual LTI grant

The annual LTI grant for 2018 was, as previous years, awarded in March to ensure the retention of Unibail-Rodamco MB Members and key employees during the pivotal pre-Transaction period and thereafter.

As for the STI, 2018 is a transition year for the LTI. The terms and conditions of the previous LTI grants (presence condition, vesting period, holding period, etc.) remain unchanged. The performance conditions applicable to the 2018 LTI grants will need to be adjusted to the New Group's scope. Particularly as the Westfield LTI structure and performance conditions differ from that of Unibail-Rodamco, the Unibail-Rodamco Supervisory Board needs to ensure the New Group LTI scheme fulfills its purpose of retaining and motivating key employees in a new Global context and remains consistent with world class best practices. The Unibail-Rodamco Supervisory Board, upon recommendation of Unibail-Rodamco GNRC, thus decided that the setting of the performance targets for the 2018 LTI grants should be deferred until the second half of the year, to ensure that they are aligned with the New Group's scope and strategic objectives as well as to its first combined business plan.

The performance conditions are expected to be of comparable stretch to those of the previous grants, assessed over three (PS) or four (SO) consecutive years and measured according to the level of achievement of internal and external objectives:

Illustration of Potential Performance Conditions for the 2018 LTI Grants (other terms and conditions remain unchanged)	
Internal **50%**	Based on financial information and public guidance communicated to investors, e.g.: - Attainment of the compounded annual guidance ranges - REPS growth - NRI growth
External **50%**	Relative to an appropriate peer group structured to reflect the New Group portfolio mix, both in terms of market presence (i.e. Continental Europe plus UK and US) and of business lines (i.e. retail, office, etc.), e.g.: - TSR - profit/margin - cash flow

Following their determination in late 2018, the Unibail-Rodamco Supervisory Board will communicate the full details of the performance conditions to shareholders (KPIs targets, peer groups, etc.). When setting concrete targets, the Unibail-Rodamco Supervisory Board will ensure they reflect the guidance ranges communicated to investors and avoid payouts below median performance for relative criteria.

Additional LTI granted in 2018 subject to completion of the Transaction

The Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco GNRC, decided to grant an additional Performance Share envelope, subject to the completion of the Transaction, to ensure the retention of the Unibail-Rodamco MB Members and selected employees who have been key contributors over the last 4 years to the sourcing, preparation and execution of the acquisition of Westfield, and in view of motivating them to ensure a successful integration of Westfield within Unibail-Rodamco, define the relevant new organisation and processes of the combined entity, and achieve the announced revenue and cost synergies over the coming years.

This grant will be subject to the same general terms and conditions as the previous LTI grants (presence condition, vesting period, holding period, etc.) with a specific set of performance conditions, measured in 2021 over the vesting period and focused on successful integration in line with the long-term value creation objectives of the Company and its shareholders. The maximum economic value of 2018 grants (annual grant + potential additional grant) to Unibail-Rodamco MB Members will remain within the current LTI cap (150% of FI).

Element	Performance Shares 2018 Allocation subject to the completion of the Transaction
Vesting + Holding (years)	French resident: 3 + 2 Non-French resident: 4 + 0
Performance Conditions 25% each	**Completion of the transaction:** - Unibail-Rodamco shareholder approval - Absence of a superior offer - Westfield shareholder approval - Australian court approval - Negotiation of any outstanding terms and final execution of Transaction documents - Technical implementation of the various deal elements to make the closing effective
	Attainment of the annual Budget going forward: compounded over the vesting period, based on the compounded annual guidance ranges communicated to investors
	Capturing of announced phased-in synergies: - Cost synergies (60%) - Revenues synergies (40%)
	Successful integration: - Building the respective strengths of Westfield and Unibail-Rodamco: o Deploy the Westfield brand for flagship assets according to the strategic plan (25%) o Deploy key UR operating processes across the New Group (25%) - Engaging Westfield and Unibail-Rodamco Talent: o Design and deploy new corporate values (12.5%) o Design and deploy a Group-wide common Talent Review process (including leadership model and assessment framework)(12.5%) o Employee engagement assessment by an external independent advisor (25%)
Presence Condition	Continuous presence of 24 months preceding vesting
Share Ownership Requirements	Yes

The performance conditions and objectives as described above are pre-defined by the Unibail-Rodamco Supervisory Board, upon recommendation of the Unibail-Rodamco GNRC. Given the strategic impact of the Westfield integration, further details on the objectives and level of attainment will be disclosed “ex-post facto”.

To further ensure effective control and monitoring, the independent Chairman of the Unibail-Rodamco Audit Committee will review and validate the financial performance conditions targets (synergies, Budget, operating process, etc.) and their attainment at vesting.

LTI grants for which the vesting period is still running

In view of the major impact of the Transaction on Unibail-Rodamco’s structure, and as the LTI is an essential retention tool, which represents a significant portion of the remuneration of approx. 400 key employees and Unibail-Rodamco MB Members, the Unibail-Rodamco Supervisory Board, upon recommendation of the Unibail-Rodamco GNRC, decided to **maintain all existing terms and conditions** of the LTI grants (presence condition, vesting period, holding period, strike price, etc.) and adapt them to the New Group context, and in particular:

- roll over all outstanding LTI plans into rights to receive Stapled Shares, to align the respective interests of shareholders and beneficiaries;
- apply the same performance conditions that will be used for the 2018 LTI grants (described above) to the remaining vesting period of the 2017 LTI grants; and
- subject to the completion of the Transaction, adapt the reference period of the 2016 grants, for which most of the vesting period will have already elapsed.

Unibail-Rodamco Supervisory Board remuneration policy in the event of completion of the Transaction *(section 3.2.2 of the 2017 Registration Document)*

In the event of completion of the Transaction section 3.2.2 of the 2017 Registration Document will be revised as described herein.

The total annual Unibail-Rodamco Supervisory Board fee envelope has remained unchanged since its approval on June 26, 2007. In order to allow the flexibility to recruit one additional Unibail-Rodamco SB Member and for ad hoc meetings and travel required with the New Group context, in addition with the Unibail-Rodamco SB Chairman fee, the Unibail-Rodamco Supervisory Board fee envelope will be set at €1.18 million.

Except for the foregoing, the Unibail-Rodamco Supervisory Board remuneration policy approved by the Unibail-Rodamco General Meeting on April 25, 2017, remains unchanged.

In the course of 2018, the Unibail-Rodamco Supervisory Board, led by the Unibail-Rodamco GNRC and under the guidance of an external independent advisor, will review the Unibail-Rodamco SB Members’ individual fees in view of the new scope and complexities of the New Group.

10.4.2 Westfield

The remuneration paid by Westfield for the 2017 financial year to Mr. Peter Lowy, Mr. John McFarlane and Ms. Taireh is as follows.

The summary below outlines Mr. Peter Lowy's fixed and at risk remuneration for the 2017 financial year. Mr. Peter Lowy will retire as Co-CEO of Westfield following completion of the Transaction.

	12 months Dec. 31, 17
Component of remuneration	**US$**
Short term employee benefits	
– Base salary[1] (Fixed)	2,500,000
– Cash bonus[2] (At risk)	2,457,000
– Other short term employee benefits Fixed	–
– Non monetary benefits Fixed	–
Total short term employee benefits	**4,957,000**
Post employment – Pension and superannuation benefits	–
Other long term benefits	–
Amortisation of all awards on issue	
– Cash settled awards (at risk)	–
– Equity settled awards (at risk)	3,270,924
Total – Statutory Remuneration	**8,227,924**
Remuneration paid during the year	
– Base salary	2,500,000
– Cash bonus	2,457,000
Fair market value of securities at the date of vesting	
– Cash settled awards	–
– Equity settled awards	5,022,573
Total – Cash Remuneration (including equity settled awards)	**9,979,573**

(1) Mr. Lowy's base salary is exclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

The summary below outlines Mr. John McFarlane's fixed and at risk remuneration for the 2017 financial year.

	12 months Dec. 31, 17
Component of remuneration	**US$**
Non-executive Director fees	165,000
Short term employee benefits	
– Base salary (Fixed)	–
– Cash bonus (At risk)	–
– Other short term employee benefits Fixed	–
– Non monetary benefits Fixed	–
Total short term employee benefits	**–**
Post employment – Pension and superannuation benefits	–
Other long term benefits	–
Amortisation of all awards on issue	
– Cash settled awards (at risk)	–
– Equity settled awards (at risk)	–
Total – Statutory Remuneration	**–**
Remuneration paid during the year	
– Non-executive Director fees	165,000
– Base salary	–

– Cash bonus	–
– Other short term employee benefits	–
Fair market value of securities at the date of vesting	
– Cash settled awards	–
– Equity settled awards	–
Total – Cash Remuneration (including equity settled awards)	**165,000**

The summary below outlines Ms. Aline Taireh's fixed and at risk remuneration for the 2017 financial year.

	12 months
	Dec. 31, 17
Component of remuneration	**US$**
Short term employee benefits	
– Base salary (Fixed)	349,712
– Cash bonus (At risk)	159,279
– Other short term employee benefits Fixed	28,380
– Non monetary benefits Fixed	–
Total short term employee benefits	**537,371**
Post employment – Pension and superannuation benefits	7,252
Other long term benefits	–
Amortisation of all awards on issue	
– Cash settled awards (at risk)	–
– Equity settled awards (at risk)	84,555
Total – Statutory Remuneration	**629,178**
Remuneration paid during the year	
– Base salary	349,712
– Cash bonus	159,279
– Other short term employee benefits	–
Fair market value of securities at the date of vesting	
– Cash settled awards	–
– Equity settled awards	84,555
Total – Cash Remuneration (including equity settled awards)	**593,546**

No amounts have been set aside or accrued by Westfield or its subsidiaries to provide pension, retirement or other benefits to Mr. Peter Lowy, Mr. John McFarlane and Ms. Aline Taireh in the financial year ended December 31, 2017.

10.4.3 Newco

As determined in the Newco Articles, the Newco General Meeting shall determine Newco's policy concerning the compensation of the Newco Management Board with due observance of the relevant statutory requirements. The Newco General Meeting can only pass a resolution to determine or amend such compensation policy at the proposal of the Newco Supervisory Board pursuant to and in accordance with a recommendation by the Newco GNRC. The compensation of Newco MB Members shall be determined by the Newco Supervisory Board with due observance of the compensation policy determined by the Newco General Meeting and pursuant to and in accordance with a recommendation by the Newco GNRC. The Newco Supervisory Board shall submit proposals concerning compensation arrangements for the Newco Management Board in the form of Newco Shares or rights to subscribe for Newco Shares to the Newco General Meeting for approval. This proposal must at least include the number of Newco Shares or rights to subscribe for Newco Shares that may be awarded to the

Newco Management Board and which criteria apply for such awards or changes thereto. The absence of the approval of the Newco General Meeting shall not affect powers of representation.

The Newco MB Members will enter into a contract with one (or several) entitie(s) of the Newco Group as from completion of the Transaction.

The remuneration paid by Unibail-Rodamco Group for the 2017 financial year to Mr. Gerard Sieben amounted to €251,665 (including expenses).

The Newco General Meeting will grant a compensation to the Newco SB Members. The Newco General Meeting can only pass such resolution at the proposal of the Newco Supervisory Board pursuant to and in accordance with a recommendation by the Newco GNRC.

To encourage attendance of Newco SB Members, a significant portion of the fees awarded to Newco SB Members will be in the form of an attendance fee. To promote alignment between Newco SB Members and shareholders' interests, all Newco SB Members will be required to hold, within two years from their appointment, a number of Stapled Shares at least equal to their annual fee.

Mr. Christophe Cuvillier, Mr. Jaap Tonckens and Ms. Aline Taireh will receive neither Newco Supervisory Board fees nor out of country indemnity.

10.5. SHARE OWNERSHIP

10.5.1 Unibail-Rodamco

For information about Unibail-Rodamco’s share ownership and requirements (if applicable), refer to sections 3.1.1, 3.1.2 and 3.2.3 of the 2017 Registration Document.

10.5.2 Newco

As at the date of this Prospectus, Unibail-Rodamco holds 100% of the shares in the capital of Newco and no option over Newco Shares are held by any Newco MB Members, Newco SB Members or Newco employees.

10.6. EMPLOYEES

10.6.1 Unibail-Rodamco

For information about Unibail-Rodamco’s employees, refer to section 2.5 of the 2017 Registration Document.

10.6.2 Westfield

Total Employees by Region

EMPLOYEE TOTALS BY REGION 2017		
Region	2017 total headcount of workforce (employees and contractors)	2017 total headcount of fixed term contractors
United Kingdom and Italy	558	22
United States of America	1,329[104]	17
Australia	42	0
TOTAL	**1,929**	**39**

On December 31, 2016, the total headcount of Westfield's workforce was 1,730.

Total Employees by Region and Gender

TOTAL WORKFORCE BY REGION AND GENDER			
Region	Gender	Employee headcount (as at Dec. 31, 2017)	% of total (as at Dec. 31, 2017)
United Kingdom and Italy	Male Female	322 236	58% 42%
United States of America	Male Female	686 643	52% 48%
Australia	Male Female	21 21	50% 50%
TOTAL	**Male** **Female**	**1,029** **900**	**53%** **47%**
TOTAL		**1,929**	**100%**

Employee Totals by Activity

EMPLOYEE TOTALS BY ACTIVITY	
Employee activity	Dec. 31, 2017
Shopping Centre Ownership	527
Property Management, Marketing and Leasing	1,063
Property Development, Design and Construction	339
TOTAL	**1,929**

104 Including 200 Westfield employees engaged in the OneMarket business as a December 31, 2017 (approximately 160 as at the date of this Prospectus). These Westfield employees will move into OneMarket after implementation of the OneMarket demerger.

10.7. EQUITY INCENTIVE PLANS

10.7.1 Unibail-Rodamco

For information about Unibail-Rodamco's existing equity incentive plans, refer to section 3.3.3 of the 2017 Registration Document.

For information about the impact of the Transaction on the Unibail-Rodamco's existing equity incentive plans (i.e. granted prior to the completion of the Transaction), refer to section 10.4.1 of this Prospectus.

10.7.2 Westfield

Before completion of the Transaction, Westfield has two active equity linked incentive plans in place:

- the EPR plan (short term incentive plan), which is a broader based plan in which senior executives and high performing employees of the Westfield Group participate; and

- the PIR plan (LTI plan), with only the senior leadership team of Westfield participating (in the 2017 financial year, 34 executives, including the executive directors, participated in the PIR plan).

Westfield also has a TIR plan (target incentive rights plan), whereby selected key executives of Westfield may receive target incentive rights.

Under the terms of the Implementation Agreement, Westfield must ensure that by no later than the day following the Effective Date, there are no outstanding rights to Westfield Securities issued under employee incentive arrangements by the Westfield Group.

The Westfield Board intends to vest, and where applicable cancel, all such outstanding rights to Westfield Securities on or after the Effective Date. Consistent with past practice, the Westfield Board will purchase on market that number of Westfield Securities required to satisfy the vesting of all such outstanding rights.

To the extent that these rights will not be cash settled, the Westfield Board will cause the relevant number of Westfield Securities to be transferred to the relevant holders of such rights in sufficient time to allow the relevant holders thereof to participate in the Schemes on the same basis as all other Westfield Securityholders.

As a result, immediately prior to the completion of the Transaction, no more Westfield dilutive instruments will exist.

10.7.3 Future New Group Equity Incentive Plans

For grants made after completion of the Transaction, in accordance with the new organizational structure of the New Group, the New Group may choose, among other things, to:

- Make grants of Stapled Shares, rather than grants of Unibail-Rodamco Shares alone, and/or

- Make grants of cash-settled “phantom shares” and/or “stock appreciation rights” the value of which are indexed to the market value of the Stapled Shares, and/or
- Modify the mix of stock options and share grants in future LTI plans for some or certain plan participants, reflecting the legal difficulties presented by the grant of options in some relevant countries.

Defining the remuneration policy of the New Group generally, and in respect of equity plans specifically, will be one of the first orders of the business of the Unibail-Rodamco and Newco Supervisory Boards following completion of the Transaction. The LTI plans will remain an important component of the remuneration policy aiming to align New Group executives and employees and shareholders interests and creating a direct and explicit link between New Group performance and remuneration.

10.8. CORPORATE GOVERNANCE CODES

10.8.1 Unibail-Rodamco

For information about Unibail-Rodamco’s adherence to the Afep-Medef Code, please refer to section 3 (Introduction) of the 2017 Registration Document.

Upon completion of the Transaction, Unibail-Rodamco is expected to continue to adhere to the Afep-Medef Code.

10.8.2 Newco

The revised Dutch Corporate Governance Code 2016 became effective on January 1, 2017 and finds its statutory basis in Book 2 DCC. The DCGC contains principles and best practice provisions that regulate relations between the management board, supervisory board and the (general meeting of) shareholders. As of completion of the Transaction, the DCGC will apply to Newco as Newco will have its registered office in the Netherlands and the Newco Class A Shares will - as part of a Stapled Share - be admitted to trading on Euronext Amsterdam and Euronext Paris.

The DCGC is based on a 'comply-or-explain' principle. Accordingly, companies are required to disclose in their management report to what extent they apply the principles and best practice provisions stipulated in the DCGC that are addressed to the management and/or supervisory board. If a company deviates from a best practice provision of the DCGC, the reason for and extent of such deviation must be properly explained in the management report.

Newco acknowledges the importance of good corporate governance and agrees with the general approach and with the majority of the provisions of the DCGC. Considering inter alia the Stapled Share structure, current practices at Unibail-Rodamco, Newco being a member of the New Group headed by Unibail-Rodamco and the interests of the New Group and its stakeholders, it is expected that at the time of completion of the Transaction Newco will deviate from the following best practice provisions of the DCGC:

- Best Practice Provision 2.1.7: Newco will not be in compliance with best practice provision 2.1.7 (iii), which provides that for each shareholder holding more than 10% of the Newco Shares, there is at most one Newco SB Member who can be considered to be affiliated with such shareholder. Unibail-Rodamco holds more than 10% of the

Newco Shares. The two Newco UR Supervisory Directors are both Unibail-Rodamco MB Members and are as such affiliated with Unibail-Rodamco.

– Best Practice Provision 2.3.2: Consistent with Unibail-Rodamco's governance, Newco will have a (combined) governance, nomination and remuneration committee rather than a separate remuneration committee and selection and appointment committee as recommended in best practice provision 2.3.2.

– Best Practice Provision 3.1.2: While Newco supports the principle that the remuneration policy should focus on long-term value creation for Newco and its business, the terms and conditions of the equity incentive plans for Newco Shares and Newco Share options awarded to Newco MB Members are not envisaged to include a requirement that under all circumstances Newco Shares must be held for at least five years after they are awarded.

– Further remuneration items to be considered following finalization of the relevant arrangements.

11. DESCRIPTION OF THE STAPLED SHARES AND THE SHARE CAPITAL OF UNIBAIL-RODAMCO AND NEWCO

11.1. DESCRIPTION OF STAPLED SHARES

General

In accordance with the Unibail-Rodamco Articles and Newco Articles, each Stapled Share is composed of one Unibail-Rodamco Share stapled together with one Newco Class A Share and will be denominated in Euro.

The Stapled Shares are expected to be traded on the regulated markets of Euronext Amsterdam and Euronext Paris, under ISIN code FR0013326246 and trading symbols AMS: URW (Euronext Amsterdam) and EPA: URW (Euronext Paris). Any holder of Stapled Shares will have all the rights and be under all the obligations of both a shareholder of Unibail-Rodamco (with respect to the Unibail-Rodamco Shares that are part of his Stapled Shares) and a shareholder of Newco (with respect to the Newco Class A Shares that are part of his Stapled Shares).

In addition, in accordance with Australian securities law, CDIs will be quoted and traded on ASX in Australian dollars under the ASX ticker of URW. CDIs are Australian law instruments through which Stapled Shares can be traded on ASX. 20 CDIs will represent a beneficial interest in one Stapled Share, conferring rights that are economically equivalent to the rights attaching to one Stapled Share. Stapled Shares represented by CDIs will be held by an ASX subsidiary through Euroclear France. CDN will enable holders of CDIs to exercise, directly or indirectly, the voting rights attached to the Stapled Shares. CDIs can - but only in multiples of 20 - be converted into Stapled Shares. Conversely, Stapled Shares can be converted into CDIs at a ratio of 20 CDIs per Stapled Share.

Stapled Share Principle

To effect the stapling of Unibail-Rodamco Shares to Newco Class A Shares into a Stapled Share and in order to achieve a situation where holders of Unibail-Rodamco Shares and Newco Class A Shares - other than any entity of the Stapled Group - hold an interest in both Unibail-Rodamco and Newco as if they held an interest in a single (combined) company, the Unibail-Rodamco Articles and the Newco Articles set out the "**Stapled Share Principle**".

The Stapled Share Principle entails the following:

– no Unibail-Rodamco Share or Newco Class A Share can be (i) issued to, or subscribed for by, others than an entity of the Stapled Group, (ii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than an entity of the Stapled Group, or (iii) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a Newco Class A Share or Unibail-Rodamco Share, as the case may be, in the form of a Stapled Share;

– no right to subscribe for one or more Unibail-Rodamco Shares or Newco Class A Shares can be (i) granted to or exercised by others than any entity of the Stapled Group, (ii) terminated by others than any entity of the Stapled Group, (iii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the Stapled Group, or (iv) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a corresponding right to subscribe for an equal number of Newco Class A Shares or Unibail-Rodamco Shares, as the case may be, in the form of an equal number of Stapled Shares;

– all shareholders, other than any entity of the Stapled Group, must refrain from (i) acquiring any Unibail-Rodamco Share or Newco Class A Share, (ii) acquiring, exercising or terminating any right to subscribe for one or more Unibail-Rodamco Shares or Newco Class A Shares, or (iii) creating or acquiring a usufruct, pledge or other encumbrance over any Unibail-Rodamco Share or Newco Class A Share or any right to subscribe for one or more Unibail-Rodamco Share or Newco Class A Shares, in each case except (if it concerns a Unibail-Rodamco Share or Newco Class A Share) together with a Newco Class A Share or a Unibail-Rodamco Share, respectively, in the form of a Stapled Share or (if it concerns a right to subscribe for one or more Unibail-Rodamco Shares or Newco Class A Shares) together with a corresponding right to subscribe for an equal number of Newco Class A Shares or Unibail-Rodamco Shares, as the case may be, in the form of an equal number of Stapled Shares; and

– subject to applicable law, the Unibail-Rodamco Management Board, Unibail-Rodamco Supervisory Board, Newco Management Board and Newco Supervisory Board shall take all necessary actions to ensure that, at all times, the number of Unibail-Rodamco Shares issued and held by others than any entity of the Stapled Group is equal to the number of Newco Class A Shares issued and held by others than any entity of the Stapled Group.

As a result of the Stapled Share Principle, Unibail-Rodamco Shares and Newco Class A Shares cannot be transferred separately (except for transfers to entities of the Stapled Group), but only as Stapled Shares.

All Unibail-Rodamco Shareholders and Newco Shareholders must comply with the Stapled Share Principle.

If a Newco Shareholder, other than any entity of the Stapled Group, would hold one or more Unstapled Newco Shares, such Newco Shareholder must immediately notify the Newco Management Board thereof, by means of a letter sent by registered mail, indicating the number of Unstapled Newco Shares held by him. In addition, such Newco Shareholder must immediately offer and transfer his Unstapled Newco Shares to Unibail-Rodamco (or any other entity of the Stapled Group designated in writing by Unibail-Rodamco), at a price equal to the value of the Unstapled Newco Shares as determined by an independent expert to be designated by the Newco Management Board, with the approval of the Newco Supervisory Board. If a Newco Shareholder holding Unstapled Newco Shares has not offered and transferred his Unstapled Newco Shares within a reasonable period of no more than fourteen (14) days after having become obliged to offer and transfer his Unstapled Newco Shares, Newco will be irrevocably authorised to offer and transfer the Unstapled Newco Shares concerned to Unibail-Rodamco (or any other entity of the Stapled Group designated in writing by Unibail-Rodamco) on behalf of the Newco Shareholder. Furthermore, the voting rights, meeting rights and rights to receive distributions attached to the Unstapled Newco Shares will be suspended for as long as the Newco Shareholder (or Newco on his behalf) has not complied with the obligation of such Newco Shareholder to offer and transfer such Unstapled Newco Shares to Unibail-Rodamco (or any other entity of the Stapled Group designated in writing by Unibail-Rodamco).

Form of Stapled Shares

Any holders of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. See sections 11.2.3 and 11.3.3 of this Prospectus for the form of the Unibail-Rodamco Shares and the Newco Class A Shares, respectively.

Transfer and ownership of Stapled Shares

In accordance with Article L. 211-3 of the French Monetary and Financial Code, the Stapled Shares, regardless of their form, will be dematerialized and ownership will be evidenced by book-entry in a securities account.

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, the Stapled Shares are transferred via account-to-account transfer and the ownership of the Stapled Shares will occur upon their registration in the buyer's securities account.

Registration of one Stapled Share in the buyer's securities account will entail the transfer of ownership of one Unibail-Rodamco Share and one Newco Class A Share.

An application will be made to admit the Stapled Shares to the clearing procedures of Euroclear France, which will ensure the clearing of the Stapled Shares between accountholders.

Issue of Stapled Shares

A Stapled Share comprises a Unibail-Rodamco Share and a Newco Class A Share. Consequently, the creation of a new Stapled Share may be achieved by Unibail-Rodamco issuing a Unibail-Rodamco Share and Newco issuing a Newco Class A Share. Pursuant to the Stapled Share Principle, no Unibail-Rodamco Share can be issued to others than an entity of the Stapled Group except together with a Newco Class A Share in the form of a Stapled Share (and vice versa), which can for instance be achieved by making the resolution resolving upon the issuance of the Newco Class A Shares conditional upon adoption of a resolution resolving upon the issuance of a corresponding number of Unibail-Rodamco Shares. The creation of a new Stapled Share can also be achieved by Unibail-Rodamco issuing a Unibail-Rodamco Share together with the transfer of an existing (unstapled) Newco Class A Share held in treasury by the Stapled Group, or by Newco issuing a Newco Class A Share together with the transfer of an existing (unstapled) Unibail-Rodamco Share held in treasury by the Stapled Group. See sections 11.2.4 and 11.3.4 of this Prospectus for the issue of Unibail-Rodamco and Newco Shares, respectively.

Pre-emptive rights in respect of Stapled Shares

A Stapled Share comprises a Unibail-Rodamco Share stapled together with a Newco Class A Share. Due to the Stapled Share Principle, any issuance of Stapled Shares with pre-emptive rights for existing holders of Stapled Shares can for instance be achieved by both Unibail-Rodamco and Newco issuing new shares with pre-emptive rights. In such case of an issue with pre-emptive rights, the Stapled Share Principle entails that the (pre-emptive) right of an existing shareholder to subscribe a Unibail-Rodamco Share can only be exercised by or transferred to others than any entity of the Stapled Group together with the corresponding right to subscribe for a Newco Class A Share (and vice versa) in the form of a Stapled Share. Conversely, any issuance of Stapled Shares without pre-emptive rights for existing holders of Stapled Shares requires that pre-emptive rights are excluded (or otherwise do not apply) in respect of both the Unibail-Rodamco Shares and the Newco Class A Shares. See sections 11.2.5 and 11.3.5 of this Prospectus for the pre-emptive rights in respect of Unibail-Rodamco Shares and Newco Shares, respectively.

Stapled Share Principle and capital reductions

Any holder of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. The nominal value of the Unibail-Rodamco Shares can be amended from time to time, independently from the nominal value of the Newco Shares (and vice versa). See sections 11.2.6 and 11.3.6 of this Prospectus for more information about capital reductions at Unibail-Rodamco and Newco, respectively.

Acquisition by Unibail-Rodamco or Newco of Stapled Shares

A Stapled Share comprises a Unibail-Rodamco Share stapled together with a Newco Class A Share. The current authorizations conferred by the Unibail-Rodamco General Meeting to the Unibail-Rodamco Management Board to purchase Unibail-Rodamco Shares would allow Unibail-Rodamco to purchase Stapled Shares. Prior to completion of the Transaction, the Unibail-Rodamco General Meeting will be asked to authorize the Unibail-Rodamco Management Board to purchase Unibail-Rodamco Shares and/or Stapled Shares and the Newco General Meeting will authorize the Newco Management Board to acquire, with the approval of the Newco Supervisory Board, Newco Class A Shares (separate or as part of a Stapled Share).

Unibail-Rodamco could acquire Stapled Shares and subsequently either continue to hold the Newco Class A Shares that are part of such Stapled Shares or transfer such Newco Class A Shares to Newco or another entity of the Stapled Group. Similarly, Newco could acquire Stapled Shares and subsequently either continue to hold the Unibail-Rodamco Shares that are part of such Stapled Shares or transfer such Unibail-Rodamco Shares to Unibail-Rodamco or another entity of the Stapled Group. Unibail-Rodamco and Newco could also jointly acquire Stapled Shares, with Unibail-Rodamco receiving the Unibail-Rodamco Shares that are part of such Stapled Shares and Newco receiving the Newco Class A Shares that are part of such Stapled Shares. See sections 11.2.7 and 11.3.7 of this Prospectus for more information about acquisition of their own shares by Unibail-Rodamco and Newco, respectively.

Dividends and other distributions on Stapled Shares

Any holder of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. Consequently, such holder will receive dividends and other distributions that are declared by Unibail-Rodamco on the Unibail-Rodamco Shares as well as dividends and other distributions that are declared by Newco on the Newco Class A Shares. The payment of Unibail-Rodamco’s dividends and Newco’s dividends are expected to take place in different installments. See sections 4.1 and 4.2 of this Prospectus for Unibail-Rodamco's and Newco's dividend policies. See sections 11.2.9 and 11.3.9 of this Prospectus for more information on the payment of dividends. The payment of Unibail-Rodamco’s dividends and Newco’s dividends will be subject to different tax treatments. See section 13 of this Prospectus for the tax treatment of dividends and other distributions, in particular sections 13.1.1 “— France — Unibail-Rodamco dividends”, 13.1.2 “— Newco dividends”, 13.2.2 “— The Netherlands — Dividend withholding tax”, 13.3.3 “— The United States — Ownership and sale or other taxable disposition of the Stapled Shares”, 13.4.2 “— Australia — Dividends from Unibail-Rodamco” and 13.4.3 “— Australia — Dividends from Newco”.

Stapled Share Principle and public offer rules

Any holder of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. Consequently, any holder of Stapled Shares must comply with both the French public offer rules as described in section 11.2.15 "—Public offer rules" of this Prospectus (in respect of Unibail-Rodamco) and the Dutch public offer rules as described in section 11.3.14 "—Public offer rules" of this Prospectus (in respect of Newco). Due to Unibail-Rodamco's shareholding in Newco (see section 12.2), one Stapled Share does not represent the same percentage of voting rights in Unibail-Rodamco as it does in Newco. As a result, a holder of Stapled Shares may cross the 30% threshold for a mandatory offer for all outstanding Unibail-Rodamco Shares without being subject to a statutory requirement to make a mandatory offer for all outstanding Newco Shares at the same time. However, due to the Stapled Share Principle, an offeror that is not an entity of the Stapled Group can only acquire Unibail-Rodamco Shares in the form of Stapled Shares, which may result in a requirement for the offeror to launch a parallel public offer for all outstanding Newco Shares.

Stapled Share Principle and obligations of holders of Stapled Shares to disclose holdings

Any holder of Stapled Shares will hold both Unibail-Rodamco Shares and Newco Class A Shares. Consequently, any holder of Stapled Shares must comply with both the disclosure obligations outlined in section 11.2.17 "— Obligations to disclose holdings" of this Prospectus in respect of the Unibail-Rodamco Shares held and the disclosure obligations outlined in section 11.3.16 "— Obligations to disclose holdings" of this Prospectus in respect of the Newco Shares held. Due to Unibail-Rodamco's shareholding in Newco (see section 12.2 of this Prospectus), one Stapled Share does not represent the same percentage of capital interests and voting rights in Unibail-Rodamco as it does in Newco. As a result, a transaction in Stapled Shares that leads to the crossing of a notification threshold for Unibail-Rodamco does not necessarily result in the crossing of a notification threshold for Newco, and vice versa.

Termination of the Stapled Share Principle

Termination of the Stapled Share Principle can be effected through an amendment of both the Unibail-Rodamco Articles and the Newco Articles. A resolution to amend the Unibail-Rodamco Articles to effect the termination of the Stapled Share Principle requires a vote in favor of a two-thirds majority of the votes cast (excluding abstentions, blank or spoilt ballots) at an extraordinary Unibail-Rodamco General Meeting. A resolution to amend the Newco Articles to effect the termination of the Stapled Share Principle requires a majority of at least two-thirds (2/3rd) of the votes cast as well as the prior approval of the Newco Class B Meeting, and such resolution shall only become effective after the Newco Management Board, with the approval of the Newco Supervisory Board, has confirmed that the Unibail-Rodamco General Meeting has passed a resolution to terminate the Stapled Share Principle as included in the Unibail-Rodamco Articles. See also sections 11.2.12 and 11.3.12 of this Prospectus.

(Paying) Agents

Administration and paying agency services in respect of the Stapled Shares will be provided by:

BNP Paribas Securities Services
(Euroclear France affiliated 30)
BNP Paribas Securities Services, Corporate Trust Services
Grands Moulins de Pantin-9 rue du Débarcadère
93761 Pantin Cedex
France

Financial communication

After completion of the Transaction, Unibail-Rodamco and Newco will each be subject to periodic and ongoing disclosure obligations. Unibail-Rodamco will however coordinate a single stream of communication on the Stapled Share. Unibail-Rodamco will for instance dedicate a specific section of its website to information related to the Stapled Shares.

Unibail-Rodamco and Newco will work in close coordination for their respective financial communications after completion of the Transaction. The expected timetable and documentation will be based on the existing timetable and documentation currently published by Unibail-Rodamco. However, and as Newco will be fully consolidated by Unibail-Rodamco, Unibail-Rodamco will adapt its financial communication in order to take into account two new geographical segments (US and UK) and the fact that Westfield is involved in joint-ventures (accounted for under the equity method) for several of its major assets. In addition to IFRS reporting, Unibail-Rodamco expects to disclose proportionate financial statement reporting and disclose selected proportionate financial ratios in its communication towards investors in order for investors to understand the performance of the underlying business. Newco’s financial communication is expected to be less extensive and detailed as it will be for Unibail-Rodamco as all information related to Newco operations and activities will be included in the documentation to be published by Unibail-Rodamco.

Unibail-Rodamco and Newco expect to publish their turnover (and press release) for the quarters ending in March and September. Newco is expected to publish its turnover a few days after Unibail.

For the half year financial information, it is expected that Newco will publish its consolidated financial statements (and press release) before the end of August.

For the full year financial information, it is expected that Newco will publish its consolidated financial statements between one or two months after Unibail-Rodamco.

The New Group’s objective is to publish consolidated financial information for the half-year ending on June 30, 2018 in July 2018. Depending on the ability of Unibail-Rodamco and Westfield to share information prior to the Implementation Date, such publication may only take place in September 2018.

11.2. DESCRIPTION OF UNIBAIL-RODAMCO'S SHARE CAPITAL

This section of the prospectus summarises certain information concerning Unibail-Rodamco's share capital and certain material provisions of the Unibail-Rodamco Articles and applicable French law as in force of the date of this Prospectus, and which may be amended from time to time.

The following description is intended as a summary only and does not purport to give a complete overview. It does not constitute legal advice regarding those matters and should not be regarded as such. The description should be read in conjunction with, and is qualified in its entirety by reference to, the Unibail-Rodamco Articles and the relevant provisions of French law as in force on the date of this Prospectus. The Unibail-Rodamco Articles (in the governing French language and in an unofficial English translation thereof) are available on www.unibail-rodamco.com. See also 'Management Board, Supervisory Board and Employees' for a summary of certain material provisions of the Unibail-Rodamco Articles, the Unibail-Rodamco Management Board Rules, the Unibail-Rodamco Supervisory Board Rules and French law relating to the Unibail-Rodamco Management Board and the Unibail-Rodamco Supervisory Board.

11.2.1 General

The corporate name of the Unibail-Rodamco is "Unibail-Rodamco SE".

Its registered office is located 7 place du Chancelier-Adenauer, 75016 Paris, France.

It is registered in the Paris Trade and Companies Register under number 682 024 096.

Telephone number: +33 1 53 43 74 37.

Originally constituted in 1968 as a public limited company with a board of directors, Unibail-Rodamco was changed on May 21, 2007 into a public limited company with a management board and supervisory board, then, on May 14, 2009, into a European company with a management board and supervisory board.

Unibail-Rodamco is governed by a management board and supervisory board, pursuant to the provisions of European Council Regulation no. 2157/2001/EC of 8 October 2001, applicable to European companies and the current laws and regulations of France.

It was incorporated for a period of 99 years, *i.e.,* up to July 22, 2067.

Its financial year runs from January 1st to December 31st.

Since 2003, Unibail-Rodamco and its eligible subsidiaries opted for and became subject to the tax regime applicable to listed property investment companies (SIIC) introduced by the 2003 French Financing Law for 2003 (Article 11 of law no. 2002-1575 dated December 30, 2002 mainly codified at article 208 C of the FTC). This regime is based on the principle of fiscal transparency: in relation to rental activities and gains from divestments, income tax is borne at shareholder level and not at the level of the SIIC, which is subject to distribution requirements.

11.2.2 Corporate purpose

Pursuant to article 2 of Unibail-Rodamco Articles, its corporate purpose in France and abroad is:

- investment through the acquisition, development, construction, ownership of land, buildings, property assets and rights, and the fitting out of property complexes, with a view to renting them out;
- the management, rental, leasing, divestment or exchange of the above assets, either directly, or through taking investments or interest ownerships, or by creating partnerships, companies or consortia;
- more generally, any financial, securities or property transactions directly or indirectly connected with the foregoing purpose or likely to facilitate its achievement;
- assets acquiring, owning, divesting investments in any French or foreign legal entities with an activity directly or indirectly linked to the corporate purpose of Unibail-Rodamco or which would favour its development.

11.2.3 Share capital

Share capital and form of shares

As at December 31, 2017, the share capital of Unibail-Rodamco amounted to €499,283,380, consisting of 99,856,676 fully paid-up ordinary shares, with a nominal value of five Euros (€5.00) each.

Immediately after completion of the Transaction, Unibail-Rodamco's issued share capital will consist of up to 138,918,769 Unibail-Rodamco Shares.

Unibail-Rodamco Shares may be in registered (*nominatif*) or bearer (*porteur*) form at the shareholder's discretion subject to the requirements set out in article 9 of the Unibail-Rodamco Articles.

Please refer to sections 7.2 and 7.5 of the 2017 Registration Document for information relating to authorised but unissued capital of Unibail-Rodamco.

Securities granting access to Unibail-Rodamco's share capital

Performance stock options and performance shares

Unibail-Rodamco combines two long term equity remuneration instruments: performance stock options and performance shares.

The LTI programme, subject to performance and presence conditions for all beneficiaries, is intended to strengthen the engagement and loyalty of beneficiaries in the Unibail-Rodamco Group's performance.

The entire LTI programme is presented in section 3.3.3 of the 2017 Registration Document.

For information about the consequences of the Transaction on Unibail-Rodamco's LTI programme, see section 10.7 "— Equity Incentive Plans" of this Prospectus.

As at December 31, 2017, the number of potential shares to be theoretically issued (assuming the required performance and presence conditions are attained and excluding any cancellations) with regard to the performance shares represents 0.10%[105] of the diluted capital with regard to the performance shares and 2.13%[106] of the diluted capital with regard to the performance stock options[107].

Warrants to purchase existing shares and/or subscribe for new shares

None.

*Bonds redeemable in shares ("**ORA**")*

Pursuant to the Rodamco Europe B.V. Public Exchange Offer, 9,363,708 ORA were issued in part consideration for the shares contributed by Rodamco Europe B.V. shareholders. As at 31 December 2017, 9,357,861 ORA had been redeemed for shares.

The number of outstanding ORA at this date is 5,847. The number of potential new shares to be issued out of the exercise of the remaining ORA is 7,308[108], based on the redemption ratio of 1.25 following the exceptional distribution of 10 May 2011. For full details on the ORA, please refer to the "*Note d'opération*" approved by the AMF under visa no. 07-152 dated May 18, 2007.

As from completion of the Transaction, ORA holders will be entitled to receive Stapled Shares instead of Unibail-Rodamco Shares upon exercise of their ORA based on the same redemption ratio. Eight Advisory, acting as independent expert appointed by Unibail-Rodamco, has concluded that "Based on our analysis and on the basis of the Transaction's valuation assumptions, we confirm that the Proposal is financially fair to ORA holders and Unibail-Rodamco's shareholders as at the completion date of the Transaction." The full report may be obtained free of charge by ORA holders from Unibail-Rodamco at 7 place du Chancelier Adenauer, 75016 Paris, France.

ORNANE (bonds redeemable in cash and/or in new and/or existing shares)

– ORNANE 2014 issuance of June 25, 2014 ("**2014 ORNANE**")

On June 25, 2014, Unibail-Rodamco issued 1,735,749 ORNANEs at a nominal value per unit of €288.06, representing a nominal amount of €500 million, due July 1, 2021.

The 2014 ORNANE are potentially convertible since January 1, 2018. The rate of conversion is 1.11 as at December 31, 2017. For full details on the 2014 ORNANE, please refer to the

105 Total outstanding performance shares reported in table No 10 of AMF recommendation (section 3.2.4.4 of the 2017 Registration Document) for a total of 103,912 outstanding performance shares / diluted number of shares in the money for a total of 99,910,659 (reported in section 4.4.2 of the 2017 Registration Document).

106 Total outstanding stock-options reported in table No 8 of AMF recommendation (section 3.2.4.4 of the 2017 Registration Document) for a total of 2,130,859 outstanding stock-options / diluted number of shares in the money for a total of 99,910,659 (reported in section 4.4.2 of the 2017 Registration Document).

107 Taking only into account the dilutive intruments "in the money".

108 Subject to ORA holder entitlement to round up fractional shareholding.

"*Note d'opération*" approved by the AMF under visa no. 14-296 dated June 17, 2014. (Such *Note d'opération* is not incorporated by reference in this Prospectus).

– ORNANE 2015 issuance of April 15, 2015 ("**2015 ORNANE**")

On April 15, 2015, Unibail-Rodamco issued 1,441,462 ORNANEs at a nominal value per unit of €346.87, representing a nominal amount of €500 million, due January 1, 2022.

The 2015 ORNANE are potentially convertible since January 1, 2018. The rate of conversion is 1.00 as at December 31, 2017. For more details on the 2015 ORNANE, please refer to the "*Note d'opération"* approved by the AMF under visa n° 15-144 dated April 8, 2015. (Such *Note d'opération* is not incorporated by reference in this Prospectus).

Prior to completion of the Transaction, Unibail-Rodamco will convene the general meeting of holders of each of the 2014 ORNANE and the 2015 ORNANE. At such general meetings, holders of the Bonds will be asked to unconditionally authorize the implementation of the Transaction to the extent that it constitutes a proposed transaction which would result in the Unibail-Rodamco Shares no longer being admitted to trading in their current form on the regulated markets of Euronext Paris and Euronext Amsterdam, and in particular to approve the stapling of the Unibail-Rodamco Shares with the Newco Class A Shares to form the Stapled Shares and the application for the admission to trading of the Stapled Shares on the regulated markets of Euronext Paris and Euronext Amsterdam.

In the event that the proposed Transaction would not be approved at the first (or if any) second general meetings of holders of the Bonds, the Unibail-Rodamco Management Board may decide, in accordance with the provisions of paragraph 4.11 of the Bonds' terms and conditions, and on a discretionary basis, to override such decision not to approve the Transaction and to proceed with the Transaction by offering holders of the Bonds to redeem in cash the relevant Bonds, pursuant to Article L. 228-72 of the French Commercial Code, at a price equal to par. Such decision would be published in accordance with applicable laws in due time. In such circumstances, Unibail-Rodamco will be required to redeem all or part of the Bonds which will lead to increased costs to implement the Transaction. Additionally, if the Bonds' terms and conditions are not amended, holders of Bonds would continue to be entitled to receive Unibail-Rodamco Shares upon exercise of their conversion right with limited liquidity. In application of the Stapled Share Principle, such Unibail-Rodamco Shares would not be transferrable on the regulated markets of Euronext Paris and Amsterdam separately from Newco Class A Shares in the form of Stapled Shares (see section 11.1 "—Description of Stapled Shares" of this Prospectus). Unibail-Rodamco would be required to provide for an exception to the Stapled Share Principle in order to grant holders of Bonds, and maintain a limited number of, Unibail-Rodamco Shares that would only be tradable off-market.

The general meetings of holders of the Bonds will also be asked to approve proposed amendments to the terms and conditions of the Bonds, in particular the substitution of the Unibail-Rodamco shares, which any holder of Bonds would receive in the event of exercise of its conversion right, by the Stapled Shares, as from the implementation of the Transaction.

Unibail-Rodamco pledged shares

As at December 31, 2017, 520,751 Unibail-Rodamco Shares were pledged in a registered custodian account. No standard registered shares (*nominatif pur*) were pledged.

Other securities granting access to the share capital

None.

Changes in Unibail-Rodamco's share capital during the past five years

Since 1 January 2013, Unibail-Rodamco's share capital has changed as follows:

Date	Movements in the share capital	Number of shares issued	Number of shares	Total share capital	Premium resulting from transaction
March 1, 2013	Exercise of Performance Stock Options (SO) (2006-2008 tranches)	105,465	94,997,445	€474,987,225	€10,720,322.94
March 31, 2013	Exercise of SO (2006-2009 tranches)	431,244	95,428,689	€477,143,445	€38,676,960.60
June 3, 2013	Exercise of SO (2006-2009 tranches)	582,712	96,011,401	€480,057,005	€54,102,667.78
June 3, 2013	Reimbursement of ORA	21	96,011,422	€480,057,110	€3,190.92
June 3, 2013	Partial payment of the dividend paid in shares	1,190,366	97,201,788	€486,008,940	€189,994,317.26
July 1, 2013	Company Savings Plan	27,812	97,229,600	€486,148,000	€4,249,951.72
September 30, 2013	Exercise of SO (2006-2009 tranches)	10,451	97,240,051	€486,200,255	€1,018,780.52
December 31, 2013	Exercise of SO (2006-2009 tranches)	28,525	97,268,576	€486,342,880	€2,834,076.22
March 3, 2014	Exercise of SO (2007-2009 tranches)	17,733	97,286,309	€486,431,545	€1,708,947.30
March 31, 2014	Exercise of SO (2007-2010 tranches)	298,109	97,584,418	€487,922,090	€33,304,465.88
June 30, 2014	Exercise of SO (2007-2010 tranches)	416,441	98,000,859	€490,004,295	€47,417,417.39
July 1, 2014	Company Savings Plan	30,779	98,031,638	€490,158,190	€4,830,560.79
September 30, 2014	Exercise of SO (2007-2010 tranches)	9,206	98,040,844	€490,204,220	€964,819.33
September 30, 2014	Anticipated allocation of Performance Shares (2012 tranche - following a death	43	98,040,887	€490,204,435	€0.00
September 30, 2014	Reimbursement of ORA	500	98,041,387	€490,206,935	€76,140
December 31, 2014	Reimbursement of ORA	72	98,041,459	€490,207,295	€10,941.68
December 31, 2014	Exercise of SO (2007-2010 tranches)	16,888	98,058,347	€490,291,735	€1,737,148.66
March 3, 2015	Reimbursement of ORA	1,045	98,059,392	€490.296,960	€159,132.60
March 3, 2015	Exercise of SO (2007-2010 tranches)	15,774	98,075,166	€490,375,830	€1,698,066.93
April 3, 2015	Reimbursement of ORA	180	98,075,346	€490,376,730	€27,410.40
April 3, 2015	Exercise of SO (2008-2011 tranches)	370,345	98,445,691	€492,228,455	€49,774,191.67
June 30, 2015	Reimbursement of ORA	126	98,445,817	€492,229,085	€19,163.97
June 30, 2015	Allocation of Performance Shares (2012 tranche)	27,527	98,473,344	€492,366,720	€0.00
June 30, 2015	Exercise of SO (2008-2011 tranches)	115,751	98,589,095	€492,945,475	€14,760,250.08
July 1, 2015	Company Savings Plan	28,202	98,617,297	€493,086,485	€5,223,355.02
September 30, 2015	Exercise of SO (2008-2011 tranches)	22,486	98,639,783	€493,198,915	€2,877,669.34
September 30, 2015	Reimbursement of ORNANEs	1,831	98,641,614	€493,208,070	n/a
December 31, 2015	Reimbursement of ORA	100	98,641,714	€493,208,570	€15,228
December 31, 2015	Exercise of SO (2009-2011 tranches)	52,228	98,693,942	€493,469,710	€5,717,440.57
March 8, 2016	Allocation of Performance Shares (2013 tranche)	21,482	98,715,424	€493,577,120	€0.00

March 8, 2016	Exercise of SO (2009-2011 tranches)	45,222	98,760,646	€493,803,230	€4,677,562.44
March 31, 2016	Exercise of SO (2009-2012 tranches)	314,957	99,075,603	€495,378,015	€43,318,897.34
June 30, 2016	Exercise of SO (2010-2016 tranches)	202,193	99,277,796	€496,388,980	€27,904,687.09
June 30, 2016	Allocation of Performance Shares (2012 tranche) (2013-2015 - following a death)	7,941	99,285,737	€496,428,685	€0.00
June 30, 2016	Reimbursement of ORNANEs	1,549	99,287,286	€496,436,430	n/a
July 5, 2016	Company Savings Plan	29,783	99,317,069	€496,585,345	€5,525,871.66
September 30, 2016	Exercise of SO (2010-2012 tranches)	29,154	99,346,223	€496,731,115	€4,026,209.25
December 31, 2016	Reimbursement of ORA	353	99,346,576	€496,732,880	€58,787.80
December 31, 2016	Exercise of SO (2010-2012 tranches)	47,209	99,393,785	€496,968,925	€6,554,720.32
March 31, 2017	Reimbursement of ORA	74	99,393,859	€496,969,295	€14,178.40
March 31, 2017	Allocation of Performance Shares (2013 tranche)	25,323	99,419,182	€497,095,910	€0.00
March 31, 2017	Exercise of SO (2010-2013 tranches)	292,980	99,712,162	€498,560,810	€47,288,266
June 30, 2017	Exercise of SO (2011-2013 tranches)	124,677	99,836,839	€499,184,195	€20,416,087.88
July 5, 2017	Company Savings Plan	30,562	99,867,401	€499,337,005	€5,555,237.35
September 30, 2017	Exercise of SO (2011-2012 tranches)	10,556	99,877,957	€499,389,785	€1,463,841.77
October 23, 2017	Share cancellations	(34,870)	99,843,087	€499,215,435	(€7,088,135.08)
December 31, 2017	Exercise of SO (2011-2012 tranches)	5,778	99,848,865	€499,244,325	€807,583
December 31, 2017	Reimbursement of ORNANEs	7,811	99,856,676	€499,283,380	n/a
Note: increases in the share capital associated with the exercise of options and creation of Performance Shares, with reimbursements of ORA and ORNANEs, are taken into account by a statement of the MB.					

11.2.4 Issue of Unibail-Rodamco Shares

The issuance of Unibail-Rodamco Shares and equity securities requires a vote by the extraordinary general meeting of Unibail-Rodamco Shareholders. Unibail-Rodamco Shareholders may delegate power and authority to issue Unibail-Rodamco Shares and equity securities to the Unibail-Rodamco Management Board. Share capital increases are subject to the Stapled Share Principle.

Currently, the Unibail-Rodamco Management Board has been authorized for a period of 18 months, by extraordinary resolution taken in the Unibail-Rodamco General Meeting on April 25, 2017 to (i) issue, with pre-emptive subscription rights, Unibail-Rodamco Shares and equity securities, for up to €75,000,000, (ii) issue, without pre-emptive subscription rights, Unibail-Rodamco Shares and equity securities, for up to €45,000,000, (iii) issue, without pre-emptive subscription rights, Unibail-Rodamco Shares or securities as consideration for contribution in kind to Unibail-Rodamco up to a maximum of 10% of stated capital, which together with such capital increases authorized on April 25, 2017 pursuant to similar resolutions, may not exceed €122,000,000 in the aggregate, and (iv) issue, without pre-emptive subscription rights, Unibail-Rodamco Shares or securities to employees participating in a savings plan of Unibail-Rodamco or its affiliates for up to €2,000,000.

The Unibail-Rodamco Management Board has been authorized for a period of 38 months, by extraordinary resolution taken in the Unibail-Rodamco general meeting on April 25, 2017, to issue, without pre-emptive subscription rights, stock-options to employees or officers of

Unibail-Rodamco or its affiliates, for up to 3% of the aggregate number of Unibail-Rodamco Shares outstanding at issuance, and up to 1% maximum annually.

11.2.5 Pre-emptive rights

Pursuant to French law, Unibail-Rodamco Shareholders have preferential rights to subscribe on a pro rata basis Unibail-Rodamco Shares or other securities issued by Unibail-Rodamco that give a right, directly or indirectly, to subscribe equity securities issued by a company for cash. Such preferential subscription rights may be sold during the subscription period relating to a particular offering.

Preferential subscription rights with respect to any particular offering can be waived upon by a decision of an extraordinary Unibail-Rodamco General Meeting (approval by a two-thirds majority of the votes of the Unibail-Rodamco Shareholders present or represented). The Unibail-Rodamco Management Board and Unibail-Rodamco's independent auditors must present reports that specifically address any proposal to waive preferential subscription rights.

In the event of a waiver in favor of a named person or group of persons, the issuance must be completed no later than 18 months after the extraordinary general meeting.

11.2.6 Capital reduction

The reduction of Unibail-Rodamco’s share capital requires a vote by the extraordinary Unibail-Rodamco General Meeting, either by reducing the nominal value of the Unibail-Rodamco Shares or, subject to the Stapled Share Principle, by reducing the number of Unibail-Rodamco Shares in issue.

A resolution to cancel Unibail-Rodamco Shares shall only relate to Unibail-Rodamco Shares which Unibail-Rodamco holds or will acquire from its shareholders.

For a cancellation, the extraordinary Unibail-Rodamco General Meeting may authorize the Unibail-Rodamco Management Board to cancel treasury shares representing up to 10% of Unibail-Rodamco’s share capital. By an extraordinary resolution taken in the Unibail-Rodamco General Meeting on April 25, 2017, the Unibail-Rodamco Management Board has been authorized, for a duration of 24 months, to cancel treasury shares representing up to 10% of Unibail-Rodamco’s share capital.

11.2.7 Acquisition by Unibail-Rodamco of Unibail-Rodamco Shares

Unibail-Rodamco Shareholders may, at an extraordinary general meeting of shareholders, authorize the Unibail-Rodamco Management Board to purchase a fixed number of Unibail-Rodamco Shares and to cancel them through capital reduction.

In addition, Unibail-Rodamco Shareholders at an ordinary Unibail-Rodamco General Meeting may authorize the Unibail-Rodamco Management Board to acquire Unibail-Rodamco Shares on the market or from particular shareholders, up to a maximum of 10% of Unibail-Rodamco’s share capital, and to decide on the use of the Unibail-Rodamco Shares acquired (in accordance with applicable laws and regulations), such as cancellation, delivery to holders of securities giving access to shares or stock options, liquidity agreement. Unibail-Rodamco may not, at any time, hold treasury shares representing more than 10% of its share capital.

The Unibail-Rodamco Management Board has been authorized by an ordinary resolution taken in the Unibail-Rodamco General Meeting on April 25, 2017, for a duration of 18 months to purchase up to 10% of Unibail-Rodamco's share capital and by an extraordinary resolution taken in the Unibail-Rodamco general meeting on April 25, 2017, for a duration of 24 months to cancel treasury shares representing up to 10% of Unibail-Rodamco's share capital. Prior to completion of the Transaction, the Unibail-Rodamco General Meeting will be asked to irrevocably authorize the Unibail-Rodamco Management Board, for a period of 18 months from the date of the general meeting, to acquire, on a stock exchange or otherwise, Unibail-Rodamco Shares and/or Stapled Shares, up to 10% of the share capital of Unibail-Rodamco at any given time, at a maximum purchase price of €250 per Unibail-Rodamco Share or Stapled Share.

11.2.8 Transfer of Unibail-Rodamco Shares

The Unibail-Rodamco Shares will be tradable without restriction, subject to the Stapled Share Principle.

11.2.9 Dividends and other distributions

Under French law and the Unibail-Rodamco Articles, dividends may be distributed from "distributable profits" (*bénéfice distribuable*) which, in each fiscal year, consist of:

– Unibail-Rodamco's net profits for the fiscal year; less
– any required contribution to Unibail-Rodamco's legal reserve fund under French law; plus
– any additional profits that Unibail-Rodamco reported, but did not distribute in its prior fiscal years; less
– any loss carried forward from prior fiscal years;
– as well as from any reserves available for distribution (the distributable profits plus any reserves available for distribution forming the "amount available for distribution").

Unibail-Rodamco must establish and maintain a minimum legal reserve of 5% of Unibail-Rodamco's net income each year up to an amount equal to one-tenth of the aggregate nominal value of Unibail-Rodamco's share capital.

If Unibail-Rodamco has made a profit since the end of the preceding fiscal year, as shown on an interim balance sheet certified by Unibail-Rodamco's statutory auditors, the Unibail-Rodamco Management Board is entitled to, subject to the provisions of the French Commercial Code and other regulations, distribute interim dividends prior to the approval of the annual accounts by the shareholders, provided that the amount of any interim dividends does not exceed the amount available for distribution. The Unibail-Rodamco Articles authorize the Unibail-Rodamco General Meeting to grant to each shareholder the option to receive all or part of any dividend in either cash or Unibail-Rodamco Shares.

Dividends are distributable to Unibail-Rodamco Shareholders pro rata according to their respective holdings of Unibail-Rodamco Shares. Dividends are payable to Unibail-Rodamco Shareholders as of the date of the ordinary Unibail-Rodamco General Meeting approving the distribution of dividends. The actual payment date is determined by Unibail-Rodamco

Shareholders at the ordinary Unibail-Rodamco General Meeting approving the declaration of the dividends or by the Unibail-Rodamco Management Board in the absence of such determination by the Unibail-Rodamco Shareholders. Under the Unibail-Rodamco Articles, the payment of dividends must occur within nine months of the end of Unibail-Rodamco's fiscal year. Under French law, dividends not claimed within five years of the date of payment revert to the French government.

11.2.10 Dissolution and liquidation

If Unibail-Rodamco is liquidated, any share capital remaining after the par value of the Unibail-Rodamco Shares or share capital has been repaid will be allocated among the Unibail-Rodamco Shareholders pro rata to their interests in Unibail-Rodamco's share capital.

11.2.11 General meetings and voting rights

Ordinary and extraordinary Unibail-Rodamco General Meetings

Unibail-Rodamco may hold either ordinary or extraordinary general meetings of shareholders at any time during the year.

Ordinary Unibail-Rodamco General Meetings are required for matters that are not specifically reserved by law to extraordinary Unibail-Rodamco General Meetings. It is held at least once a year within six months of the closing date of each fiscal year to approve the financial statements of that year. Matters presented at ordinary Unibail-Rodamco General Meetings include the election of members of the Unibail-Rodamco Supervisory Board, the appointment of Unibail-Rodamco's statutory auditors, the approval of annual accounts and the declaration of dividends.

Extraordinary Unibail-Rodamco General Meetings are required to approve amendments to Unibail-Rodamco Articles, transfer of Unibail-Rodamco's registered office, changes to the administration or management of Unibail-Rodamco, increases or decreases in Unibail-Rodamco's share capital (except that the applicable quorum and majority rules for capital increases by way of capitalization of reserves, profits or premiums are the rules applicable to ordinary Unibail-Rodamco General Meetings), the consolidation of Unibail-Rodamco Shares or their division into Unibail-Rodamco Shares of lower par value, dissolution and mergers of Unibail-Rodamco.

Unibail-Rodamco General Meetings may be called by the Unibail-Rodamco Management Board or in certain cases by Unibail-Rodamco's statutory auditors. A Unibail-Rodamco Shareholder or Unibail-Rodamco Shareholders collectively representing at least 5% of Unibail-Rodamco's share capital may request that the competent court appoints an agent to call a Unibail-Rodamco General Meeting. In certain urgent cases, the Unibail-Rodamco's works council or any interested party (for example, a creditor of Unibail-Rodamco) may also request the competent court to appoint an agent to call a Unibail-Rodamco General Meeting.

One or several Unibail-Rodamco Shareholders holding a certain percentage of Unibail-Rodamco's share capital (calculated using a decreasing scale based on the share capital) may ask for items or resolution drafts to be added to the agenda of the Unibail-Rodamco General Meeting under the forms, terms and deadlines set forth by the French Commercial Code. Requests to add items or resolution drafts to the agenda must be sent to Unibail-Rodamco no later than 20 days after the publication of the notice of the Unibail-Rodamco General Meeting that Unibail-Rodamco must publish in the French official journal of legal notices (*Bulletin des annonces légales obligatoires*, BALO) and up to 25 days before the Unibail-Rodamco General Meeting. Any request to add an item to the Unibail-Rodamco General Meeting agenda must be justified. Any request to add a draft resolution must be accompanied by the draft resolution text and brief summary of the grounds for this request. Requests made by Unibail-Rodamco Shareholders must be accompanied by a proof of their share ownership and their ownership of the portion of Unibail-Rodamco's share capital as required by the regulations. Review of the item or draft resolution filed pursuant to regulatory conditions is subject to those making the request providing a new certificate justifying the Unibail-Rodamco Shares being recorded in a book-entry form in the same accounts on the second working date preceding the date of the Unibail-Rodamco General Meeting.

The Unibail-Rodamco's works council may also request the addition of draft resolutions to the Unibail-Rodamco General Meeting agenda under the forms, terms and deadlines set by the French Labor Code. In particular, requests to add draft resolutions must be sent within 10 business days following the date the notice of the Unibail-Rodamco General Meeting was published.

Please refer to section 7.6.5 of the 2017 Registration Document for information relating to conditions of admission to Unibail-Rodamco General Meetings.

Notice of shareholders meetings

Pursuant to French law, Unibail-Rodamco must publish a preliminary notice of a Unibail-Rodamco General Meeting in the BALO, by electronic means, at least 35 days prior to the Unibail-Rodamco General Meeting.

A second notice of a Unibail-Rodamco General Meeting, which includes any resolutions properly submitted by the Unibail-Rodamco Shareholders and the recommendation of Unibail-Rodamco Management Board with respect to the resolutions, must be published in the BALO and be sent by mail at least 15 days before the Unibail-Rodamco General Meeting to all holders of registered Unibail-Rodamco Shares who have held their Unibail-Rodamco Shares for more than one month. However, where a quorum is not reached and the original meeting is adjourned, this time period is reduced to ten days for any subsequent reconvening of the Unibail-Rodamco General Meeting.

Notice of the adjourned Unibail-Rodamco General Meeting must also be published in the BALO, as well as in another French journal of legal notices. The notice must include the agenda of the adjourned meeting and a draft of the resolutions, if changed since the original notice.

Quorum at shareholders meetings

Under French law, ordinary Unibail-Rodamco General Meetings require the presence of Unibail-Rodamco Shareholders (in person or represented by proxy) holding at least 20% of the voting rights. A quorum of at least 25% of the voting rights is required for extraordinary Unibail-Rodamco General Meetings.

No quorum is required when an ordinary Unibail-Rodamco General Meeting is reconvened, but only topics that were on the agenda of the adjourned meeting may be considered. A quorum of at least 20% of the voting rights is required when an extraordinary Unibail-Rodamco General Meeting is reconvened.

Shareholders voting rights

As a general matter, each Unibail-Rodamco Share entitles its holder to one vote.

Under French law, matters submitted to an ordinary Unibail-Rodamco General Meeting require approval by a simple majority of the votes of the Unibail-Rodamco Shareholders validly cast (excluding abstentions, blank or spoilt ballots.

Under French law, matters submitted to an extraordinary Unibail-Rodamco General Meeting require approval by a two-thirds majority of the votes of the Unibail-Rodamco Shareholders validly cast (excluding abstentions, blank or spoilt ballots).

Unibail-Rodamco Shares held or controlled directly or indirectly by Unibail-Rodamco cannot be voted.

11.2.12 Amendments to Unibail-Rodamco Articles

The Unibail-Rodamco Articles may only be amended with the approval of Unibail-Rodamco Shareholders at an extraordinary Unibail-Rodamco General Meeting. Such approval requires a vote in favor of a two-thirds majority of the votes cast (excluding abstentions, blank or spoilt ballots).

Unanimity is, however, required to increase Unibail-Rodamco Shareholders' obligations.

11.2.13 Financial Reporting

France is Unibail-Rodamco's home member state for purposes of Directive 2004/109/EC (as amended) (the "**Transparency Directive**"). As a result, Unibail-Rodamco will - after completion of the Transaction - be subject to certain (financial) reporting obligations under French law implementing the Transparency Directive.

Unibail-Rodamco is required to publish its financial statements within four months after the end of each financial year and its semi-annual financial report within three months after the end of the first six months of each financial year.

Within one month after adoption of Unibail-Rodamco's annual accounts by the Unibail-Rodamco General Meeting, Unibail-Rodamco must submit its adopted annual accounts to the Paris Trade and Companies Register; where they will be available for inspection. The AMF supervises the application of financial reporting standards by, among others, companies whose corporate seat is in France and whose securities are listed on a regulated market or a foreign stock exchange.

Pursuant to French law, the AMF has an independent right to (i) request an explanation from Unibail-Rodamco regarding its application of the applicable financial reporting standards and (ii) recommend to Unibail-Rodamco the making available of further explanations.

11.2.14 Shareholders' rights prior to a shareholders' meeting

Under French law, Unibail-Rodamco Shareholders have a right to access Unibail-Rodamco financial statements of at least the three previous financial years together with the minutes and attendance sheets of Unibail-Rodamco General Meetings held during the last three financial years.

Before each annual Unibail-Rodamco General Meeting, every Unibail-Rodamco Shareholder has the right to receive documents including: the agenda of the Unibail-Rodamco General Meeting; the draft resolutions of the Unibail-Rodamco General Meeting; a summary of the situation of Unibail-Rodamco during the most recent completed fiscal year; the report made by the Unibail-Rodamco Management Board on corporate governance and internal control; the report made by Unibail-Rodamco statutory auditors; the annual financial accounts of Unibail-Rodamco and, as the case may be, consolidated accounts; a chart presenting the results of Unibail-Rodamco over the last five fiscal years; the names of Unibail-Rodamco SB Members and that of the Unibail-Rodamco MB Members as well as, as the case may be, the indication of other companies in which those persons have management, direction, administration or controlling duties; and the names and ages of the candidates to the office of Unibail-Rodamco SB Members, as well as their professional references and their professional activities over the last five years, including the functions they have or had in other companies, as well as the employments or functions they had in Unibail-Rodamco , and the number of Unibail-Rodamco Shares they own or carry and a list of the regulated agreements (*conventions réglementées*) and auditors' report on total amounts paid to the ten highest paid persons.

Unibail-Rodamco Shareholders have the right to consult certain documents at Unibail-Rodamco head office prior to every Unibail-Rodamco General Meeting.

Key documents for a Unibail-Rodamco General Meeting are made available on Unibail-Rodamco's website at least 21 days before the Unibail-Rodamco General Meeting. Unibail-Rodamco's statutory auditors and works council also have the right to communicate documents before the Unibail-Rodamco General Meeting.

Unibail-Rodamco Shareholders may ask the Unibail-Rodamco Management Board questions prior to or during Unibail-Rodamco General Meetings, the answers being given on Unibail-Rodamco's website or during the course of said meetings.

In addition, the holding of 5% of Unibail-Rodamco's share capital by one or more Unibail-Rodamco Shareholders gives the right to ask written questions to the chairman of the Unibail-Rodamco Management Board relating to an act of management. If the chairman's answer is not provided within one month or if such answer is not satisfactory, the Unibail-Rodamco Shareholder may ask the competent court to appoint a management expert in charge of issuing a report on such matter.

11.2.15 Public offer rules

Voluntary public tender offer

Under applicable French laws and regulations, an individual or a legal entity, acting alone or in concert, may launch a voluntary public tender offer for all the capital stock of a French listed company and for all other securities convertible into or exchangeable or otherwise exercisable for, the capital stock or voting rights of such company. When the bidder, acting alone or in concert, holds less than half of the capital or voting rights of the target company, the offer will be opened during 25 trading days and reopened during 10 trading days. When the bidder already holds or comes to hold after an acquisition, directly or indirectly, acting alone or in concert, at least half of the share and voting rights of the target company, the offer will be opened for 10 trading days in case of a simplified cash tender offer and 15 trading days in the other cases.

Mandatory public tender offer

Under applicable French laws and regulations, when an individual or legal entity, acting alone or in concert, comes to hold, directly or indirectly, more than 30% of the shares or voting rights of a French listed company, such person or legal entity is required to inform the AMF thereof and file a mandatory tender offer for all the capital stock of such company and for all other securities convertible into, or exchangeable or otherwise exercisable for, the capital stock or voting rights of such company. The offer must be on terms and conditions that are acceptable to the AMF.

The same provisions apply to:

- any individual or legal entity acting alone or in concert that holds directly or indirectly between 30% and 50% of the shares or voting rights of a company and has increased its interest in the capital or voting rights of such company by at least 1% within less than 12 consecutive months;
- any individual or legal entity acting alone or in concert that, as a result of a merger or asset contribution, comes to hold indirectly more than 30% of a company's shares or voting rights, where such shares represent an essential part of the assets of the entity absorbed or contributed;
- any individual or legal entity that acquires "control" (as defined under the French Commercial Code) of a company holding more than 30% of the share capital or voting rights of a listed company, where such interest constitutes an essential part of the company's assets (*actif essentiel*); or
- a group of persons acting in concert acquires "control" (as defined under the French Commercial Code) of a company holding more than 30% of the share capital or voting rights of a listed company, where such interest constitutes an essential part of the company's assets (*actif essentiel*), unless (i) one or more of those persons in the group acquiring control already exercised control over the company, (ii) those persons remain predominant and (iii) the balance of respective interests is not altered significantly.

Mandatory public buyout offer

Under applicable French laws and regulations, any person or entity controlling a French listed company is required to inform the AMF if (i) it proposes to submit to the approval of an extraordinary shareholders' meeting one or several material amendments of the by-laws, notably those relating to the legal form of the company, to the conditions of transfer of shares and related rights (ii) it decides the principle of a merger the company with the entity controlling it or another entity controlled by the controlling entity, of the transfer or the contribution to another company of all the assets or of the main assets of the company, of the reorientation of the activity of the company or of the absence of any remuneration, during several fiscal years, of the share capital.

The AMF would consider the consequences of the contemplated transaction in view of the rights and the interests of the shareholders of the company and would decide whether to impose on the controlling entity to file a mandatory public buyout offer (*offre publique de retrait obligatoire*) on 100% of the securities of the listed company. The consideration offered as part of the buyout offer may be cash, shares (provided such shares are listed on a regulated market of a European Union Member State with adequate liquidity) or a mix of both. In such a buyout offer, the AMF will review the price or the exchange ratio.

The AMF may waive in advance its right to request that a public buyout offer be filed by the controlling shareholder. In case of a merger, the main criteria that the AMF will consider in connection with its decision on the waiver are (i) whether or not the rights of the shareholders of the listed company merged out of existence will be materially affected by the merger and (ii) whether or not the activities, the bylaws, the dividend distribution policy and the liquidity of the shares of the surviving company are likely to differ materially from those of the company merged out of existence. The AMF also takes into account the fairness of the proposed exchange ratio.

In addition, in the event that a majority shareholder or group of shareholders holds 95% of a French listed company's voting rights, any minority holder of voting equity securities is entitled to solicit the AMF to request that the majority shareholder or group of shareholders file a withdrawal offer to acquire the minority shares. The AMF will answer to such request on the basis of the conditions prevailing on the market of the securities concerned and elements provided by the minority holder of voting equity securities.

11.2.16 Squeeze-out proceedings

Under applicable French laws and regulations, a shareholder who comes to hold, alone or in concert with others, at least 95% of the voting rights of a French listed company may initiate a public buy-out offer (*offre publique de retrait*) to acquire the shares of the remaining shareholders and, subject to the bidder's decision at the time of the filing of the offer, the public buy-out offer may be followed by a mandatory squeeze-out (*retrait obligatoire*) of the shares not tendered into the public buy-out offer by the remaining minority shareholders. The majority shareholder may also reserve its right to initiate a squeeze-out until the public buy-out offer has been completed. The consideration paid to minority shareholders in a squeeze-out cannot be inferior to the consideration paid in the preceding withdrawal offer. Also, the consideration paid to minority shareholders must be appraised by an independent expert.

In addition, any shareholder who comes to hold, alone or in concert with others, at least 95% of the share capital and voting rights of a French listed company as a result of a voluntary or mandatory tender offer may initiate a mandatory squeeze-out within three months of the closing of said tender offer.

11.2.17 Obligations to disclose holdings

Obligations of Unibail-Rodamco Shareholders to disclose holdings

Under the Unibail-Rodamco Articles, any person or entity, whether acting alone or in concert, that becomes the direct or indirect owner of at least two per cent., or any multiple thereof, of

Unibail-Rodamco Shares (including share equivalents as defined in Article L. 233-9-I of the French Commercial Code) or voting rights in Unibail-Rodamco (including any voting right equivalents as defined in Article L. 233-9-I of the French Commercial Code), must inform Unibail-Rodamco thereof within ten trading days by means of a registered letter stating the total number of Unibail-Rodamco Shares and voting rights so owned together with the total number of share equivalents and the potential voting rights attached to it. Any Shareholder Concerned who comes to hold at least 10% of the rights to Unibail-Rodamco's dividends must inform Unibail-Rodamco of his tax status with regard to tax withholdings applicable to certain shareholders of listed real estate corporations. Further, Unibail-Rodamco Shareholders that would be subject to that requirement must notify Unibail-Rodamco at least ten trading days prior to any distribution of any change in their tax status and of the applicability of the withholdings requirement. The same requirement applies if one of said thresholds is crossed downwards.

Further, under French law, any person or entity, whether acting alone or in concert, that becomes the direct or indirect owner of more than 5%, 10%, 15%, 20%, 25%, 30%, 33⅓%, 50%, 66⅔%, 90% or 95%, or whose ownership falls below any such threshold, of the Unibail-Rodamco Shares or voting rights of Unibail-Rodamco, must notify both Unibail-Rodamco and the AMF of the number of Unibail-Rodamco Shares and voting rights that it holds within four trading days from the date the relevant threshold was crossed.

If a Unibail-Rodamco Shareholder fails to comply with the disclosure requirements under the Unibail-Rodamco Articles or French law, as described above, such holder may not, subject to the limitations provided under French law, exercise voting rights with respect to any Unibail-Rodamco Shares exceeding the relevant thresholds until the end of a two-year period following the date on which the holder complies with the disclosure requirement provided, with respect to non-compliance with the Unibail-Rodamco Articles' threshold notifications obligation, that one or more Unibail-Rodamco Shareholders holding two per cent. of Unibail-Rodamco's share capital make such request to the Unibail-Rodamco General Meeting. In addition, a French court may, under certain circumstances, eliminate all or part of the voting rights on the Unibail-Rodamco Shares of such holder for a period of up to five years. Depending upon the circumstances, administrative or criminal sanctions may also be incurred.

Article L. 233-7 VII of the French Commercial Code and the regulations of the AMF impose additional reporting requirements on any person or persons acting alone or in concert who acquire more than 10%, 15%, 20% or 25% of Unibail-Rodamco's share capital or voting rights. Any acquirer exceeding these thresholds must file a statement with Unibail-Rodamco and the AMF. The notice must specify the acquirer's intentions for the six-month period following the acquisition of its 10%, 15%, 20% or 25% stake, including whether or not it intends to increase its stake, acquire a controlling interest in Unibail-Rodamco or seek the election of nominees to the Unibail-Rodamco Supervisory Board, the means of financing of the acquisition, the strategy it contemplates *vis-à-vis* the issuer, the way it intends to implement its strategy, and whether it is acting alone or in concert with other shareholders. The statement must be filed within five trading days from the date any of these thresholds was crossed. The statement is published by the AMF. Similar reporting requirements must be complied with if the acquirer's intentions have changed due to subsequent events.

Notification of short positions

Pursuant to Regulation (EU) No 236/2012, any natural or legal person holding a short position exceeding 0.2% of the share capital of a French listed company is required to notify such position to the AMF within one trading day. Each subsequent increase (or decrease) of this position by 0.1% above 0.2% must also be notified.

Each net short position exceeding 0.5% of the share capital of a French listed company and any subsequent increase of that position by 0.1% will be made public by the AMF. If an entity holding a published net short position crosses the 0.5% threshold downwards, a notification must be sent under the same conditions. The AMF then publishes this downwards crossing notification and removes this publication and all the previous related net short position publications on the following day. To calculate whether a natural or legal person has a net short position, his short positions and long positions must be set off.

Management

Persons discharging managerial responsibilities must notify the AMF and Unibail-Rodamco of any transactions conducted for his or her own account relating to the Stapled Shares or any debt instruments of Unibail-Rodamco or to derivatives or other financial instruments linked thereto. Persons discharging managerial responsibilities within the meaning of Regulation (EU) 596/2014 (the "**Market Abuse Regulation**") include: (a) Unibail-Rodamco MB Members and Unibail-Rodamco SB Members; or (b) members of Unibail-Rodamco's senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of Unibail-Rodamco.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with persons discharging managerial responsibilities are also required to notify the AMF and Unibail-Rodamco of any transactions conducted for their own account relating to Stapled Shares or any debt instruments of Unibail-Rodamco or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

Pursuant to AMF general regulations, these notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a person discharging managerial responsibilities or a person closely associated to a person discharging managerial responsibilities reaches or exceeds the threshold of €20,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, persons discharging managerial responsibilities must add any transactions conducted by persons closely associated with them to their own transactions and vice versa. The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AMF and Unibail-Rodamco no later than the third business day following the relevant transaction date.

11.2.18 Market abuse rules

The regulatory framework on market abuse is laid down in the Market Abuse Directive as implemented in French laws and regulations and the Market Abuse Regulation which is directly applicable in France.

Insider dealing and market manipulation prohibitions

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Stapled Shares, (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (iii) unlawfully disclose inside information relating to the Stapled Shares or Unibail-Rodamco. Furthermore, no person may engage in or attempt to engage in market manipulation.

Public disclosure of inside information

Unibail-Rodamco is required to inform the public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns Unibail-Rodamco. Pursuant to the Market Abuse Regulation, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. An intermediate step in a protracted process can also be deemed to be inside information. Unibail-Rodamco is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AMF after the disclosure has been made. Upon request of the AMF, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

Insiders lists

Unibail-Rodamco and any person acting on its behalf or on its account are obligated to draw up an insiders' list of officers, employees and other persons working for Unibail-Rodamco with access to inside information relating to Unibail-Rodamco, to promptly update the insider list and provide the insider list to the AMF upon its request. Unibail-Rodamco and any person acting on its behalf or on its account are obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

Managers' transactions

In addition to the notification obligations for persons discharging managerial responsibilities (and persons closely associated with them) mentioned above, a person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Stapled Shares or debt instruments of Unibail-Rodamco or to derivatives or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement by Unibail-Rodamco of its annual or half-year results.

Unibail-Rodamco is required to draw up a list of all persons discharging managerial responsibilities and persons closely associated with them and notify persons discharging managerial responsibilities of their obligations in writing. Persons discharging managerial responsibilities are required to notify the persons closely associated with them of their obligations in writing and shall keep a copy of this notification.

Non-compliance with market abuse rules

In accordance with the Market Abuse Regulation, the AMF has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime and could lead to the imposition of administrative fines by the AMF. The public prosecutor could also press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa. The AMF shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

11.3. DESCRIPTION OF NEWCO'S SHARE CAPITAL

This section of the Prospectus summarises certain information concerning Newco's share capital and certain material provisions of the Newco Articles and applicable Dutch law as in force of the date of this Prospectus.

The following description is intended as a summary only and does not purport to give a complete overview. It does not constitute legal advice regarding those matters and should not be regarded as such. The description should be read in conjunction with, and is qualified in its entirety by reference to, the Newco Articles and the relevant provisions of Dutch law as in force on the date of this Prospectus. The Newco Articles (in the governing Dutch language and in an unofficial English translation thereof) are available on www.unibail-rodamco.com. See also 'Management Board, Supervisory Board and Employees — Newco' for a summary of certain material provisions of the Newco Articles, the Newco Management Board Rules, the Newco Supervisory Board Rules and Dutch law relating to the Newco Management Board and the Newco Supervisory Board.

11.3.1 General

Newco was incorporated as Unibail-Rodamco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands on February 14, 2018. On March 22, 2018, Newco changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the Newco General Meeting adopted on March 15, 2018.

Newco has its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. Newco is registered in the Commercial Register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 70898618.

Telephone number: +31 (0) 20 658 25 33.

11.3.2 Corporate Purpose

Pursuant to article 3 of the Newco Articles, Newco's objects are:

- to invest assets, primarily through the direct or indirect acquisition of real estate, in such a manner that the ensuing risks are spread in order to allow shareholders to share in the proceeds;
- to enter into cash pooling arrangements with, to provide financing to and to furnish guarantees for the benefit of Unibail-Rodamco and other Affiliated Bodies of Newco whose assets, on a consolidated basis, generally at least nearly exclusively consist of real estate and/or associated rights;
- to incorporate, to participate in, to hold any other interest in and to conduct the management or supervision of Bodies whose objects and actual activities are to invest assets;
- to incorporate, to participate in and to conduct the management of Bodies whose objects and actual activities, besides possibly investing assets, are to develop real estate for the benefit of itself or certain Bodies;
- to invest in the improvement or expansion of real estate;
- to acquire, to manage, to invest, to exploit, to encumber and to dispose of other assets and liabilities and to provide any other act or service; and
- to do anything which, in the widest sense, is connected with or may be conducive to the objects described above,

in each case taking into account the restrictions applicable to Newco under the FII regime as laid down in section 28 CITA, or such statutory provision which replaces section 28 CITA.

11.3.3 Share Capital

Authorized and issued share capital

On the date of this prospectus:

- the authorized share capital of Newco pursuant to Newco's articles of association currently in force amounts to €225,000 and consists of 450,000 shares with a nominal value of €0.50 each;
- the issued share capital amounts to €45,000 and consists of 90,000 shares with a nominal value of €0.50 each;
- Newco holds no shares in its own capital; and
- all issued shares in Newco's capital are fully paid-up and are subject to, and have been created under, the laws of The Netherlands.

Prior to completion of the Transaction, as part of the Transaction, Newco's articles of association will be amended to the Newco Articles. Under the Newco Articles, the authorized share capital of Newco will amount to €550,000,000, consisting of 660,000,000 Newco Class A Shares and 440,000,000 Newco Class B Shares with a nominal value of €0.50 each. Immediately after completion of the Transaction, Newco's issued share capital will consist of up to 138,918,769 Newco Class A Shares and approximately 93 million Newco Class B Shares.

Prior to the Implementation Date, Newco will issue and place a US$2 million subordinated perpetual debt instrument (the "**Newco Capital Instrument**"). The Newco Capital Instrument grants the holder thereof no right to cast votes at the Newco General Meeting. The holder of the Newco Capital Instrument shall have no right to call the instrument upon Newco failing to make a scheduled interest payment thereunder. Newco shall have the right to redeem the Newco Capital Instrument after two years upon the occurrence of certain specified events, including changes in tax law or regulatory events.

History of share capital

Since the incorporation of Newco, Newco's issued share capital amounts to €45,000, consisting of 90,000 shares with a nominal value of €0.50 each.

Form of shares

The Newco Shares are in registered form. The Newco Shares have been, or will be, created under Dutch law and must be paid up in full upon issuance (without prejudice to section 2:80(2) DCC). However, it may be stipulated that up to 75% of the nominal value of a Newco Class B Share need not be paid up until Newco has called for payment.

The Newco Class A Shares may be included in a giro deposit (*girodepot*) or a collective deposit (*verzameldepot*) in accordance with the provisions of the Dutch Giro Securities Act or any other collection of securities which are transferable by means of book-entry, in each case with due observance of the Stapled Share Principle.

Newco Shares can be encumbered with a usufruct or pledge, with due observance of the Stapled Share Principle.

Shareholders register

Pursuant to Dutch law and the Newco Articles, the Newco Management Board must keep a register setting out the names and addresses of all Newco Shareholders, indicating the date on which the Newco Shares were acquired, the date of the acknowledgement or service as well as the amount paid on each Newco Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of Newco Shares. Newco Shareholders, usufructuaries and pledgees of Newco Shares shall provide the Newco Management Board with the necessary particulars in a timely fashion.

If requested, the Newco Management Board will provide a Newco Shareholder or usufructuary or pledgee of Newco Shares - free of charge - with an extract from the register relating to its entitlement to a Newco Share. If the Newco Share is encumbered with a right of usufruct or pledge, the extract will state to whom the voting rights and meeting rights fall.

If Newco Class A Shares have been transferred to an intermediary or to the central institute within the meaning of the Dutch Securities Giro Act, the name and address of the intermediary or the central institute, respectively, may be entered in the shareholders' register.

Newco Class B Shares

Newco Class B Shares can only be held by (i) any entity of the Stapled Group, or (ii) any other party, with the prior approval of the Newco Management Board and the Newco Supervisory Board.

Each Newco Class B Share can be converted into one Newco Class A Share. By means of a written request addressed to the Newco Management Board, the holder of one or more Newco Class B Shares (provided he meets the quality requirement described in the preceding paragraph) may request the conversion of all or part of his Newco Class B Shares into an equal number of Class A Shares. Such request must indicate the number of Newco Class B Shares to be converted. Upon receipt of such request, the Newco Management Board, with the approval of the Newco Supervisory Board, shall resolve to convert the number of Newco Class B Shares specified in the request into an equal number of Newco Class A Shares. Neither Newco Management Board nor Newco are required to effect a conversion of Newco Class B Shares if the request does not include the number of Newco Class B Shares to be converted or if the Newco Management Board reasonably believes that the information included in such request is untrue or incorrect or that the holder concerned is not a party meeting the quality requirement described in the preceding paragraph.

Upon completion of the Transaction, all issued and outstanding Newco Class B Shares will be held by Unibail-Rodamco.

See also section 12.2 of this Prospectus for information on Unibail-Rodamco's Participation Maintenance Subscription Right in respect of Newco Class B Shares.

11.3.4 Issue of Newco Shares

Subject to the Stapled Share Principle and at the proposal of the Newco Management Board with the approval of the Newco Supervisory Board, the Newco General Meeting may resolve to issue Newco Shares. Upon a proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meeting may also designate the authority to issue Newco Shares to the Newco Management Board. When granting such authority, the Newco General Meeting shall specify the number of Newco Shares that may be issued. A resolution by the Newco Management Board to issue Newco Shares is subject to the Stapled Share Principle and requires the approval of the Newco Supervisory Board. The aforementioned also applies to the granting of rights to subscribe for Newco Shares, such as options, but (except for being subject to the Stapled Share Principle) does not apply to an issue of Newco Shares pursuant to the exercise of a previously granted right to subscribe for Newco Shares. An authorization as referred to above will only be valid for a specified term of no more than five years and may each time only be extended for a maximum period of five years. Newco may not subscribe for shares in its own capital.

Prior to completion of the Transaction, the Newco General Meeting will irrevocably authorize the Newco Management Board to, subject to the approval of the Newco Supervisory Board and the Stapled Share Principle, resolve to issue Newco Shares and to grant rights to subscribe for Newco Shares, for an initial period of five years from completion of the Transaction, up to the maximum authorized share capital as this may be from time to time.

11.3.5 Pre-emptive Rights

Upon an issuance of Newco Shares, each Newco Shareholder shall have a pre-emptive right in proportion to the aggregate nominal value of his Newco Shares. No pre-emptive right exists in respect of Newco Shares issued against non-cash contribution or to employees of Newco or a Newco Group Company. These pre-emptive rights also apply in case of the granting of rights to subscribe for Newco Shares, but do not apply in respect of issuing Newco Shares to a person exercising a previously granted right to subscribe for Newco Shares.

At the proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meeting may resolve to limit or exclude pre-emptive rights. Upon a proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meeting may also designate the authority to limit or exclude pre-emptive rights to the Newco Management Board if the Newco Management Board at that time is also authorised to issue Newco Shares. An authorisation as referred to in the preceding sentence will only be valid for a specified term of no more than five years and may each time only be extended for a maximum period of five years. A resolution by the Newco Management Board to limit or exclude pre-emptive rights requires the approval of the Newco Supervisory Board. A resolution by the Newco General Meeting to limit or exclude pre-emptive rights, or to grant an authorization, requires a majority of at least two-thirds ($2/3^{rd}$) of the votes cast.

Prior to completion of the Transaction, the Newco General Meeting will irrevocably authorize the Newco Management Board to, subject to the approval of the Newco Supervisory Board, resolve to limit or exclude pre-emption rights in relation to an issuance of Newco Shares or a granting of rights to subscribe for Newco Shares, for an initial period of five years from completion of the Transaction, up to the maximum authorized share capital as this may be from time to time.

11.3.6 Capital Reduction

Subject to the provisions of Dutch law, the Stapled Share Principle and other provisions of the Newco Articles, the Newco General Meeting may resolve to reduce Newco's share capital by (i) cancelling Newco Shares, or (ii) reducing the nominal value of Newco Shares by virtue of an amendment of the Newco Articles. The resolution to reduce Newco's share capital must designate the Newco Shares to which the resolution relates and it must provide for the implementation of the resolution. Furthermore, a resolution to cancel Newco Shares may only relate to (i) Newco Shares held by Newco itself or in respect of which Newco holds the depository receipts, or (ii) all Newco Class B Shares, with repayment of the amounts paid up in respect thereof. A reduction of the nominal value of Newco Shares, without repayment and release from the obligation to pay up the Newco Shares, must be made *pro rata* on all Newco Shares concerned, provided that the *pro rata* requirement may be waived if all Newco Shareholders concerned so agree.

A resolution of the Newco General Meeting to reduce Newco's issued share capital may only be passed at the proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, and requires a majority of at least two thirds ($2/3^{rd}$) of the votes cast. Such resolution is further subject to prior or simultaneous approval from each Newco Class

Meeting of Newco Shares whose rights are prejudiced by the reduction. If such resolution relates to Newco Class B Shares, the resolution shall always require the prior or simultaneous approval of the Newco Class B Meeting.

In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

11.3.7 Acquisition by Newco of Newco Class A Shares or Stapled Shares

Newco may acquire fully paid-up Newco Shares - whether or not as part of Stapled Shares - at any time for no consideration or if and to the extent (i) the distributable part of Newco's equity is at least equal to the total purchase price payable for the Newco Shares to be repurchased, (ii) the aggregate nominal value of the Newco Shares which Newco acquires, holds or holds as pledge or which are held by Newco Subsidiaries, does not exceed half of Newco’s issued capital, (iii) at the proposal of the Newco Management Board with the approval of the Newco Supervisory Board, the Newco General Meeting has authorized the Newco Management Board to acquire Newco Shares; and (iv) all other relevant requirements under Dutch law and the Newco Articles have been observed. The Newco General Meeting's authorization remains valid for a period no longer than 18 months. When granting such authorization, the Newco General Meeting shall determine the number of Newco Shares that may be acquired, how they may be acquired and within which range the acquisition price must be.

A resolution by the Newco Management Board to acquire Newco Shares, whether or not as part of Stapled Shares, requires the approval of the Newco Supervisory Board.

No authorization from the Newco General Meeting is required for Newco to acquire Newco Class A Shares in order to transfer them, subject to the Stapled Share Principle, to employees of Newco or of a Newco Group Company pursuant to an arrangement applicable to such employees, provided that such Newco Class A Shares are included on the price list of a stock exchange as Stapled Share.

Prior to completion of the Transaction, the Newco General Meeting will irrevocably authorize the Newco Management Board, for a period of 18 months from completion of the Transaction, to acquire, with the approval of the Newco Supervisory Board, on a stock exchange or otherwise, (x) up to 10% of the Newco Class A Shares in issue from time to time (separate or as part of a Stapled Share) at a price per Newco Class A Share between the nominal value thereof and 110% of the average market price of the Stapled Shares on Euronext Amsterdam (such average being calculated by reference to the closing prices on each of the five consecutive trading days preceding the date the acquisition is agreed upon by Newco), and (y) up to 100% of the Newco Class B Shares in issue from time to time at a price per Newco Class B Share between the nominal value thereof and 110% of the average market price of the Stapled Shares on Euronext Amsterdam (such average being calculated by reference to the closing prices on each of the five consecutive trading days preceding the date the acquisition is agreed upon by Newco).

11.3.8 Transfer of Newco Shares

All Newco Shares are in registered form (*op naam*). A transfer of Newco Shares requires a deed to that effect and - unless Newco itself is a party to the legal act - acknowledgement of the transfer by Newco, with due observance of the Stapled Share Principle.

The Newco Class A Shares may be included in a giro deposit or a collective deposit in accordance with the provisions of the Dutch Giro Securities Act or any other collection of securities which are transferable by means of book-entry, in each case with due observance of the Stapled Share Principle. The transfer, with due observance of the Stapled Share Principle, by a holder of such book-entry rights representing Newco Shares shall be effected in accordance with the provisions of the Dutch Giro Securities Act or - in case of another collection of securities - the law applicable to such other collection of securities.

11.3.9 Dividends and Other Distributions

General

Newco can only make a distribution to the extent that its equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law. Distributions shall be made in proportion to the aggregate number of Newco Shares held. The parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the Newco Management Board, with the approval of the Newco Supervisory Board, for that purpose. This date shall not be earlier than the date on which the distribution was announced.

The profits shown in Newco's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

– the Newco Management Board, with the approval of the Newco Supervisory Board, shall determine which part of the profits shall be added to Newco's reserves, taking into account the fiscal rules and regulations applicable to Newco from time to time; and

– the remaining profits shall be at the disposal of the Newco General Meeting.

A distribution of profits shall be made after the adoption of the annual accounts that show that such distribution is allowed.

The Newco Management Board, with the approval of the Newco Supervisory Board, may resolve to make interim distributions, provided and to the extent that it appears from interim accounts to be prepared in accordance with section 2:105(4) DCC that Newco's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

At the proposal of the Newco Management Board, with the approval of the Newco Supervisory Board, the Newco General Meeting is authorized to resolve to make a distribution from Newco's reserves.

For the purpose of calculating the amount or allocation of any distribution, shares held by Newco in its own capital shall not be taken into account. No distribution shall be made to Newco in respect of shares held by it in its own capital.

Dividend ranking of Newco Shares

All of the Newco Shares issued and outstanding immediately following completion of the Transaction, will rank equally and will be eligible for any dividend or other distribution that may be declared on the Newco Shares.

Manner and time of payment of distributions

A distribution shall be payable on such date and, if it concerns a distribution in cash, such currency or currencies as determined by the Newco Management Board with the approval of the Newco Supervisory Board. Any dividends that are paid to Newco Shareholders through Euroclear France will be automatically credited to the relevant shareholders' accounts without the need for such shareholders to present documentation proving their ownership of the Newco Shares. Payment of dividends on the Newco Shares in registered form (not held through Euroclear France, but directly) will be made directly to the relevant shareholder using the information contained in the Company's shareholders' register and records.

At the proposal of the Newco Management Board with the approval of the Newco Supervisory Board, the Newco General Meeting may resolve that a distribution, instead of being made in cash, shall be made in the form of shares in Newco's capital or in the form of Newco's assets.

Uncollected distributions

A claim for payment of a distribution lapses five years after the date the distribution became payable. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to Newco.

11.3.10 Dissolution and Liquidation

Newco may be dissolved by a resolution of the Newco General Meeting, upon proposal by the Newco Management Board, which proposal requires the approval of the Supervisory Board. If the Newco General Meeting has resolved to dissolve Newco, the Newco Management Board will be charged with the liquidation of Newco under the supervision of the Newco Supervisory Board, unless the Newco General Meeting decides otherwise. During liquidation, the provisions of the Newco Articles will remain in force as far as possible.

Any assets remaining after payment of all of Newco's debts shall be distributed on the Newco Shares with the Newco Class A Shares and the Newco Class B Shares being considered to be shares of the same class. After Newco has ceased to exist, its books, records and other information carriers shall be kept for the period prescribed by law by the person designated for that purpose in the resolution of the Newco General Meeting to dissolve Newco. Where the Newco General Meeting has not designated such a person, the liquidators shall do so.

11.3.11 General Meetings and Voting Rights

Newco General Meetings

Newco General Meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). The annual Newco General Meeting must be held at least once a year, no later than in June. Within three months after the Newco Management Board has considered it to be likely that Newco's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, a Newco General Meeting will be held in order to discuss the measures to be taken if so required. Extraordinary Newco General Meetings shall further be held whenever the Newco Management Board, the Newco Supervisory Board or the Chairman so decides, provided in each case that any item proposed by the Newco Chairman for discussion or voting at any Newco General Meeting shall be included as such on the agenda for such Newco General Meeting.

In addition, one or more Newco Shareholders and other Persons with Newco Meeting Rights, who solely or jointly represent at least ten percent (10%) of Newco's issued capital, may request the Newco Management Board and the Newco Supervisory Board that a Newco General Meeting be convened. The request must set out in detail the matters to be discussed. If neither the Newco Management Board nor the Newco Supervisory Board has taken the steps necessary to hold a Newco General Meeting within 8 weeks after such request, the requesting person(s) may be authorized by the court in preliminary relief proceedings to convene a Newco General Meeting. If the requesting person(s) include(s) at least one holder of one or more Newco Class B Shares, he/they may convene a Newco General Meeting after such 8 weeks period without such prior authorization by the court.

Notice of a Newco General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. The convocation of the Newco General Meeting must be published through an announcement by electronic means. The notice must include the items for discussion and voting, the time and place of the meeting, the record date, the manner in which Persons with Newco Meeting Rights may register and exercise their rights, the cut-off time for registration for the meeting, and such other matters as required by applicable law (also depending on the nature of the agenda items for the meeting concerned). In addition, Newco Shareholders may be convened for the Newco General Meeting by means of letters sent to their addresses as set out in Newco's shareholders register (if and to the extent they are registered directly in such register).

The convening notice shall also include such items as one or more Newco Shareholders and other Persons with Newco Meeting Rights, representing - individually or collectively - at least such part of Newco's issued share capital as prescribed by Dutch law (currently 3%), have requested Newco by a motivated request (or, if it concerns a matter which falls within the powers of the Newco General Meeting, a proposal for a resolution) to include in the agenda, at least 60 days before the day of the Newco General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

The Newco General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority (i) by the Newco Chairman, if there is a Newco Chairman and he is present at the Newco General Meeting, (ii) by another Newco SB Member who is chosen by the Newco SB Members present at the Newco General Meeting from their midst, (iii) by a Newco MB Member who is chosen by the Newco MB Members present at the Newco General Meeting from their midst, or (iv) by another person appointed by the Newco General Meeting. The person who should chair the Newco General Meeting set out in the preceding sentence may appoint another person to chair the Newco General Meeting.

Each Newco Shareholder and other Person with Newco Meeting Rights may attend the Newco General Meeting, address the Newco General Meeting and exercise voting rights *pro rata* to his shareholding, either in person or by proxy, provided that his meeting, and - if relevant - voting, rights have not been suspended. Newco Shareholders and other Person with

Newco Meeting Rights may exercise these rights, if they are the holder of such right on the record date as required by Dutch law, which is currently the 28th day prior to the day of the Newco General Meeting, and they or their proxy have notified Newco of their identity and their intention to attend the Newco General Meeting in writing at the address and by the seventh day prior to the Newco General Meeting or such other date specified in the notice of the Newco General Meeting. The record date for a Newco General Meeting may be different from the record date for the corresponding Unibail-Rodamco General Meeting.

Newco MB Members and Newco SB Members may attend a Newco General Meeting. In these Newco General Meetings, they have an advisory vote. The chairman of the Newco General Meeting may decide at his discretion to admit other persons to the Newco General Meeting.

Voting rights and Quorums

Each Newco Share confers the right to cast one vote in the Newco General Meeting. Pursuant to Dutch law, no votes may be cast at a Newco General Meeting in respect of Newco Shares that are held by Newco or a Newco Subsidiary.

Resolutions of the Newco General Meeting are passed by simple majority of the votes cast, except where Dutch law or the Newco Articles provide for a larger majority. Resolutions of the Newco General Meeting can only be adopted if at least 20% of Newco's issued share capital is represented at the Newco General Meeting, except where Dutch law provides for a higher quorum. A second meeting as referred to in section 2:120(3) DCC cannot be convened.

Newco Class Meetings

A Newco Class Meeting shall be held whenever a resolution of that Newco Class Meeting is required by Dutch law or under the Newco Articles and otherwise whenever the Newco Management Board, the Newco Supervisory Board or the Chairman so decides.

With respect to Newco Class A Meetings, the above descriptions in respect of convening of, drawing up of the agenda for, holding of and decision-making by the Newco General Meeting apply equally.

11.3.12 Amendments to Articles of Association

At the proposal of the Newco Management Board with the approval of the Newco Supervisory Board, the Newco General Meeting may resolve to amend the Newco Articles.

A proposal to amend the Newco Articles must be included in the agenda of the Newco General Meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited with Newco for the inspection (free of charge) by any Newco Shareholder from the date on which notice of the meeting is given until the end of the Newco General Meeting. Furthermore, a copy of the proposal will be made available free of charge to Newco Shareholders and other Persons with Newco Meeting Rights from the day it was deposited until the day of the meeting.

A resolution of the Newco General Meeting to amend the Newco Articles requires a majority of at least two-thirds (2/3rd) of the votes cast (subject to the 20% quorum requirement described in section 11.3.11 of this Prospectus). In addition, amendments to provisions in the Newco Articles referencing the Stapled Share Principle, require the prior approval of the

Newco Class B Meeting. A resolution to amend the Newco Articles to effect the termination of the Stapled Share Principle shall only become effective after the Newco Management Board, with the approval of the Newco Supervisory Board, has confirmed that the Unibail-Rodamco General Meeting has passed a resolution to terminate the Stapled Share Principle as included in the Unibail-Rodamco Articles.

11.3.13 Financial Reporting

The Netherlands is Newco's home member state for purposes of the Transparency Directive. As a result, Newco will - after completion of the Transaction - be subject to certain (financial) reporting obligations under Dutch law implementing the Transparency Directive.

Newco is required to publish its financial statements within four months after the end of each financial year and its semi-annual financial report within three months after the end of the first six months of each financial year.

Within 5 calendar days after adoption of Newco's annual accounts by the Newco General Meeting, Newco must submit its adopted annual accounts to the AFM; the AFM will send on the annual accounts to the Commercial Register of the Chamber of Commerce where they will be available for inspection. On the basis of the Financial Reporting Supervision Act, the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in The Netherlands and whose securities are listed on a regulated market, as defined in the DFSA, or a foreign stock exchange.

Pursuant to the Financial Reporting Supervision Act, the AFM has an independent right to (i) request an explanation from Newco regarding its application of the applicable financial reporting standards and (ii) recommend to Newco the making available of further explanations. If Newco does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders Newco to (i) provide an explanation of the way Newco has applied the applicable financial reporting standards to its financial statements or (ii) prepare its financial reports in accordance with financial reporting requirements following the Enterprise Chamber’s instructions.

11.3.14 Public Offer Rules

The Takeover Directive has been implemented in Dutch legislation in the DFSA and the Public Takeover Bids Decree (*Besluit openbare biedingen Wft*). Pursuant to the DFSA, and in accordance with the Takeover Directive, any shareholder who directly or indirectly obtains control of a Dutch listed company, such as Newco after completion of the Transaction, is required to make a public offer for all issued and outstanding shares in that company’s share capital at a fair price. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of that company’s initial public offering). An additional exemption exists if such (legal) person, alone or acting in concert, reduces its holding below 30% within 30 days of the acquisition of control provided that: (i) the reduction of such (legal) person’s holding was not effected by a transfer of shares or depositary receipts to an exempted party; and (ii) during this period such (legal) person, alone or acting in concert, did not exercise its voting rights.

In addition, it is prohibited to launch a public offer for shares of a listed Dutch company, such as the Newco Shares, unless an offer document has been approved by the competent authorities. A public offer may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares.

11.3.15 Squeeze-Out Proceedings

Pursuant to section 2:92a DCC, a shareholder who for his own account contributes at least 95% of the issued capital may institute proceedings before the Enterprise Chamber against the other shareholders jointly for the transfer of their shares to him. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon the advice of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders.

In addition, pursuant to section 2:359c DCC, the offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

Section 2:359d DCC entitles those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

11.3.16 Obligations to Disclose Holdings

Obligations of Newco shareholders to disclose holdings (DFSA)

Pursuant to the DFSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of Newco must forthwith notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in Newco reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person’s capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in Newco’s total outstanding share capital or voting rights. Such notification must be made no later than the fourth trading day after the AFM has published Newco's notification of the change in its outstanding share capital. Newco is required to notify the AFM forthwith of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Newco's previous notification. Newco must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since Newco's previous notification.

Upon completion of the Transaction, each person who holds or is deemed to hold a substantial holding in Newco should notify the AFM forthwith of such substantial holding. Substantial holding means the holding of a capital interest or voting rights of at least 3% in Newco.

Controlled entities, within the meaning of the DFSA, do not have notification obligations under the DFSA, as their direct and indirect interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the DFSA, including a natural person. A person who has a 3% or larger interest in Newco's share capital or voting rights and who ceases to be a controlled entity for these purposes must notify the AFM forthwith. As of that moment, all notification obligations under the DFSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, inter alia, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

Notification of short positions

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10 %, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must forthwith give written notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in Newco's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published Newco's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, any natural or legal person holding a net short position equal or exceeding 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position exceeding 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public by the AFM. To calculate whether a natural person or legal person has a net short position, his short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Additional obligations of Newco shareholders to disclose holdings (Newco Articles)

The Newco Articles provide that if the holder of a Stapled Share must notify Unibail-Rodamco in respect of his Unibail-Rodamco Shares pursuant to the Unibail-Rodamco Articles and/or applicable French law, such holder must also immediately notify Unibail-Rodamco. In such notice, the Newco Shareholder must provide with respect to his Newco Class A Shares and/or Newco all information equivalent to the information that such holder must provide to Unibail-Rodamco in respect of his Unibail-Rodamco Shares and/or Unibail-Rodamco, respectively, pursuant to the Unibail-Rodamco Articles and/or applicable French law.

If the Newco Management Board becomes aware that a Newco Shareholder has failed to comply with the obligations referred to in the previous paragraph, the Newco Management Board, with the approval of the Newco Supervisory Board, may by means of a notice demand that such Newco Shareholder comply within a reasonable period of no more than fourteen (14) days. For as long as the Newco Shareholder concerned has not complied with these obligations after the expiration of the period stipulated in said notice, such shareholder's voting rights, meeting rights and rights to receive distributions attached to his Newco Class A Shares shall be suspended.

Management

Persons discharging managerial responsibilities must notify the AFM and Newco of any transactions conducted for his or her own account relating to the Stapled Shares or any debt instruments of Newco or to derivatives or other financial instruments linked thereto. Persons discharging managerial responsibilities within the meaning of Market Abuse Regulation include: (a) Newco MB Members and Newco SB Members; or (b) members of the senior management (including the senior management committee) who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of Newco.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with persons discharging managerial responsibilities, are also required to notify the AFM and Newco of any transactions conducted for their own account relating to Stapled Shares or any debt instruments of Newco or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a person discharging managerial responsibilities or a person closely associated to a person discharging managerial responsibilities reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, persons discharging managerial responsibilities must add any transactions conducted by persons closely associated with them to their own transactions and vice versa. The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and Newco no later than the third business day following the relevant transaction date.

Non-compliance

In case of non-compliance with the notification obligations under the Market Abuse Regulation set out in the paragraphs above is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative sanctions, including administrative fines, penalties or a cease-and-desist order under penalty for non-compliance. Breaches of the Market Abuse Regulation also constitute an economic offence (*economisch delict*) and could lead to the imposition of criminal fines or imprisonment. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. In addition, non-compliance with some of the notification obligations set out in the paragraphs above may lead to civil sanctions, including suspension of the voting rights relating to the Newco Shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the general meeting in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring Newco Shares and/or voting rights in Newco.

11.3.17 Market Abuse Rules

The regulatory framework on market abuse is laid down in the Market Abuse Directive as implemented in Dutch law and the Market Abuse Regulation which is directly applicable in The Netherlands.

Insider dealing and market manipulation prohibitions

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Stapled Shares, (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (iii) unlawfully disclose inside information relating to the Stapled Shares or Newco. Furthermore, no person may engage in or attempt to engage in market manipulation.

Public disclosure of inside information

Newco is required to inform the public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns Newco. Pursuant to the Market Abuse Regulation, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. An intermediate step in a protracted process can also be deemed to be inside information. Newco is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

Insiders lists

Newco and any person acting on its behalf or on its account are obligated to draw up an insiders' list of officers, employees and other persons working for Newco with access to inside information relating to Newco, to promptly update the insider list and provide the insider list to the AFM upon its request. Newco and any person acting on its behalf or on its account are obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

Managers' transactions

In addition to the notification obligations for persons discharging managerial responsibilities (and persons closely associated with them) mentioned above, a person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Stapled Shares or debt instruments of Newco or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or the managing board year-end report of Newco.

Newco is required to draw up a list of all persons discharging managerial responsibilities and persons closely associated with them and notify persons discharging managerial responsibilities of their obligations in writing. Persons discharging managerial responsibilities are required to notify the persons closely associated with them of their obligations in writing.

Non-compliance with Market Abuse Rules

In accordance with the Market Abuse Regulation, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa. The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

12. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

12.1. MAJOR SHAREHOLDERS

12.1.1 Unibail-Rodamco's major shareholders

To the best of Unibail-Rodamco's knowledge, only the following persons have, as at the date of this Prospectus[109], an interest in Unibail-Rodamco's share capital and voting rights that is notifiable under French law:

Shareholders	Number of shares	% of share capital	Number of voting rights	% of voting rights
BlackRock Inc (number of shares based on an email dated January 29, 2018, sent to Unibail-Rodamco)(1)	9 995 136	10.01%	9 995 136	10.01%

(1) Acting on behalf of clients and funds that Blackrock Inc., manages.

Shareholders' agreement

To the best of Unibail-Rodamco's knowledge, there is no shareholders' agreement, nor any person or group of persons exercising or capable of exercising control over Unibail-Rodamco.

No different voting rights

All Unibail-Rodamco Shareholders have the same voting rights (pro rata to the Unibail-Rodamco Shares they hold).

12.1.2 Westfield's major securityholders

To the best of Unibail-Rodamco's and Newco's knowledge, only the following persons have, as at March 21, 2018, being the latest practicable date, a substantial holding of Westfield Securities that is notifiable under Australian law:

	as at March 21, 2018	
	Number of Westfield Securities	% of Westfield Securities
Members of the Lowy family and associates	198,886,355	9.57%
Unibail-Rodamco SE*	198,885,160	9.57%
BlackRock Group**	171,692,340	8.26%
The Vanguard Group, Inc.	166,125,662	7.99%
State Street Corporation	104,067,478	5.01%
Total of issued securities	2,078,089,686	100%

*On December 12, 2017, Unibail-Rodamco filed a notice of initial substantial holder in relation to Westfield with ASX, advising that Unibail-Rodamco and its subsidiaries had acquired a relevant interest in 197,498,805 Westfield Securities that the Unibail-Rodamco Group itself does not hold, pursuant to the Voting Agreement (see section 3.10.1 "— Voting Agreement" of this Prospectus). Although the Unibail-Rodamco Group has acquired a 'relevant interest' in Westfield Securities held by the Lowy family which are the subject of the Voting Agreement, it does not have any legal or beneficial interest in those Westfield Securities. Under Australian law,

[109] Based on information known to Unibail-Rodamco as at December 31, 2017 (being the latest practicable date prior to publication of this Prospectus, as adjusted by information received by Unibail-Rodamco in connection with threshold crossing notifications.

a person has a 'relevant interest' in securities not only if they own the securities, but also where they have any power to control any vote attached to the securities, or any power to control the disposal of the securities. Unibail-Rodamco Group's relevant interest in those Westfield Securities arises solely because the Voting Agreement requires the Lowy family to vote in favour of the Transaction, and restricts the disposal by the Lowy family of their shares in Westfield during the period the Transaction is on foot. Under Australian law, because Unibail-Rodamco Group has a relevant interest in more than 5% of Westfield Securities, it is required to file with ASX what is called a 'substantial holder' notice, but this does not mean that the Unibail-Rodamco Group has any legal or beneficial interest in the relevant shares. On December 15, 2017, Mr. Steven Lowy acquired 683,800 Westfield Securities and Hazel Equities Pty Ltd acquired 702,555 Westfield Securities pursuant to the vesting of performance rights held by Mr. Peter Lowy and Mr. Steven Lowy. Under the terms of the Voting Agreement, the Unibail-Rodamco Group also acquired a relevant interest in these additional Westfield Securities (although neither Unibail-Rodamco nor the Lowy family were required to file a further substantial holder notification under Australian law as its voting power did not change by more than one per cent). Unibail-Rodamco has no direct voting rights in Westfield's general meeting with respect to such relevant interests.

** The Blackrock Group would hold an aggregate of approximately 13,161,142 Stapled Shares representing approximately 9.47% of the Stapled Shares.

In addition to the information contained in the table above, on December 15, 2016, Eroica B.V., a wholly owned subsidiary of Unibail-Rodamco, entered into the Swap (see section 3.15 "— Unibail-Rodamco's Economic Interest in Westfield" of this Prospectus).

To the best of Westfield's knowledge, except as provided in the table above, there is no other Westfield Securityholder who has a relevant interest in 5% or more of the total number of voting rights in Westfield.

To the best of Westfield's knowledge, there is no securityholders' agreement, nor any person or group of persons exercising or capable of exercising control, directly or indirectly, alone or acting in concert, over Westfield.

12.1.3 New Group's major shareholders

Based on the information set out in sections 12.1.1 "— Major shareholders – Unibail-Rodamco's Major Shareholders" and 12.1.2 "— Major shareholders – Westfield's Major Shareholders" of this Prospectus[110], the following table sets forth information regarding the persons expected to hold 2.5% or more of the Stapled Shares upon completion of the Transaction (assuming no change in the number of Unibail-Rodamco Shares or Westfield Securities held by such person compared to the numbers set out in sections 12.1.1 "— Major shareholders – Unibail-Rodamco's Major Shareholders" and 12.1.2 "— Major shareholders – Westfield's Major Shareholders" of this Prospectus and applying the exchange ratio of 0.01844 Stapled Security per Westfield Security):

Name of Beneficial Owner	Number of Stapled Shares	Percentage of Stapled Shares*
APG Asset Management	6,570,507	4.73%
BlackRock Fund Advisors	5,947,320	4.28%

[110] All information as at December 31, 2017, except for number of Stapled Shares estimated to be outstanding immediately upon completion of the Transaction (138,918,769) and number of shares held by Unibail-Rodamco corporate officers and employee savings plan (1,017,978), both as of March 26, 2018.

The Vanguard Group, Inc.	3,958,406	2.85%
Lowy Family..	3,667,464	2.64%
Corporate officers and Employee Savings Plan...........	1,017,978	0.73%

* Percentage based on 138,918,769 Stapled Shares estimated to be outstanding immediately upon completion of the Transaction.

Control of the New Group following completion of the Transaction

As of the date of this Prospectus, Unibail-Rodamco and Newco are not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control over the New Group or would exercise control over the New Group following completion of the Transaction.

12.2. UNIBAIL-RODAMCO'S SHAREHOLDING IN NEWCO

Immediately following completion of the Transaction, Unibail-Rodamco, alone or together with the Unibail-Rodamco Subsidiaries, will hold 40% of Newco's issued and outstanding share capital.

Participation Maintenance Subscription Right

With a view - among other things - to maintaining a single credit rating for the entire New Group and continuing consolidation by Unibail-Rodamco of Newco and the Newco Subsidiaries, Unibail-Rodamco wishes to be entitled to maintain its capital interest and voting rights in Newco at or slightly above 40%. In connection therewith and prior to completion of the Transaction, Newco will grant Unibail-Rodamco the Participation Maintenance Subscription Right.

The Participation Maintenance Subscription Right allows Unibail-Rodamco to subscribe, in one or more tranches, on a continuous and revolving basis for new Newco Class B Shares, each time up to the lesser of (i) such maximum number of Newco Class B Shares that, as the result of a subscription to such number of Newco Class B Shares by Unibail-Rodamco pursuant to an exercise of the Participation Maintenance Subscription Right, the aggregate nominal amount of Newco Shares held by Unibail-Rodamco and the Unibail-Rodamco Subsidiaries is equal to 40.25 % of Newco's issued and outstanding share capital, and (ii) the maximum number of Newco Class B Shares that may be issued under the authorized share capital of Newco under the Newco Articles at that time.

Certain terms and conditions of the Participation Maintenance Subscription Right will be set out in a Participation Maintenance Subscription Right Agreement to be entered into between Unibail-Rodamco and Newco prior to completion of the Transaction.

The subscription price for any Newco Class B Shares subscribed for by Unibail-Rodamco pursuant to the exercise of the Participation Maintenance Subscription Right is equal to the par value of such shares or such other price as may be agreed between Unibail-Rodamco and Newco from time to time. At least one-fourth of the par value is to be paid up upon subscription and the remaining three-fourths will be payable by Unibail-Rodamco upon Newco calling for it, subject to applicable law. Solely at Newco's option and subject to the

Newco Articles and applicable law, all or part of such payment obligation for the subscribed-for Newco Class B Shares may be charged against Newco's profits and/or reserves.

At the request of the holder, any Newco Class B Shares held by Unibail-Rodamco or a Unibail-Rodamco Subsidiary shall be converted into Newco Class A Shares of equal nominal value in accordance with the Newco Articles and subject to the nominal value of the to-be converted Newco Class B Shares having been fully paid up.

Unibail-Rodamco may assign the Participation Maintenance Subscription Right Agreement, with simultaneous assignment of the Participation Maintenance Subscription Right, to any wholly-owned Unibail-Rodamco Subsidiary.

The Participation Maintenance Subscription Right Agreement will be entered into and the Participation Maintenance Subscription Right will be granted for an indefinite period of time, but may be terminated at any time by Unibail-Rodamco.

See also section 11.3.3 of the Prospectus for information on Newco’s share capital.

Equity Plan Satisfaction Subscription Right

Pursuant to any equity incentive plan, stock option plan, equity saving plan, performance share plan or other plan, as applicable from time to time, Unibail-Rodamco or any Unibail-Rodamco Subsidiary may award Stapled Shares, or rights to acquire Stapled Shares (including rights to concurrently acquire Newco Class A Shares and Unibail-Rodamco Shares thereby forming Stapled Shares), to (current or former) employees, officers and/or directors of the New Group. Unibail-Rodamco or the relevant Unibail-Rodamco Subsidiary would need to be able to deliver, transfer or otherwise provide Newco Class A Shares (for as long as the Stapled Share Principle applies, as part of Stapled Shares) pursuant to awards made under such equity plans. In connection therewith and prior to completion of the Transaction, Newco will grant Unibail-Rodamco the Equity Plan Satisfaction Subscription Right.

The Equity Plan Satisfaction Subscription Right allows Unibail-Rodamco to subscribe, in one or more tranches, on a continuous and revolving basis for new Newco Class A Shares, each time up to the lesser of (i) the number of Newco Class A Shares that are required or reserved to satisfy any obligations to issue, transfer, deliver or otherwise provide Newco Class A Shares pursuant to awards made under any relevant equity plan, and (ii) the maximum number of Newco Class A Shares that may be issued under the authorized share capital of Newco under the Newco Articles at that time.

Certain terms and conditions of the Equity Plan Satisfaction Subscription Right will be set out in an Equity Plan Satisfaction Subscription Right Agreement to be entered into between Unibail-Rodamco and Newco prior to completion of the Transaction.

The subscription price for any Newco Class A Shares subscribed for by Unibail-Rodamco pursuant to the exercise of the Equity Plan Satisfaction Subscription Right is equal to the par value of such shares or such higher price as provided for in the relevant equity plan (if any). At subscription, Unibail-Rodamco shall pay the aggregate nominal value in full. At the request of Unibail-Rodamco, Newco shall - subject to the approval of the Newco Supervisory Board and to the extent permitted under applicable law - charge all or part of such payment obligation against Newco's profits and/or reserves, in particular in respect of those equity plans in which shares are provided to the participants without payment of any consideration.

Unibail-Rodamco may assign part of the Equity Plan Satisfaction Subscription Right to any Unibail-Rodamco Subsidiary, provided that such Unibail-Rodamco Subsidiary has committed itself towards Newco to be bound by the Equity Plan Satisfaction Subscription Right Agreement in respect of such assigned part. Furthermore, Unibail-Rodamco may assign the Equity Plan Satisfaction Subscription Right in respect of such number of Newco Class A Shares that are the subject of an award under an equity plan to the relevant participant to whom such award is or has been made, under the conditions that an exercise of such assigned Equity Plan Satisfaction Subscription Right by such participant may only be made in compliance with all terms and conditions (including vesting conditions) of the relevant equity plan and award, and that an issue of Newco Class A Shares to such participant can only be made simultaneously with an issue or transfer of an equal number of Unibail-Rodamco Shares to such participant and Unibail-Rodamco having confirmed to Newco that such simultaneous issue or transfer will occur.

The Equity Plan Satisfaction Subscription Right Agreement further provides that in situations in which Unibail-Rodamco or a Unibail-Rodamco Subsidiary is making an award to any employee, officer or director of the New Group with respect to a number of Unibail-Rodamco Shares under an equity plan of Unibail-Rodamco or any Unibail-Rodamco Subsidiary, Unibail-Rodamco may request that Newco simultaneously grant a right to such employee, officer or director with respect to an equal number of Newco Class A Shares. Newco shall in such cases - to the extent legally permissible - make such a grant, under the condition that an issue of Newco Class A Shares to such employee, officer or director can only be made simultaneously with an issue or transfer of an equal number of Unibail-Rodamco Shares to such employee, officer or director and Unibail-Rodamco having confirmed to Newco that such simultaneous issue or transfer will occur.

The Equity Plan Satisfaction Subscription Right Agreement will be entered into and the Equity Plan Satisfaction Subscription Right will be granted for an indefinite period of time, but may be terminated at any time by Unibail-Rodamco and will terminate upon the Newco Articles being amended such that there are no longer Stapled Shares. Upon termination, the agreement and subscription right will survive to the extent necessary to settle existing outstanding awards under any relevant equity plans.

12.3. RELATED PARTY TRANSACTIONS

Save as disclosed in section 12.3.1 "—Related Party Transactions — Unibail-Rodamco" and in section 12.3.2 "—Related Party Transactions — Westfield" of this Prospectus, none of Unibail-Rodamco, Newco or Westfield has entered into any related party transaction as of the date of this Prospectus.

12.3.1 Unibail-Rodamco

For information about the Transaction, see section 3 "Information on the Transaction" of this Prospectus.

For information about Unibail-Rodamco's related party transactions, refer to section 4.2, note 6.6 to the Unibail-Rodamco 2017 Consolidated Financial Statements of the 2017 Registration Document.

12.3.2 Westfield

The information provided below by Westfield relates to the related-party transactions entered into by Westfield during the year ended December 31, 2017. [111]

LFG

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

Westfield Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. Westfield Group and LFG have entered into an aircraft interchange agreement, whereby Westfield Group provides its aircraft (when the aircraft are not required for Westfield Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During 2017, Westfield Group utilised 98.6 hours of LFG's aircraft which was offset by LFG's use of Westfield Group's aircraft for an equivalent number of hours.

In addition to the aircraft interchange agreement, there are arrangements between Westfield Group and LFG in relation to the usage of aircraft in excess of the aircraft interchange agreement. These arrangements, including rates, are at arm's length. During 2017, US$1,106,141 was charged by the Westfield Group to LFG for use in excess of the aircraft interchange agreement.

Westfield Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enables the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services.

During 2017, Westfield Group charged LFG US$439,253 in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During 2017, Westfield Group charged LFG US$1,729,653 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During 2017, Westfield Group provided security services to certain directors. Security services include security in connection with the absence of a director on Westfield Group business, the attendance by a director at a function in their role as an executive or chairman of Westfield Group or any other special circumstance where, having regard to security risk

[111] The arrangements described in section 12.3.2 of this Prospectus with LFG and The Lowy Institute are ongoing.

assessment advice given to Westfield Group, it is considered appropriate to provide security to that director.

At December 31, 2017, the following amounts were recorded in Westfield Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	2017 US$
Owing to LFG	Current payable	nil
Owing from LFG	Current receivable	nil

No provision for doubtful debts has been recognized or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

The Lowy Institute

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

During 2017, the Westfield Group charged The Lowy Institute US$17,059 for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at December 31, 2017.

Financial benefits to other stapled entities

Westfield is a stapled group comprising WCL, WAT and WFDT. The securities of each of those three entities are stapled together on a one for one basis and trade as a single stapled security on the ASX. Each of WCL, WAT and WFDT may give financial benefits (for example, loans, guarantees and security for borrowings for acquisitions) to, or for the benefit of, the other entities in the stapled group. For each of WCL, WAT and WFDT, the other entities in the stapled group may technically be regarded as related parties under applicable Australian laws. A financial benefit given by one of the stapled entities to another of the stapled entities may therefore technically be a related party transaction, although the common ownership of the stapled entities means that such financial benefit should not have an adverse impact on securityholders in the stapled group and accordingly Westfield benefits from regulatory relief which allow such benefits to be given within the stapled group without otherwise obtaining the approval of its securityholders.

Under Australian law (and because of the regulatory relief afforded to Australian stapled groups), transactions amongst stapled entities are not required to be on arm's length terms and so do not generally undergo any arm's length testing or other benchmarking. As a policy matter, there is no leakage to securityholders as a result of such transactions as the securities in each of WCL, WAT and WFDT are held by the same securityholders. As Westfield is treated as a single economic entity, the quantum of such transactions are not reported on an individual or aggregate basis in Westfield's consolidated financial statements.

13. MATERIAL TAX CONSIDERATIONS

13.1. FRANCE

Under currently applicable French law and regulations, the following description summarizes certain French tax consequences that may apply to persons who are or will become holders of Unibail-Rodamco Shares and Newco Class A Shares. This information constitutes only a short summary of the applicable tax provisions under currently applicable legislation, and is provided for information purposes only. The rules described below are subject to change and new laws or regulations could be retroactive or apply to the current calendar or fiscal year. The tax information below does not constitute an exhaustive description of all tax impacts likely to apply to persons who are or will become holders of Unibail-Rodamco Shares and Newco Class A Shares. Such persons should seek advice from their usual tax advisor on the tax consequences of their particular circumstances, in particular, if their trading in securities goes beyond mere portfolio asset management, if they hold their shares as assets of a business enterprise, or if they are subject to a tax regime different from those described hereafter. Moreover, persons who are not French tax residents must comply with the applicable tax legislation in their own state of residence and, in particular, where necessary, with the provisions of any applicable tax treaties concluded between France and their state of residence.

13.1.1 Unibail-Rodamco dividends

French residents

French resident individuals

<u>Personal income tax</u>

As from January 1, 2018, dividends received by French resident individuals are included in their taxable income for the relevant calendar year and

– subject to a flat rate (12.8%) and to social contributions (at an aggregate rate of 17.2%, as described below, *i.e.*, an aggregate "flat tax" amounting to 30%), or.

– upon election, subject to tax at the progressive income tax rates (with maximum rate of 45%) of their income, gain, and profits mentioned at Article 200 A-1 of the FTC (which include dividends) and to social contributions (at an aggregate rate of 17.2%, as described below). Under such regime, for the purpose of the income tax, a 40% allowance is deducted from the gross amount of dividends, provided that the conditions set out in Article 158-3-2° of the FTC are satisfied. However, dividends paid out of the tax exempt profits of a SIIC are excluded from the benefit of the 40% allowance. Such election must be made every year, upon filing of the income tax return and applies to all qualifying gains and items of income received in that year.

Dividends, whether from a French or non-French source, received by French individuals are in principle subject to a non-definitive 12.8% levy (*prélèvement non libératoire de l'impôt sur le revenu*) pursuant to Article 117 *quater* of the FTC, to be paid within fifteen days from the first day of the month following the payment of the dividends.

Where the paying agent is established in France, the 12.8% levy is withheld by such paying agent. Where the paying agent is established outside France, the dividend is declared and the corresponding withholding tax payment made either (i) by such paying agent if it is established in the European Union (or any other State that is a member of the European Economic Area having entered into an administrative assistance agreement with France in order to prevent tax fraud and evasion) and has been appointed for the payment of such withholding tax by the French individual or (ii) directly by the French individual to the French Treasury.

For French individuals whose reference taxable income for the antepenultimate calendar year was less than €50,000 (single, divorced or widowed taxpayers) or €75,000 (taxpayers subject to joint taxation), an exemption from the 12.8% levy is available either (i) automatically, if the paying agent is established outside France or (ii) upon request, if the paying agent is established in France.

The 12.8% withholding is deducted from the income tax effectively due by French individuals for the relevant calendar year and, if it exceeds the amount of such income tax, the excess is refunded by the French Treasury. French individuals are subject to personal income tax at the 12.8% flat rate or, upon election, at a progressive rate, on the gross amount of the dividends (including the amount of any tax credit).

Social contributions

The gross amount of the dividends (before the 40% allowance, if applicable) is subject to the following social contributions:

- the general social contribution (*contribution sociale généralisée – CSG*) at the rate of 9.9 % (out of which, in case of election for taxation at progressive rates, a fraction of 6.8% is deductible from the aggregate taxable income of the taxpayer of the fiscal year of payment of such contribution),
- the contribution for the repayment of the social debt (*contribution au remboursement de la dette sociale – CRDS*) at the rate of 0.5%,
- the social levy (*prélèvement social*) at the rate of 4.5%,
- the contribution payable in addition to the social levy (*contribution additionnelle au prélèvement social*) at the rate of 0.3%, and
- the solidarity levy (*prélèvement de solidarité*) at the rate of 2%, giving a combined rate of 17.2% of social contributions.

Exceptional High-Income Contribution

For high income earners liable to pay income tax, the gross amount of dividends (before the 40% allowance, if applicable) is also included in the reference income that is subject to the exceptional contribution set forth in Article 223 *sexies* of the FTC at a rate of:

- 3% for the portion of the reference income which is comprised between €250,000 and €500,000 for those taxpayers who are single, widowed, separated or divorced, and for the portion comprised between €500,000 and €1,000,000 for those taxpayers who are subject to joint taxation, or
- 4% for the portion of the reference income exceeding €500,000 for those taxpayers who are single, widowed, separated or divorced, and for the portion exceeding €1,000,000 for those taxpayers who are subject to joint taxation.

The reference income for tax purposes of a tax household is defined pursuant to the provisions of 1° of IV of Article 1417 of the FTC, without application of the "quotient" rules defined in Article 163-0 A of the FTC.

Payments to a Non-Cooperative State or Territory

In addition, payments of dividends made outside France to a bank account located in a non-cooperative state or territory (*Etat ou territoire non coopératif*) within the meaning of article 238-0 A of the FTC (a "**Non-Cooperative State**"), are subject to a 75% withholding tax by virtue of Articles 119 bis 2 and 187, 2 of the FTC (subject to certain exceptions, including where the taxpayer is able to demonstrate that the main purpose and effect of the relevant distribution of dividends are not that of locating such payments in such Non-Cooperative State for tax fraud purposes) and to the more favorable provisions of any applicable double tax treaty). The list of Non-Cooperative States is published by ministerial order and may be updated annually.

Shares held in a PEA

Since October 21, 2011, shares of SIICs and shares in similar real investment companies established in the European Union (or any other State that is a member of the European Economic Area having entered into an administrative assistance agreement with France in order to prevent tax fraud and evasion) are not eligible to the PEA. A grandfathering provision included in the 2012 French Finance Law however allowed shareholders that held such shares on or before October 21, 2011, to continue to hold such shares in their PEA, subject to satisfying the conditions required otherwise.

The Newco Shares and therefore the Stapled Shares will not, as a matter of principle, be eligible to the PEA.

The Transaction entails, as a matter of principle, the closure of the PEA of the relevant Unibail-Rodamco Shareholders who receive the Stapled Shares on their PEA, subject to a regularization mechanism.

In respect of a PEA opened for more than five years, the closure of the PEA does not retroactively forfeit the personal income tax exemption which the holder enjoyed. The PEA personal income tax exemption however ceases to apply to any income or capital gains derived on investments held in the PEA as from the closure of the PEA. Such income and capital gains are subject to personal income tax under the standard regime.

The French tax authorities guidelines (BOI-RPPM-RCM-40-50-20-20) describe two regularization mechanisms pursuant to which the PEA is not closed upon receipt of SIIC shares. In principle, these mechanisms only apply to scrip dividends distributed by SIICs and prevent the closure of the PEA where the recipient receives the scrip dividend on its PEA. However, a ruling request has been filed with the French tax authorities to ask confirmation of the tax treatment of the Stapled Shares under PEA regulations. Unibail-Rodamco will publish on its website the outcome of the decision of the French tax authorities to the extent that such decision confirms that the relevant Unibail-Rodamco Shareholders may apply such regularization mechanisms. Under those mechanisms, the regularization consists in either the sale of the Stapled Shares within two months following the event triggering the closure of the PEA (in which case the capital gain would be exempt from personal income tax) or the transfer of the Stapled Shares from the PEA to the shareholder's ordinary securities account in exchange for a cash consideration within a two-month period.

French corporate shareholders and other legal entities subject to corporate income tax

Gross dividends received by French legal entities subject to corporate income tax will be subject to corporate income tax at the rate of $33^{1/3}$% (for the share of profits exceeding €500,000), and 28% (for the share of profits up to €500,000) (or, subject to limitations, at the reduced rate of 15% up to a net taxable income of €38,120 for companies that meet the conditions of Article 219-I-b of the FTC, that is, which have a yearly turnover net of tax of less than €7,630,000 and satisfy certain ownership requirements), increased, as the case may be, by an additional contribution of 3.3% assessed on the corporate income tax due, after deduction of an allowance that may not exceed €763,000 per 12-month period (Article 235 *ter* ZC of the FTC). The $33^{1/3}$% rate will be gradually reduced to 31% as from 2019, 28% as from 2020, 26.5% as from 2021 and 25% as from 2022.

Dividends paid out of the tax-exempt profits of a SIIC are not eligible to the parent-subsidiary regime set out in Articles 145 and 216 of the FTC (article 145-6-i of the FTC).

Dividends paid out of the taxable profits of a SIIC to legal entities that hold at least 5% of its share capital and that meet the conditions provided under Articles 145 and 216 of the FTC (in particular, a two-year holding requirement) may benefit, upon election, from a tax exemption under the parent-subsidiary regime. In such case, a service charge set at 5% of the total proceeds from the shares remains included in the taxable income.

French collective investment undertakings

Pursuant to Article 119 *bis* 2 of the FTC, dividends paid out of the tax-exempt profits of a SIIC to certain French collective investment undertakings (those governed by section 1; or paragraphs 1, 2, 3, 5 or 6 of sub-section 2 of section 2; or sub-section 3 of section 2; or sub-section 4 of section 2, in each case of chapter IV of the first title of book II of the French Monetary and Financial Code) are subject to a withholding tax at a rate of 15%.

Dividends paid to French collective investment undertakings out of the taxable profits of a SIIC are not subject to this withholding tax.

Non-French residents

Subject to the provisions of any tax treaties that may apply and to the exceptions listed below, dividends paid to non-French tax residents are generally subject to a withholding tax, to be deducted by the paying agent of the dividends, where the tax domicile or seat of the effective beneficiary is located outside France.

Subject to what is stated below and to any more favorable provisions of any applicable tax treaties, the rate of such withholding tax is (i) 12.8% where the beneficiary is an individual, (ii) 15% where the beneficiary is a non-profit organization which has (a) its registered office in a Member State of the European Union or in another State that is a member of the European Economic Area Agreement, which has concluded with France a convention on administrative assistance to combat tax evasion and avoidance, (b) which would be taxed according to the treatment referred to in Article 206-5 of the FTC if it had its registered office in France and (c) which meets the criteria provided for by paragraphs 580 *et seq.* of the tax authorities guidelines BOI-IS-CHAMP-10-50-10-40-20130325; and (iii) 30% in all other cases (28% as from January 1, 2020, 26.5% as from January 1, 2021 and 25% as from January 1, 2022).

Payment outside France in a Non-Cooperative State

In addition, for payments of dividends made outside France to a bank account located in a Non-Cooperative State, or directly paid to persons established or domiciled in such a Non-Cooperative State (in the absence of payment made to a bank account), the applicable rate is increased to 75% (subject to certain exceptions, including where the taxpayer is able to demonstrate that the main purpose and effect of the relevant distribution of dividends are not that of locating such payments in such Non-Cooperative State for tax fraud purposes) and to the more favorable provisions of any applicable double tax treaty). The list of Non-Cooperative States is published by ministerial order and may be updated annually.

Legal entities having their effective place of management in a Member State of the European Union

Dividends paid out of the taxable profits of a SIIC to shareholders that are legal entities having their place of effective management in a Member State of the European Union may benefit from a withholding tax exemption under paragraph 60 of the administrative guidelines published at BOI-RPPM-RCM-30-30-20-10-20160607, if they hold at least 10% of the SIIC share capital, and otherwise meet all the conditions of Article 119-*ter* of the FTC.

The 10% shareholding threshold is reduced to 5% where, in addition to the other conditions described in the paragraph above, (i) the recipient satisfies the conditions of the French parent-subsidiary regime set out under Article 145 of the FTC and (ii) the recipient cannot deduct the French withholding tax (*e.g.*, because such recipient benefits from an exemption regime in its State of residence). Furthermore, entities holding between 5% and 10% of the share capital and that satisfy the conditions set out under the previous sentence may benefit from such exemption if they are subject, in their State of residence, by virtue of applicable law or upon election, to corporate income tax, on the basis of the tax authorities' guidelines (BOI-RPPM-RCM-30-30-20-40-20160607, no. 50).

Collective investment undertakings governed by foreign law

Pursuant to Article 119 bis 2 of the FTC, dividends paid out of the taxable profits of a SIIC are not subject to withholding tax where they are paid to collective investment undertakings governed by foreign law that (i) are located in a Member State of the European Union or in another State that has concluded with France a convention on administrative assistance to combat tax evasion and avoidance, (ii) raise capital from a certain number of investors with the purpose of investing it in a fiduciary capacity on behalf of such investors, pursuant to a defined investment policy and (iii) have features similar to those required of collective undertakings governed by French law under section 1; or paragraphs 1, 2, 3, 5 or 6 of sub-section 2 of section 2; or sub-section 3 of section 2; or sub-section 4 of section 2, in each case, of chapter IV of the first title of book II of the French Monetary and Financial Code.

Dividends paid out of the tax-exempt profits of a SIIC to foreign collective investment undertakings that satisfy the conditions set out in the paragraph above at (i), (ii) and (iii), are subject to a 15% withholding tax.

Shareholders holding at least 10% of the share capital of Unibail-Rodamco

Pursuant to Article 208 C II *ter* of the FTC, a 20% levy applies to distribution of dividends paid out of the tax-exempt profits of a SIIC to a shareholder other than an individual that holds, directly or indirectly, 10% or more of the share capital of the SIIC if the shareholder is either exempt from corporate income tax on the dividend received or is subject to a corporate income tax the amount of which is lower than two-thirds of the French corporate income tax that would have applied under standard conditions.

The 20% levy is not applicable when (i) the beneficiary is also subject to distribution requirements and (ii) its shareholders holding directly or indirectly 10% or more of the share capital are subject to corporate income tax or to an equivalent tax in respect of the distributions received.

The 20% levy is assessed on the amount of distributed profits before deduction of the 20% levy.

13.1.2 Newco dividends

French residents

French resident individuals

French individual tax residents will be subject to French personal income tax on the dividends paid by Newco in the same manner as described above in section 13.1.1 "Material Tax Considerations — France — Unibail-Rodamco Dividends" of this Prospectus. French residents will accordingly be subject to French personal income tax on dividends from Newco, at a flat rate of 12.8% and to social contributions (at an aggregate rate of 17.2%), *i.e.*, an aggregate "flat tax" amounting to 30% or, as the case may be, at the progressive income tax rates if they have elected for such regime and to social contributions (at an aggregate rate of 17.2%, as described above).

A 12.8% levy will apply to such dividends, to be paid by the paying agent or, as the case may be, the French resident, in accordance with the principles (and subject to certain exemptions) described in the above-mentioned section. The 12.8% levy will be deducted from the French personal income tax due by French tax residents.

For high income earners the amount of the dividend is also included in the taxable income that is subject to the exceptional contribution at a rate of up to 4% pursuant to Article 223 *sexies* of the FTC (see section 13.1.1 "Material Tax Considerations — France — Unibail-Rodamco Dividends — French Residents — French Resident Individuals" of this Prospectus).

French corporate shareholders and other legal entities subject to corporate income tax

French corporate shareholders will be subject to corporate income tax on Newco dividends, in the same manner as described above in section 13.1.1 "— Material Tax Considerations — France — Unibail-Rodamco Dividends" of this Prospectus, except that, since Newco does not have any taxable sector, the parent-subsidiary regime cannot apply on any profit distributions by Newco.

Tax credit

French resident shareholders should consult their usual tax advisor in this respect.

If Newco qualifies as a resident of The Netherlands for purposes of the tax treaty concluded between France and The Netherlands on March 16, 1973 (the "**France-Netherlands Tax Treaty**"), pursuant to article 10-2 of such treaty, The Netherlands may reduce the applicable domestic withholding tax rate of 15% to 5%, depending on the situation of the shareholder, and pursuant to Article 24-B of this treaty France may grant a tax credit for the 15% or 5% tax withheld in The Netherlands on dividends.

In such case, the amount of the tax credit would be equal to the Dutch withholding tax, as reduced by the France-Netherlands Tax Treaty, that is, generally, 15/85 or 5/95 of the net amount of the dividends, to the extent such amount does not exceed the amount of French tax due with respect to such dividends.

However, the French tax authorities may deny treaty benefits to Newco on the ground that Newco is not actually subject to tax in The Netherlands on the basis of the French supreme court case law. The French administrative supreme court indeed ruled, in two decisions dated November 9, 2015 (*Santander Pensionnes SA EGFP* and *Landesärztekammer Hessen Versorgungswerk*), that, in the context of a tax treaty where the qualification as "resident" includes a "subject to tax" requirement, an entity that is not actually subject to tax does not qualify as resident (*i.e.*, including where such entity is subject to tax but is fully exempt or subject to tax at a 0% rate).

If France does not grant a tax credit for the Dutch tax withheld on dividends paid by Newco, individual French tax residents will be subject to personal income tax on the net amount of the dividend received.

Should there be any tax withheld in The Netherlands and should France grant a tax credit in respect of the Dutch withholding tax, such tax credit could be credited against the personal income tax (*French individuals*) or corporate income tax (*French corporate shareholders and other legal entities subject to coporate income tax*) due and thereafter against the social contributions due in respect of the relevant dividends. The excess, if any, may, however, neither be refunded nor carried forward.

Non-French residents

Dividends paid by Newco to non-French residents should generally not be taxable in France (to the extent such non-French residents do not hold their shares in Newco through a fixed base or a permanent establishment in France).

13.1.3 Capital gains - Unibail-Rodamco Shares

Upon the sale of a Stapled Share, the underlying Unibail-Rodamco Share and Newco Class A Share should be treated separately for capital gain tax purposes. Therefore, shareholders will need to apportion the cost of each Stapled Share and the proceeds from the sale of each Stapled Share among the underlying Unibail-Rodamco Share and Newco Class A Share that make up the Stapled Share. This apportionment should be done on a reasonable basis. One possible method of apportionment of the proceeds of the sale of each Stapled Share is on the basis of the respective net consolidated shareholder equity of the two companies, which will be published by Unibail-Rodamco on a half-year basis.

Shareholders should consult their tax advisors concerning the French tax consequences of the sale of the Stapled Shares.

French residents

French resident individuals

Personal income tax

Pursuant to Article 150-0 A of the FTC, capital gains realized by French individuals on the sale of Unibail-Rodamco Shares will be subject to personal income tax:

– at a flat tax rate of 12.8% and to social contributions (at an aggregate rate of 17.2%, as described below), *i.e.*, an aggregate "flat tax" amounting to 30%; or

– upon election, at the progressive income tax rates (subject to an allowance the rate of which depends upon how long the Unibail-Rodamco Shares have been held), and to social contributions (described below).

The election for the taxation at the progressive income tax rates with respect to a given year is global for all gains and revenues which would have been eligible to the flat tax rate. In case of election for taxation at progressive rates, pursuant to Article 150-0 D, 1 *ter* of the FTC, capital gains derived from the sale of the Unibail-Rodamco Shares, to the extent acquired or subscribed before January 1, 2018, are reduced by an allowance at a rate of:

– 50%, if the Unibail-Rodamco Shares have been held for at least two years but less than eight years at the time of their disposal; and

– 65%, if the Unibail-Rodamco Shares have been held for at least eight years at the time of their disposal.

Under Article 150-0 D, 11 of the FTC, capital losses incurred during a calendar year may offset capital gains of the same nature realized in the same calendar year or the ten following calendar years.

Social contributions

The amount of the capital gains (before any allowance) is subject to the following social contributions:

– the general social contribution (*contribution sociale généralisée* – CSG) at the rate of 9.9% (out of which, in case of election for taxation at progressive rates, a fraction of 6.8% is deductible from the aggregate taxable income of the taxpayer of the fiscal year of payment of such contribution),

– the contribution for the repayment of the social debt (*contribution au remboursement de la dette sociale* – CRDS) at the rate of 0.5%,

– the social levy (*prélèvement social*) at the rate of 4.5%,

– the contribution payable in addition to the social levy (*contribution additionnelle au prélèvement social*) at the rate of 0.3% and

– the solidarity levy (*prélèvement de solidarité*) at the rate of 2%, giving a combined rate of 17.2% of social contributions.

For high income earners the amount of the capital gains (before any allowance) is also included in the taxable income that is subject to the exceptional contribution at a rate of up to 4% pursuant to Article 223 *sexies* of the FTC (see section 13.1.1 "— Material Tax Considerations — France — Unibail-Rodamco Dividends — French Residents — French Resident Individuals" of this Prospectus).

French corporate shareholders and other legal entities subject to corporate income tax

Capital gains realized upon the transfer of the Unibail-Rodamco Shares will be subject to corporate income tax at the standard rate, which is $33^{1/3}$% for the share of profits exceeding €500,000 and 28% for the share of profits up to €500,000 (or at the reduced rate of 15% up to a net taxable income of €38,120 for companies that meet the conditions of Article 219-I-b of the FTC), increased, as the case may be, by an additional contribution of 3.3% assessed on the corporate income tax due, after deduction of an allowance that may not exceed €763,000 per 12-month period (Article 235 *ter* ZC of the FTC). The standard corporate income tax rate will be gradually reduced to 31% as from 2019, 28% as from 2020, 26.5% as from 2021 and 25% as from 2022.

Pursuant to Article 219 I, *a sexies-0 bis* of the FTC, capital gains derived from the sale of shares of listed real estate companies, investing predominantly in real estate (*sociétés à prépondérance immobilière* within the meaning of the above-mentioned Article) are subject to corporate income tax at the rate of 19% if (i) the seller has held the shares for at least two years and (ii) the shares qualify as eligible shares (*titres de participation*) within the meaning of the third paragraph of Article 219 I, *a quinquies* of the FTC.

Such capital gains are also subject to an additional contribution of 3.3% assessed on the corporate income tax due, after deduction of an allowance that may not exceed €763,000 per 12-month periods (Article 235 *ter* ZC of the FTC).

Capital losses incurred as a result of a transfer of Unibail-Rodamco Shares will be deductible from the corporate income tax basis, either in whole or in part.

Non-French residents

Shareholders holding 10 % or more of Unibail-Rodamco Shares

Pursuant to Article 244 *bis* A of the FTC, subject to the more favorable provisions of such tax treaties as may be applicable, capital gains derived from the disposal of Unibail-Rodamco Shares are subject to a withholding tax ("*prélèvement"*) in France if the transferor holds at least 10% of the share capital of Unibail-Rodamco Shares. The tax is withheld at the standard corporate income tax rate ($33^{1/3}$% in 2018, gradually reduced to 31% as from 2019, 28% as from 2020, 26.5% as from 2021 and 25% as from 2022). However if the Unibail-Rodamco Shareholder is a legal entity that is a resident of a Member State of the European Union or of another State that is a member of the European Economic Area Agreement, which has concluded with France a convention on administrative assistance to combat tax evasion and avoidance and which is not a Non-Cooperative State, the withholding is assessed on the same basis and levied at the same rate of corporate income tax as apply pursuant to French corporate income tax rules to French resident legal entities (see paragraph "— *French corporate shareholders and other legal entities subject to corporate income tax*").

Individuals, individual shareholders of companies or groups the profits of which are taxed in the hands of the shareholders, individual holders of units in real estate investment funds mentioned at Article 239 *nonies* of the FTC are subject to the withholding tax at a rate of 19%.

Shareholders holding less than 10% of Unibail-Rodamco Shares

Capital gains derived from the sale of Unibail-Rodamco Shares should not be taxable in France if the selling shareholder does not hold, directly or indirectly, at least 10% of the Unibail-Rodamco Shares, and to the extent the selling shareholder does not hold the relevant Unibail-Rodamco Shares through a fixed base or permanent establishment in France.

13.1.4 Capital gains - Newco Class A Shares

French residents

French resident individuals

Pursuant to Article 150-0 A of the FTC, capital gains realized by French individuals on the sale of the Newco Class A Shares will be subject to personal income tax at a flat tax rate (12.8%) or, upon election, at progressive rates, and to social contributions at an aggregate rate of 17.2% (in the same manner as described above at section 13.1.3 "— Capital gains - Unibail-Rodamco Shares — French residents — French resident individuals") of this Prospectus.

In case of election for taxation at progressive rates, no allowance for holding-period will be available, the Newco Class A Shares being acquired or subscribed after December 31, 2017. However, in respect of the Unibail-Rodamco Shareholders, if the French tax authorities respond positively to the relevant tax ruling request filed by Unibail-Rodamco, the acquisition date of the Newco Class A Shares will be deemed to be the acquisition or subscription date of their Unibail-Rodamco Shares or, as the case may be, the date on which their Unibail-Rodamco Shares were deemed to be acquired from a tax standpoint.

Unibail-Rodamco will publish on its website the outcome of the decision of the French tax authorities as soon as it will have received it.

Under Article 150-0 D, 11 of the FTC, capital losses incurred during a calendar year may offset capital gains of the same nature realized in the same calendar year or the ten following calendar years.

For high income earners the amount of the capital gains (before any allowance) is also included in the taxable income that is subject to the exceptional contribution at a rate of up to 4% pursuant to Article 223 *sexies* of the FTC (see section 13.1.3 "— Capital gains — Unibail-Rodamco Shares — French residents — French resident individuals" of this Prospectus).

French corporate shareholders and other legal entities subject to corporate income tax

Subject to the provisions of either the France – Netherlands Tax Treaty or the tax treaty between France and the United States, if applicable, the tax treatment of the capital gains derived from the sale of Newco Class A Shares will be the same as that applying to the sale of Unibail-Rodamco Shares. See section 13.1.3 "— Capital gains – Unibail-Rodamco Shares —

French residents — French corporate shareholders and other legal entities subject to corporate income tax" of this Prospectus.

Non-French residents

Capital gains derived from the disposal of Newco Class A Shares should generally not be taxable in France, to the extent such Newco Class A Shares are not held through a fixed base or permanent establishment in France.

13.1.5 Wealth tax

As of January 1, 2018, the French wealth tax is replaced by the real property wealth tax ("*impôt sur la fortune immobilière"*).

Pursuant to new Articles 964 to 983 of the FTC, the tax applies to (i) French resident individuals owning directly or indirectly real estate assets in France or abroad and (ii) non-French resident individuals, owning directly or indirectly real estate assets located in France, in both cases when the net fair market value of the taxable assets, determined according to the new rules, exceeds €1,300,000 on January 1st of the relevant year.

Unibail-Rodamco Shares constitute taxable assets under the real property wealth tax. However, pursuant to Article 972 *ter* of the FTC, if an individual taxpayer holds, alone or together with the individual he is jointly taxed with and their children if they have legal administration rights over their assets, less than 5% of the share capital and voting rights of Unibail-Rodamco, such taxpayer's Unibail-Rodamco Shares are not taken into account in determining the real property wealth tax basis. Newco Class A Shares will however constitute taxable assets for the purposes of the real property wealth tax; as a consequence, unless the French tax authorities respond positively to the relevant ruling request which has been filed by Unibail-Rodamco, the Stapled Shares will constitue taxable assets for the entirety of their value.

Unibail-Rodamco will publish on its website the outcome of the decision of the French tax authorities as soon as it will have received it.

13.1.6 Inheritance and gift tax

Shares issued by French companies acquired by either French tax-resident individuals or individuals who are not resident of France through inheritance or gift fall within the scope of French inheritance tax and gift taxes and, where applicable, are subject thereto.

Shares issued by non-French listed companies acquired through inheritance or gift, where the deceased or donor is domiciled in France (or, under certain circumstances, where the heir or legatee is domiciled in France), fall within the scope of French inheritance tax and gift taxes and, where applicable, are subject thereto.

Stapled Shares acquired through inheritance or gift, within the scope of French inheritance tax and gift taxes, will be, as a matter of principle, subject to French inheritance tax and gift taxes, where applicable, (i) in any case for such portion of the Stapled Shares value as is apportioned to the Unibail-Rodamco's Shares and (ii) as the case may be, for such portion of the Stapled Shares value as is apportioned to the Newco Class A Shares where the deceased or donor is domiciled in France or, under certain circumstances, where the heir or legatee is domiciled in France). Inheritance and gift tax will however apply to the entire value of the Stapled Shares unless the French tax authorities respond positively to the relevant ruling request that has been filed by Unibail-Rodamco. Unibail-Rodamco will publish on its website the outcome of the decision of the French tax authorities as soon as it will have received it.

France has signed with a certain number of jurisdictions agreements aimed at avoiding double taxation in respect of inheritance and gifts. Under the terms of such treaties, persons residing in jurisdictions parties thereto may, subject to certain conditions, be exempt from inheritance and gift taxes or obtain a tax credit.

Shareholders should consult their own tax advisors as to the potential consequences of such French inheritance tax and gift taxes.

13.1.7 Transfer tax

Pursuant to Article 235-*ter ZD* of the FTC, subject to certain exceptions, a 0.3% tax on financial transactions ("**French FTT**") applies to any acquisition for consideration of an equity security or similar security, if (i) this security is listed on a regulated market, (ii) its acquisition gives rise to a transfer of ownership, and (iii) this security is issued by a French company whose market capitalization exceeds one billion euros as of December 1st of the year preceding the taxation year.

Acquisitions of equity or similar securities subject to the French FTT are exempt from transfer tax provided for by Article 726 of the FTC.

13.1.8 Spin-off of Newco to Unibail-Rodamco Shareholders

As part of the Transaction, Unibail-Rodamco will contribute its shares held in U.S. Newco to Newco in exchange for newly issued Newco Class A Shares. The newly issued Newco Class A Shares will then immediately be distributed to the Unibail-Rodamco Shareholders proportionally to the number of Unibail-Rodamco Shares they hold (the "**Spin-Off Transaction"**).

Spin-off tax regime

French tax consequences for Unibail-Rodamco and Newco

From a corporate income tax perspective, the Spin-Off Transaction will benefit from the favorable tax regime set forth in Articles 210 A, 210 B and 115-2 of the FTC.

Pursuant to article 115-2 of the FTC, as amended by the second amending finance law for France's 2017 Financing Law (no. 2017-1775 dated December 28, 2017), the distribution of the shares in a company to Unibail-Rodamco Shareholders will not be considered as a taxable distribution, subject to the following conditions (and other requirements not described herein):

- The Newco Class A Shares which are distributed have been received in exchange for a contribution of assets constituting a "complete line of business" (*branche complète d'activité*);
- Unibail-Rodamco, as contributing company, retains at least another "complete line of business";
- The initial contribution benefited from the favorable merger tax regime (article 210 A of the FTC); and

– The distribution occurs within one year from the contribution.

In the case where the contributed assets do not constitute a qualifying "complete line of business" or Unibail-Rodamco, as contributing company does not retain another "complete line of business", the favorable merger tax regime can still apply, provided that a ruling is granted by the French tax authorities. Such tax ruling can be obtained under the following main conditions:

– The contribution is economically justified by a business purpose and, in particular, would allow: (i) Newco, as beneficiary company, to operate a business activity on an autonomous basis; (ii) to improve the structures; and (iii) to set up an association between various parties, through a commitment to keep the Newco Class A Shares received in exchange for the contribution for at least three years;

– The conditions provided under Article 210-0 A of the FTC are met (in particular the transaction does not fall within the scope of anti-abuse provisions and the new filing requirement introduced for cross-border transactions is fulfilled);

– The modalities of the transaction allow the future taxation in France of the deferred capital gains;

– The distribution of the shares Newco Class A Shares to the Unibail-Rodamco Shareholders is economically justified by a business purpose and, in particular would allow: (i) Unibail-Rodamco, as contributing company, to operate a business activity on an autonomous basis; (ii) to improve the structures; and (iii) to set up an association between various parties, through a commitment of such shareholders to keep the Unibail-Rodamco Shares for at least three years.

The commitments to keep shares for at least three years (respectively the Unibail-Rodamco Shares and the Newco Class A Shares) applies only to Unibail-Rodamco Shareholders who hold, either on the date of the approbation of the contribution or on the day of the Distribution in Kind, at least 5% of the Unibail-Rodamco voting rights (or, at least 0.1% of the voting rights, where such Unibail-Rodamco Shareholders exercise or have exercised during the six-month period preceding that date, directly or indirectly through corporate officers or agents, either executive, administrative or supervisory functions at Unibail-Rodamco).

Unibail-Rodamco has submitted the proposed Spin-Off Transaction to the French tax authorities (*Direction générale des finances publiques - Bureau des agréments et rescrits*) with a view to obtaining confirmation that it is eligible to the favorable tax regime of articles 210 B and 115-2 of the FTC, on the basis of the French draft second amending finance law for 2017. Pending the ruling decision (*agrément*), which is conditional upon the review by the French tax authorities of the final documentation, the French tax authorities indicated to Unibail-Rodamco on December 8, 2017 that they agreed on the principle that the Spin-Off Transaction should, under certain conditions, benefit from the favorable regime of Article 115-2 of the FTC.

Tax considerations for French shareholders

For French Unibail-Rodamco Shareholders, the tax consequences of the favorable tax regime are as follows:

Individual shareholders

Individual Unibail-Rodamco Shareholders will not be taxed on the Newco Class A Shares received in the Spin-Off Transaction. The benefit of the favorable tax regime is not subject to any condition for the individual shareholder.

The tax basis of the Newco Class A Shares received will be equal to zero. Each of Newco Class A Shares allotted to an individual Unibail-Rodamco Shareholder will be deemed to have been acquired on the date of the Distribution in Kind. If, however, the French tax authorities respond positively to the relevant ruling request filed by Unibail-Rodamco, the acquisition date of the Newco Class A Shares will be deemed to be the acquisition or subscription date of the Unibail-Rodamco Shares or, as the case may be, the date on which the Unibail-Rodamco Shares are deemed to be acquired from a tax standpoint. Unibail-Rodamco will publish on its website the outcome of the decision of the French tax authorities as soon as it will have received it.

Corporate shareholders and other legal entities

Pursuant to article 115-2 of the FTC, a corporate (or other legal entity) Unibail-Rodamco Shareholder must (i) recognize the Newco Class A Shares received as assets on its balance sheet at a value equal to the product of the book value of the Unibail-Rodamco Shares by the ratio existing on the date of the Spin-Off Transaction between the fair market value of the Newco Class A Shares and the sum of the fair market values of the Unibail-Rodamco Shares and the Newco Class A Shares and (ii) reduce by the same amount the book value of the Unibail-Rodamco Shares on its books. In the specific case at hand, the actual value should be determined, for both the Newco Class A Shares and the Unibail-Rodamco Shares, by reference to the relative values used for purposes of the Spin-Off Transaction, *i.e.*, 93.8% for the Unibail-Rodamco Share and (100- 93.8)% for the Newco Class A Shares.

Capital gains derived from the subsequent sale of the Stapled Shares and apportioned to the Unibail-Rodamco Shares and the Newco Class A Shares will be calculated on the basis of the book value calculated in accordance with the preceding paragraph.

In the event the tax basis of the current Unibail-Rodamco Shares differs from their book value, this tax basis must be allocated after the Spin-Off Transaction to the Unibail-Rodamco Shares and the Newco Class A Shares, respectively, in accordance with the same rules as set forth above pursuant to article 115-2 of the FTC.

For the application of the provisions of article 39 *duodecies* of the FTC, Newco Class A Shares allocated to Unibail-Rodamco Shareholders will be deemed to have been acquired on the same date as the Unibail-Rodamco Shares.

13.2. THE NETHERLANDS

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Newco Class A Shares and Unibail-Rodamco Shares and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the Transaction to a particular holder of Newco Class A Shares and Unibail-Rodamco Shares will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the Transaction to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "The Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of The Netherlands. This summary assumes that Newco and Unibail-Rodamco are organised, and that their businesses will be conducted, in the manner outlined in this Prospectus. A change to such organizational structure or to the manner in which Newco and Unibail-Rodamco conduct their businesses may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of The Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Material Tax Considerations – The Netherlands paragraph does not address the Dutch tax consequences for a holder of Newco Class A Shares and Unibail-Rodamco Shares who:

- is a person who may be deemed an owner of Newco Class A Shares and/or Unibail-Rodamco Shares for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- is, although in principle subject to Dutch corporate income tax, in whole or in part, specifically exempt from that tax in connection with income from Newco Class A Shares and/or Unibail-Rodamco Shares;
- is an investment institution as defined in the CITA;
- owns Newco Class A Shares and/or Unibail-Rodamco Shares in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role;
- has a substantial interest in Newco or Unibail-Rodamco, respectively, or a deemed substantial interest in Newco or Unibail-Rodamco, respectively, for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of Newco or Unibail-Rodamco, respectively, or rights to acquire, directly or indirectly, such an interest in the shares of Newco or Unibail-Rodamco, respectively, or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of Newco or Unibail-Rodamco, respectively, or (b) such person's shares, rights to acquire shares or profit participating certificates in Newco or Unibail-Rodamco, respectively, are held by him following the application of a non-recognition provision; or

– is a corporate entity or taxable as a corporate entity and who is resident or deemed to be resident of Aruba, Curaçao or Sint Maarten for tax purposes.

13.2.1 Taxes on income and capital gains

Resident holders of Newco Class A Shares and Unibail-Rodamco Shares

A holder of Newco Class A Shares and Unibail-Rodamco Shares who is resident or deemed to be resident in The Netherlands for Dutch tax purposes is fully subject to Dutch income tax if he is an individual or fully subject to Dutch corporation tax if it is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, as described in the summary below.

Individuals deriving profits or deemed to be deriving profits from an enterprise

Any benefits derived or deemed to be derived from or in connection with Newco Class A Shares and Unibail-Rodamco Shares that are attributable to an enterprise from which an individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates up to 51.95%.

Individuals deriving benefits from miscellaneous activities

Any benefits derived or deemed to be derived from or in connection with Newco Class A Shares and Unibail-Rodamco Shares that constitute benefits from miscellaneous activities by an individual are generally subject to Dutch income tax at progressive rates up to 51.95%.

An individual may, inter alia, derive, or be deemed to derive, benefits from or in connection with Newco Class A Shares and Unibail-Rodamco Shares that are taxable as benefits from miscellaneous activities if his investment activities go beyond regular active portfolio management.

Other individuals

If a holder of Newco Class A Shares and Unibail-Rodamco Shares is an individual whose situation has not been discussed before in this section 13.2.1 "Material Tax Considerations – The Netherlands - Taxes on income and capital gains – Resident holders of Newco Class A Shares and Unibail-Rodamco Shares", the value of his Newco Class A Shares and his Unibail-Rodamco Shares forms part of the yield basis for purposes of tax on benefits from savings and investments. A deemed benefit, which is determined on the basis of progressive rates starting from 2.65% up to 5.38% per annum of this yield basis, is taxed at the rate of 30%. Actual benefits derived from or in connection with his Newco Class A Shares and his Unibail-Rodamco Shares are not subject to Dutch income tax.

Corporate entities

Any benefits derived or deemed to be derived from or in connection with Newco Class A Shares and Unibail-Rodamco Shares that are held by a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, are generally subject to Dutch corporate income tax.

General

A holder of Newco Class A Shares and Unibail-Rodamco Shares will not be deemed to be resident in The Netherlands for Dutch tax purposes by reason only of the holding of Newco Class A Shares and Unibail-Rodamco Shares or execution and enforcement of the documents relating to the issue of Newco Class A Shares and Unibail-Rodamco Shares or the performance by Newco or Unibail-Rodamco of their obligations under such documents or under the Newco Class A Shares and the Unibail-Rodamco Shares.

Non-resident holders of Newco Class A Shares and Unibail-Rodamco Shares

Individuals

If a holder of Newco Class A Shares and Unibail-Rodamco Shares is an individual who is neither resident nor deemed to be resident in The Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Newco Class A Shares and Unibail-Rodamco Shares, except if:

- he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands, and his Newco Class A Shares and Unibail-Rodamco Shares are attributable to such permanent establishment or permanent representative; or
- he derives benefits or is deemed to derive benefits from or in connection with Newco Class A Shares and Unibail-Rodamco Shares that are taxable as benefits from miscellaneous activities performed in The Netherlands.

Corporate entities

If a holder of Newco Class A Shares and Unibail-Rodamco Shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident, nor deemed to be resident in The Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporate income tax in respect of any benefits derived or deemed to be derived from or in connection with Newco Class A Shares and Unibail-Rodamco Shares, except if:

- it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands, and to which permanent establishment or permanent representative its Newco Class A Shares and Unibail-Rodamco Shares are attributable; or
- it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in The Netherlands, other than as a holder of securities, and to which enterprise its Newco Class A Shares and Unibail-Rodamco Shares are attributable.

General

If a holder of Newco Class A Shares and Unibail-Rodamco Shares is neither resident nor deemed to be resident in The Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands by reason only of the holding of Newco Class A Shares and Unibail-Rodamco Shares or execution and enforcement of the documents relating to the issue of Newco Class A Shares and Unibail-Rodamco Shares or the performance by Newco or Unibail-Rodamco of their obligations under such documents or under the Newco Class A Shares and the Unibail-Rodamco Shares.

13.2.2 Dividend withholding tax

Newco is generally required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by Newco, subject to possible relief under Dutch domestic law, the Treaty on the Functioning of the European Union or an applicable Dutch income tax treaty depending on a particular holder of Newco Class A Shares and Unibail-Rodamco Shares' individual circumstances.

The concept "dividends distributed by Newco" as used in this section of the Prospectus includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognised as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of Newco Class A Shares in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes;
- the nominal value of Newco Class A Shares issued by Newco to a holder of Newco Class A Shares or an increase of the par value of Newco, as the case may be, to the extent that it does not appear that a contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognised as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits, unless (a) the Newco General Meeting has resolved in advance to make such repayment and (b) the nominal value of the Newco Class A Shares concerned has been reduced by an equal amount by way of an amendment to the Newco Articles.

13.2.3 Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Newco Class A Shares and/or Unibail-Rodamco Shares by way of gift by, or upon the death of, a holder of Newco Class A Shares and/or Unibail-Rodamco Shares who is neither resident nor deemed to be resident in The Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in The Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Newco Class A Shares and Unibail-Rodamco Shares becomes a resident or a deemed resident in The Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Newco Class A Shares and Unibail-Rodamco Shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

13.2.4 Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in The Netherlands in respect of or in connection with the execution and enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of The Netherlands) of the documents relating to the issue of Newco Class A Shares and Unibail-Rodamco Shares, the performance by Newco and Unibail-Rodamco of their obligations under such documents, or the holding or transfer of Newco Class A Shares and Unibail-Rodamco Shares.

13.3. THE UNITED STATES

General

The following describes certain U.S. federal income tax considerations for U.S. holders (as defined below) of the distribution of the Newco Class A Shares to Unibail-Rodamco Shareholders and the ownership and sale or other taxable disposition of the Stapled Shares. This discussion is based on the Internal Revenue Code, the applicable Treasury regulations promulgated thereunder, administrative interpretations, and judicial decisions as in effect as of the date of this Prospectus, all of which may change, possibly with retroactive effect. No ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal income tax consequences herein. As a result, there can be no assurances that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below.

This discussion applies only to U.S. holders that beneficially own Unibail-Rodamco Shares or Stapled Shares as capital assets within the meaning of section 1221 of the Internal Revenue Code (generally, property held for investment). It does not address all aspects of U.S. federal income taxation that may be important to a U.S. holder (as defined below) in light of such U.S. holder's particular circumstances, or to a U.S. holder that is subject to special rules, such as:

- a financial institution or insurance company;
- a tax-exempt organization;
- a dealer or broker in securities;
- a U.S. holder whose functional currency is not the U.S. dollar;
- a former citizen or former long term resident of the United States;
- a real estate investment trust;
- a U.S. holder that holds its Unibail-Rodamco Shares or Stapled Shares (as the case may be) through individual retirement or other tax-deferred accounts;
- a U.S. holder that holds its Unibail-Rodamco Shares or Stapled Shares (as the case may be) as part of a hedge, appreciated financial position, straddle, or conversion or integrated transaction; or
- a U.S. holder that acquired its Unibail-Rodamco Shares or Stapled Shares (as the case may be) through the exercise of compensatory options or stock purchase plans or otherwise as compensation.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of Unibail-Rodamco Shares or Stapled Shares (as the case may be) that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States or any state therein or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) that is subject to the primary supervision of a court within the United States and all the substantial decisions of which are controlled by one or more U.S. persons or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

For purposes of this summary, the term "Non-U.S. holder" means any beneficial owner of Unibail-Rodamco Shares or Stapled Shares (as the case may be) that is treated as an individual, a corporation, a trust or an estate for U.S. federal income tax purposes and that is not a U.S. holder.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Unibail-Rodamco Shares or Stapled Shares (as the case may be), the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding Unibail-Rodamco Shares or Stapled Shares should consult its tax advisors.

This discussion of certain U.S. federal income tax considerations is not a complete description of all potential U.S. federal income tax considerations regarding the distribution of the Newco Class A Shares to Unibail-Rodamco Shareholders or the ownership and sale or other taxable disposition of the Stapled Shares. This discussion does not address U.S. federal income tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any alternative minimum tax, any non-income tax or any state or local, or non-U.S. tax considerations or the potential application of the Medicare contribution tax on net investment income. Accordingly, a U.S. holder should consult its tax advisors to determine the particular U.S. federal, state or local or non-U.S. income or other tax considerations regarding the distribution of the Newco Class A Shares to Unibail-Rodamco Shareholders and the ownership and sale or other taxable disposition of the Stapled Shares.

13.3.1 U.S. federal income tax classification of the Stapled Shares

The Stapled Shares should represent equity interests in two separate companies, Unibail-Rodamco and Newco, for U.S. federal income tax purposes, notwithstanding the fact that the Unibail-Rodamco Shares and Newco Class A Shares are stapled and cannot be traded separately. This determination, however, is not binding on the IRS. If the IRS were to successfully challenge such determination, the U.S. federal income tax considerations of the distribution of the Newco Class A Shares to Unibail-Rodamco Shareholders and the ownership and sale or other taxable disposition of the Stapled Shares would be different from those described below. A U.S. holder should consult its tax advisors regarding the material U.S. federal income tax considerations of the distribution of the Newco Class A Shares to Unibail-Rodamco Shareholders and the ownership and sale or other taxable disposition of the

Stapled Shares that would apply if the Stapled Shares were determined to represent an equity interest in a single company for U.S. federal income tax purposes.

13.3.2 Distribution of the Newco Class A Shares

A U.S. holder that receives a distribution of Newco Class A Shares in respect of its Unibail-Rodamco Shares will be treated as receiving a taxable distribution from Unibail-Rodamco equal to the fair market value of the Newco Class A Shares at the time of the distribution. The receipt of the Newco Class A Shares in a taxable distribution will be treated as described in "Ownership and Sale or Other Taxable Disposition of the Stapled Shares — Distributions" below. Because Unibail-Rodamco does not track its earnings and profits under U.S. federal income tax principles, it intends to treat the fair market value of the Newco Class A Shares that a U.S. holder receives in respect of its Unibail-Rodamco Shares as a dividend for U.S. federal income tax purposes. A U.S. holder's tax basis in each share of Newco Class A Shares distributed to it in respect of its Unibail-Rodamco Shares will be the fair market value of such Newco Class A Share as of the date of the distribution. A U.S. holder's holding period in the Newco Class A Shares distributed to such holder in respect of its Unibail-Rodamco Shares will begin on the day after the date the U.S. holder receives those shares.

13.3.3 Ownership and sale or other taxable disposition of the Stapled Shares

Distributions

Subject to the PFIC rules discussed below, the gross amount of any distribution made by Unibail-Rodamco or Newco in respect of its shares (without reduction for French or Dutch withholding taxes, as applicable) will constitute a taxable dividend to the extent paid out of current or accumulated earnings and profits of Unibail-Rodamco or Newco, as the case may be, as determined under U.S. federal income tax principles. Because neither Unibail-Rodamco nor Newco intends to track its earnings and profits under U.S. federal income tax principles, both Unibail-Rodamco and Newco intend to treat any distribution as a dividend for U.S. federal income tax purposes. Unibail-Rodamco and Newco will provide U.S. holders with the information necessary to determine the portion of each distribution paid in respect of the Stapled Shares that is attributable to distributions paid by Unibail-Rodamco and/or Newco. The U.S. dollar equivalent of such dividend generally will be included in the gross income of a U.S. holder as ordinary income when actually or constructively received by the U.S. holder. Dividends paid by either Unibail-Rodamco or Newco will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Dividends received by a non-corporate U.S. holder on Unibail-Rodamco Shares or Newco Class A Shares may be subject to U.S. federal income tax at lower rates (currently a maximum rate of 20%) than other types of ordinary income if certain conditions are met. A U.S. holder should consult its own tax advisors regarding the eligibility of such dividends for a reduced rate of tax.

The U.S. dollar equivalent of a dividend paid by Unibail-Rodamco or Newco in Euros will be determined based on the Euro/U.S. dollar exchange rate in effect on the date that the dividend is included in the gross income of the U.S. holder, regardless of whether the payment is converted into U.S. dollars on that date. Generally, any gain or loss resulting from currency exchange fluctuations during the period between the date the dividend payment is included in the gross income of a U.S. holder through the date that payment is converted into U.S. dollars (or otherwise disposed of) will be treated as U.S.-source ordinary income or loss. A U.S. holder should consult its tax advisors regarding the calculation and U.S. federal income tax treatment of foreign currency gain or loss.

To the extent, if any, that the amount of any distribution received by a U.S. holder in respect of its Unibail-Rodamco Shares or Newco Class A Shares exceeds the current and accumulated earnings and profits of Unibail-Rodamco or Newco (as the case may be), as determined under U.S. federal income tax principles, the distribution first will be treated as a tax-free return of capital to the extent of the U.S. holder's adjusted tax basis in the U.S. holder's Unibail-Rodamco Shares or Newco Class A Shares (and will result in a reduction of the U.S. holder's tax basis in such shares), and thereafter will be treated as U.S.-source capital gain which is subject to tax in the manner described below under " – Sale or Other Taxable Disposition of the Stapled Shares." As described above, because neither Unibail-Rodamco nor Newco intends to track its earnings and profits under U.S. federal income tax principles, both Unibail-Rodamco and Newco intend to treat any distribution as a dividend for U.S. federal income tax purposes.

For U.S. foreign tax credit purposes, dividends included in gross income by a U.S. holder will constitute income from sources outside the United States, and will generally be "passive category income." Subject to certain limitations under U.S. federal income tax law, any French or Netherlands withholding tax imposed in respect of a dividend paid by either Unibail-Rodamco or Newco to a U.S. holder may generally be claimed as a credit against the U.S. federal income tax liability of such U.S. holder, or alternatively, as a deduction in the computation of such U.S. holder's taxable income if the U.S. holder does not elect to claim a tax credit for any foreign taxes paid or accrued for the U.S. holder's taxable year. Special rules apply to the calculation of foreign tax credits in respect of dividend income that qualifies for preferential U.S. federal income tax rates. Additionally, special rules apply to individuals whose foreign source income during the taxable year consists entirely of "qualified passive income" and whose creditable foreign taxes paid or accrued during the taxable year do not exceed US$300 (US$600 in the case of a married couple filing a joint return). Further, under some circumstances, a U.S. holder that (i) has held Unibail-Rodamco Shares or Newco Class A Shares for less than a specified minimum period or (ii) is obligated to make payments related to any such dividends will not be allowed a foreign tax credit for withholding taxes imposed on dividends paid by Unibail-Rodamco or Newco. A U.S. holder should consult its tax advisors regarding the availability of the foreign tax credit under its particular circumstances.

Sale or Other Taxable Disposition of the Stapled Shares

A sale or other taxable disposition of the Stapled Shares will be treated as a direct sale or other taxable disposition of Unibail-Rodamco Shares and Newco Class A Shares. Generally, subject to the PFIC rules discussed below, a U.S. holder that is treated as selling or otherwise disposing of the Unibail-Rodamco Shares and Newco Class A Shares as a result of the sale or other taxable disposition of a Stapled Share, will recognize capital gain or loss equal to the difference between (i) the amount that the U.S. holder realizes from the sale or other taxable disposition of its Unibail-Rodamco Shares and Newco Class A Shares (allocated between such Unibail-Rodamco Shares and Newco Class A Shares in accordance with the relative fair market values of such shares at the time of the sale or other taxable disposition), and (ii) the U.S. holder's tax basis, determined in U.S. dollars, of the Unibail-Rodamco Shares and Newco Class A Shares transferred in the sale or other taxable disposition.

In the case of a non-corporate U.S. holder, any capital gain is generally taxed at preferential rates where the U.S. holder has a holding period greater than one year in the shares of Unibail-Rodamco and Newco at the time of the sale or other disposition. Certain limitations exist on a U.S. holder's ability to deduct capital losses for U.S. federal income tax purposes. A U.S. holder's gain or loss from the sale or other taxable disposition of the Unibail-Rodamco Shares and Newco Class A Shares generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Rules

A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (i) at least 75% of its gross income is passive income or (ii) on average at least 50% of the gross value of its assets at the end of each quarter of its taxable year is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business) and gains from commodities and securities transactions.

Newco believes that it will be a PFIC for U.S. federal income tax purposes for its current taxable year and taxable years in the foreseeable future. Unibail-Rodamco has not analyzed whether it is a PFIC for U.S. federal income tax purposes for its current taxable year or any previous year. Accordingly, Unibail-Rodamco may be a PFIC for its current taxable year ended December 31, 2018 and in future taxable years.

A U.S. holder of shares in a PFIC generally will be subject to special tax rules with respect to any "excess distribution" that it receives from the PFIC and any gain it recognizes from a sale or other disposition of shares in the PFIC, unless the U.S. holder makes a "mark-to-market" election or qualified electing fund election, as discussed below. Distributions that a U.S. holder receives from a PFIC in a taxable year that are greater than 125% of the average annual distributions that such U.S. holder received from the PFIC during the shorter of the three preceding taxable years or the U.S. holder's holding period for the PFIC shares will be treated as an excess distribution. In the case of an excess distribution or upon a sale or other taxable disposition of the shares of a PFIC by such U.S. holder:

– the gain recognized from the excess distribution or the sale or other taxable disposition of the PFIC shares will be allocated ratably over the U.S. holder's holding period for the PFIC shares;

– the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the PFIC first becomes a PFIC, will be treated as ordinary income, and

– the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The U.S. federal income tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other taxable disposition of the PFIC shares cannot be treated as capital, even if the U.S. holder holds the PFIC shares as capital assets. To determine the amount of "excess distributions" arising from gains from the sale or other taxable disposition of the PFIC shares, because the Unibail-Rodamco Shares and Newco Class A Shares will not trade separately, a U.S. holder will need to determine the fair market value of either the Unibail-Rodamco Shares and Newco Class A Shares, as applicable, at the time of the sale or other taxable disposition.

If a PFIC provides certain information to its U.S. holders, a U.S. holder can avoid the adverse U.S. federal income tax consequences described above by making a “qualified electing fund” election to be taxed currently on its proportionate share of the ordinary income and net capital gains of the PFIC, regardless of whether or not such income or gain is distributed by the PFIC in the form of dividends or otherwise. Unibail-Rodamco and Newco do not currently intend to provide information necessary for U.S. holders to make qualified electing fund elections.

As an alternative to the foregoing rules, a U.S. holder may make a mark-to-market election with respect to the PFIC shares, provided that the PFIC shares are regularly traded on Euronext Amsterdam or Euronext Paris (or another stock exchange satisfying the requirements set forth in the Treasury regulations). It is anticipated that the Unibail-Rodamco Shares and Newco Class A Shares should qualify as being regularly traded, but no assurances may be given in this regard. If a valid mark-to-market election is made, a U.S. holder will generally (i) include as ordinary income for each taxable year that Unibail-Rodamco or Newco is a PFIC the excess, if any, of the fair market value of the Unibail-Rodamco Shares or Newco Class A Shares owned by such U.S. holder at the end of such U.S. holder’s taxable year over the U.S. holder’s adjusted tax basis of the Unibail-Rodamco Shares or Newco Class A Shares at such time and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the Unibail-Rodamco Shares or Newco Class A Shares at the end of the U.S. holder’s taxable year over the fair market value of Unibail-Rodamco Shares or Newco Class A Shares held by the U.S. holder at the end of the U.S. holder’s taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Because the Unibail-Rodamco Shares and Newco Class A Shares will be stapled and will not trade separately, a U.S. holder that makes a mark-to-market election with respect to the Unibail-Rodamco Shares or Newco Class A Shares will need to determine the fair market value of the Unibail-Rodamco Shares or Newco Class A Shares, as the case may be, as of the last day of its taxable year. Neither Unibail-Rodamco nor Newco will provide U.S. holders any information regarding the fair market value of the Unibail-Rodamco Shares or Newco Class A Shares on the last day of an electing U.S. holder’s taxable year. If a U.S. holder makes the mark-to-market election, a U.S. holder’s adjusted tax basis in its Unibail-Rodamco Shares or Newco Class A Shares will be increased or decreased, as applicable, to reflect any income or loss resulting from the mark-to market election in any particular taxable year. If a U.S. holder has in place an effective mark-to-market election, in each year that Unibail-Rodamco or Newco is a PFIC, any gain recognized upon the sale or other disposition of the Unibail-Rodamco Shares or Newco Class A Shares will be treated as ordinary income and any recognized loss will be treated as ordinary loss, but only to the extent of the net amount previously included in the income of the U.S. holder as a result of the mark-to-market election. If a U.S. holder makes a mark-to-market election in respect of Unibail-Rodamco Shares or Newco Class A Shares and either Unibail-Rodamco or Newco subsequently ceases to be a PFIC, such U.S. holder will not be required to take into account the mark-to-market gain or loss described above during any period that Unibail-Rodamco or Newco is not a PFIC.

Because a mark-to-market election cannot be made for any lower-tier PFICs that another PFIC may own, a U.S. holder who makes a mark-to-market election with respect to Unibail-Rodamco Shares or Newco Class A Shares may continue to be subject to the general PFIC rules with respect to such U.S. holder’s indirect interest in any of the non-U.S. subsidiaries of

Unibail-Rodamco or Newco that is classified as a PFIC where Unibail-Rodamco or Newco, as the case may be, is classified as a PFIC.

If a U.S. holder owns Unibail-Rodamco Shares or Newco Class A Shares in any taxable year in which Unibail-Rodamco or Newco is a PFIC, such U.S. holder is generally required to file an IRS Form 8621 (or other form specified by the U.S. Department of the Treasury) on an annual basis, subject to certain exceptions based on the value of the Unibail-Rodamco Shares or Newco Class A Shares held by such U.S. holder. A U.S. holder should consult its own tax advisors regarding the potential application of the PFIC rules to their ownership of Unibail-Rodamco Shares and Newco Class A Shares.

Non-U.S. holders

A Non-U.S. holder generally will not be subject to any U.S. federal income or withholding tax on distributions received in respect Unibail-Rodamco Shares or Stapled Shares unless the distributions are effectively connected with the conduct by the Non-U.S. holder of a trade or business within the United States (and, if an applicable tax treaty requires, are attributable to a U.S. permanent establishment or fixed base of such Non-U.S. holder).

A Non-U.S. holder generally will not be subject to U.S. federal income tax in respect of gain recognized on a sale or other disposition of the Stapled Shares, unless:

- the gain is effectively connected with a trade or business conducted by the Non-U.S. holder within the United States (and, if an applicable tax treaty requires, is attributable to a U.S. permanent establishment or fixed base of such Non-U.S. holder), or
- the Non-U.S. holder is an individual who was present in the United States for 183 or more days in the taxable year of the disposition and other conditions are met.

Income that is effectively connected with a U.S. trade or business of a Non-U.S. holder, and, if an income tax treaty applies and so requires, is attributable to a U.S. permanent establishment or fixed base of the Non-U.S. holder, generally will be taxed in the same manner as the income of a U.S. holder. In addition, under certain circumstances, any effectively connected income realized by a corporate Non-U.S. holder may be subject to an additional "branch profits tax" at the rate of 30% or at a lower rate that may be prescribed by an applicable income tax treaty.

Information Reporting and Backup Withholding

In general, information reporting requirements will generally apply to dividend payments or other taxable distributions received by a non-corporate U.S. holder within the United States and the payment of proceeds to a U.S. holder from the sale or other taxable disposition of the Unibail-Rodamco Shares and Newco Class A Shares effected at a U.S. office of a broker. Additionally, backup withholding (currently at a 24% rate) will apply to such payments that are made to a non-corporate U.S. holder if such U.S. holder (i) fails to provide an accurate taxpayer identification number, (ii) is notified by the IRS that it has failed to report all interest and dividends required to be shown on its U.S. federal income tax returns or (iii) in certain circumstances, fails to comply with applicable certification requirements.

Payment of the proceeds from the sale or other taxable disposition of shares of Unibail-Rodamco and Newco stock by a U.S. holder that are effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale or other taxable disposition of Unibail-Rodamco Shares and Newco Class A Shares that is effected by a non-corporate U.S. holder at a foreign office of a broker will generally be subject to information reporting and backup withholding if (i) the proceeds of such sale or other taxable disposition are transferred to an account maintained by the U.S. holder in the United States, (ii) the payment of proceeds or the confirmation of the sale or other taxable disposition is mailed to the U.S. holder at a U.S. address or (iii) the sale or other taxable disposition has some other specified connection with the United States as provided in the Treasury regulations.

In addition, a sale or other taxable disposition of Unibail-Rodamco Shares and Newco Class A Shares effected by a non-corporate U.S. holder at a foreign office of a broker will generally be subject to information reporting if the broker is (i) a U.S. person, (ii) a controlled foreign corporation for U.S. federal income tax purposes, (iii) a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, (iv) a foreign partnership, if at any time during its tax year either (A) one or more of its partners are "U.S. persons", as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or (B) such foreign partnership is engaged in the conduct of a U.S. trade or business. In addition, backup withholding will apply with respect to payments made to a non-corporate U.S. holder if the sale or other taxable disposition of Unibail-Rodamco Shares and Newco Class A Shares is subject to information reporting and the broker has actual knowledge that the U.S. holder is a U.S. person.

Backup withholding is not an additional tax. The amount of backup withholding imposed on a payment generally may be claimed as a credit against the U.S. holder's U.S. federal income tax liability provided that the required information is properly furnished to the IRS in a timely manner.

In addition, a non-corporate U.S. holder that holds certain foreign financial assets (which may include the Unibail-Rodamco Shares and Newco Class A Shares) is required to file an information report with respect to such assets on an IRS Form 8938 with its U.S. federal income tax return, subject to certain exceptions. A U.S. holder should consult its own tax advisors regarding its obligation to file information reports with respect to the Unibail-Rodamco Shares and Newco Class A Shares.

13.4. AUSTRALIA

General

The following is a general description of the Australian tax consequences for an Australian resident who will become a holder of Unibail-Rodamco Shares and Newco Class A Shares as a consequence of the Schemes (assuming they become effective). The comments set out below are relevant only to those Australian resident holders who will hold their Stapled Shares on capital account. The description is based upon the Australian law and administrative practice in effect at the date of this Prospectus, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a holder of Stapled Shares.

This description does not apply to all holders of Stapled Shares. For example, it does not apply to any holders that:

- hold their Stapled Shares on revenue account or as trading stock;
- are temporary residents of Australia for Australian taxation purposes;
- hold their Stapled Shares in connection with a business carried on through a permanent establishment outside their country of residence;
- acquired their Stapled Shares under an employee share scheme;
- are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Stapled Shares; or
- have not been resident in the same country for tax purposes throughout the period they own the Stapled Shares.

Holders should seek independent professional advice in relation to their particular circumstances.

13.4.1 The Stapled Shares

Each security comprising the Stapled Share, being the Unibail-Rodamco Share and Newco Class A Share, constitute a separate asset for capital gains tax purposes. Holders will need to treat each component security of the Stapled Share separately. That is:

- holders will receive, and separately deal with, the tax consequences of dividends from a Unibail-Rodamco Share and dividends from a Newco Class A Share; and
- when the Stapled Share is disposed of, the holder will have to separately consider the tax issues associated with the disposal of the Unibail-Rodamco Share and the Newco Class A Share.

13.4.2 Dividends from Unibail-Rodamco

Unibail-Rodamco is a company that is not, and will not be, a resident of Australia for Australian income tax purposes. Accordingly, any dividends it pays to an Australian holder will be unfranked.

Australian resident holders will include in their assessable income the dividends paid by Unibail-Rodamco, which will be subject to withholding tax as described above in section 13.1.1 "Material Tax Considerations — France — Unibail-Rodamco Dividends — Non-French Residents" of this Prospectus. In summary, any dividends paid to Australian resident holders from Unibail-Rodamco will generally be subject to a withholding tax in France at the rate of:

- 12.8% where the shareholder is an individual; or
- 15% in all other cases.

The dividend will also be assessable income of an Australian resident holder. The amount which an Australian holder should include in their assessable income is the gross amount of the dividend. An Australian resident holder may be entitled to a foreign income tax offset for the foreign tax which has been withheld.

13.4.3 Dividends from Newco

Newco is a company that is not, and will not be, a resident of Australia for Australian income tax purposes. Accordingly, any dividends it pays to an Australian holder will be unfranked.

Australian resident holders will include in their assessable income the dividends paid by Newco, which will be subject to withholding tax as described above in section 13.2.2 “Material Tax Considerations — Netherlands — Dividend withholding tax” of this Prospectus. In summary, any dividends paid to Australian resident holders from Newco will generally be subject to a withholding tax in The Netherlands at the rate of 15%.

The dividend will also be assessable income of an Australian resident holder. The amount which an Australian holder should include in their assessable income is the gross amount of the dividend. An Australian resident holder may be entitled to a foreign income tax offset for the foreign tax which has been withheld.

13.4.4 Conversion of Foreign Currency Amounts

Generally, all tax-relevant amounts that are denominated in a foreign currency must be translated into Australian currency. Dividends paid in a foreign currency to a holder by Unibail-Rodamco and Newco must be translated into Australian currency at the Euro/Australian dollar exchange rate in effect on the date that the dividend is received.

13.4.5 Sale of Stapled Shares

Each Unibail-Rodamco Share and Newco Class A Share constituting a Stapled Share is a separate capital gains tax asset. Accordingly, where there is a disposal of a Stapled Share, there will, for capital gains tax purposes, be a disposal of a Unibail-Rodamco Share and a Newco Class A Share.

Accordingly, the disposal proceeds referable to the disposal of each individual Unibail-Rodamco Share and Newco Class A Share constituting a Stapled Share will need to be determined by apportioning the total capital proceeds received in respect of the disposal of the Stapled Share between the Unibail-Rodamco Share and Newco Class A Share on a reasonable basis.

Upon disposal of a Stapled Share, a holder will make a capital gain if:

- the portion of the disposal proceeds reasonably attributable to a Unibail-Rodamco Share exceeds the cost base of the Unibail-Rodamco Share; and/or
- the portion of the disposal proceeds reasonably attributable to a Newco Class A Share exceeds the cost base of the Newco Class A Share.

A holder will make a capital loss if:

- the portion of the disposal proceeds reasonably attributable to a Unibail-Rodamco Share is less than the reduced cost base of the Unibail-Rodamco Share; and/or
- the portion of the disposal proceeds reasonably attributable to a Newco Class A Share is less than the reduced cost base of the Newco Class A Share.

The way in which the cost base of each Unibail-Rodamco Share and Newco Class A Share acquired in respect of the Schemes will be calculated is outlined in the Scheme Booklet.

Holders who realise a capital gain from the disposal of Stapled Shares may be entitled to the capital gains tax discount provided that they have held their Stapled Shares for 12 months or more. The capital gains tax discount is available for individuals (50% discount), trusts (50% discount) and complying superannuation entities (33 1/3% discount). The capital gains tax discount is not available for holders that are companies. Holders that are trusts should seek advice from their own professional tax advisor regarding the income tax implications of distributions attributable to the capital gains tax discount.

The date of acquisition for capital gains tax discount purposes of the component securities of the Stapled Shares will be different depending on whether capital gains tax roll-over is available and chosen for the disposals of any Westfield Security which will occur under the Schemes. This will be relevant to determining whether the capital gains tax discount is available where the Stapled Shares are sold within 12 months of the Implementation Date.

13.4.6 Goods and Services Tax and Stamp Duty

No goods and services tax or stamp duty should apply to a holder's acquisition, holding and disposal of Stapled Shares.

14. GENERAL INFORMATION

14.1. Governmental, Legal or Arbitration Proceedings

14.1.1 Unibail-Rodamco

Save as disclosed in Note 12.3 to the 2017 Unibail-Rodamco Financial Statements, at the date of this Prospectus, Unibail-Rodamco is not and during the 12 months preceding this Prospectus has not been involved in any government, legal or arbitration proceeding (including any proceedings which Unibail-Rodamco is aware of and which are either pending or threatening) which may have, or have had in the recent past, significant effects on the Unibail-Rodamco Group or on the profitability or the financial position of the Unibail-Rodamco Group.

14.1.2 Westfield

At the date of this Prospectus, Westfield is not and during the 12 months preceding this Prospectus has not been involved in any government, legal or arbitration proceeding (including any proceedings which Westfield is aware of and which are either pending or threatening) which may have, or have had in the recent past, significant effects on the Westfield Group or on the profitability or the financial position of the Westfield Group.

14.1.3 Newco

At the date of this Prospectus, Newco is not and during the 12 months preceding this Prospectus has not been involved in any government, legal or arbitration proceeding (including any proceedings which Newco is aware of and which are either pending or threatening) which may have, or have had in the recent past, significant effects on Newco or on the profitability or the financial position of Newco and/or its group.

14.2. Significant Changes

There has been no significant change in the financial or trading position of the New Group since December 31, 2017 with the exception of (i) the Transaction and (ii) the Bridge Loan.

There has been no material change in the value of the properties included in the Unibail-Rodamco Valuation Report since December 31, 2017.

For completeness' sake, it is mentioned that The Tax Cuts and Jobs Act (U.S. Public Law 115-97) led to a one time deferred tax credit of US$237.0 million in the Westfield Consolidated Financial Statements 2017, following the reduction of U.S. corporate tax rate from 35% to 21%.

Because WEA and U.S. Newco intend to be classified as REITs for U.S. federal income tax purposes, for the years 2018 onwards the New Group should not be impacted by the changes to the corporate tax system in the U.S.

14.3. Working Capital Statement

Unibail-Rodamco and Newco are of the opinion that the working capital available to the New Group is sufficient to meet its present requirements, that is for at least a period of 12 months from the date of this Prospectus.

14.4. MATERIAL CONTRACTS

14.4.1 Unibail-Rodamco

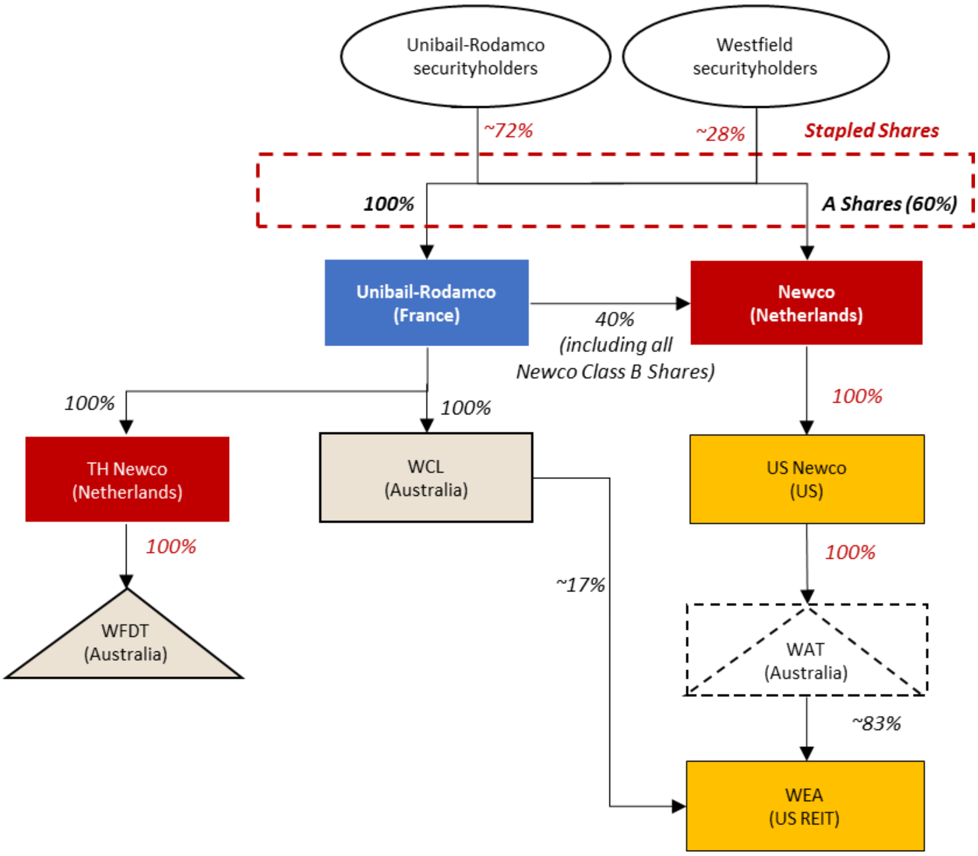
Except with respect to the Implementation Agreement described in section 3.7 "– Implementation Agreement" and the Bridge Loan described in section 3.9"– Financing of the Transaction" of this Prospectus, in the two years immediately preceding the date of the Prospectus, neither Unibail-Rodamco nor any member of its group has, directly or indirectly, entered into any material contracts (other than contracts in the ordinary course of business) or any other contracts (other than contracts in the ordinary course of business) which contain any provision under which Unibail-Rodamco or any member of its group has any obligation or entitlement which is material to Unibail-Rodamco as of the date of the Prospectus.

14.4.2 Westfield

Except with respect to the Implementation Agreement described in Section 3.7 "– Implementation Agreement" of this Prospectus, in the two years immediately preceding the date of this Prospectus, neither Westfield nor any member of its group has, directly or indirectly, entered into any material contracts (other than contracts in the ordinary course of business) or any other contracts (other than contracts in the ordinary course of business) which contain any provision under which Westfield or any member of its group has any obligation or entitlement which is material to Westfield as of the date of the Prospectus.

14.5. STRUCTURE

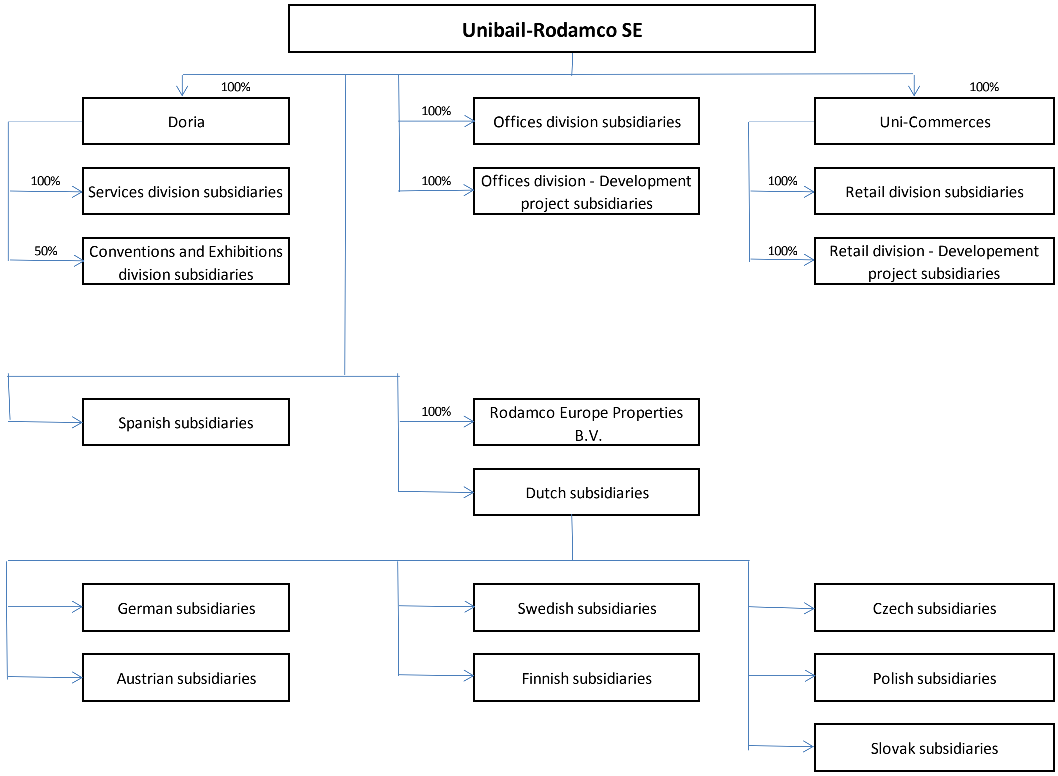
14.5.1 New Group[112]



112 The percentages in the chart above reflect both percentages of capital interest and voting rights.

14.5.2 Unibail-Rodamco

The structure of Unibail-Rodamco, as at the date of this Prospectus, is set out in simplified form in the chart below.



For information about Unibail-Rodamco's list of material and significant entities, refer to section 5.2, note 14 to the Unibail-Rodamco 2017 Consolidated Financial Statements of the 2017 Registration Document.

14.5.3 Westfield

The information provided below relates to Westfield's structure before completion of the Transaction.

Until completion of the Transaction, Westfield Securityholders hold Westfield Securities, one Westfield Security being a combination of separate securities that trade together as one security on the ASX. A single Westfield Security comprises:

– one WCL share;

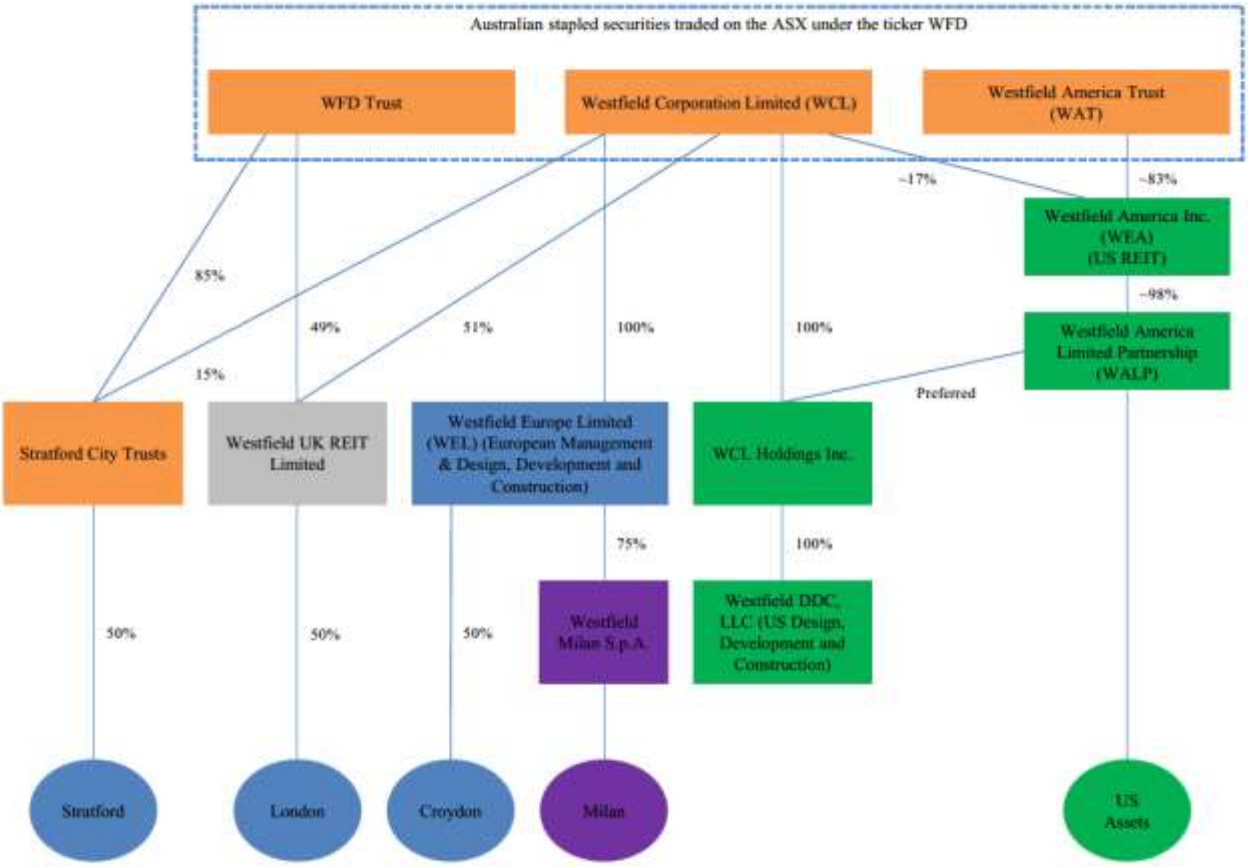
– one WFDT unit;

– one WAT unit.

WCL and various of its subsidiaries are the primary entities through which shopping centre development, design, construction, management, leasing and marketing operations and asset management activities are conducted in the United Kingdom and the United States. WCL also owns interest in certain of Westfield's UK properties. WAT and various of its subsidiaries are the primary entities through which Westfield owns and manages its shopping centre interests in the United States.

Interests in Westfield's United Kingdom properties are held through WCL and WFDT.

The structure of Westfield, as at the date of this Prospectus, is set out in simplified form in the chart below.



Orange: Australia
Green: US
Blue: UK
Purple: Italy
Grey: Jersey

The list of material and significant entities of Westfield, as at the date of this Prospectus, is provided below.

DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES			
Name of entity	**Beneficial Parent Company[(1)] (%)**	**Westfield Corporation (%)**	**Consolidated or Equity accounted (%)**
Entities incorporated in Australia			
Parent Company			
WCL	100	100	100
Consolidated Controlled Entities			
WFDT	-	100	100
WAT	-	100	100
WCL Finance Pty Limited	100	100	100
WCL Management Pty Limited	100	100	100
Westfield Investments Pty Limited	100	100	100
WFA Finance (Aust) Pty Limited	-	100	100
Entities incorporated in United Kingdom			
Consolidated Controlled Entities			
Westfield Europe Limited	100	100	100
Westfield UK & Europe Finance PLC	100	100	100
White City Acquisition Limited	51.0	100	100
Entities incorporated in the United States			
Consolidated Controlled Entities			
WEA	17.4	100	100
New WTC Retail Member LLC	17.5	100	100
WEA Finance LLC	17.5	100	100
Westfield, LLC	17.5	100	100
Westfield America, LP	17.5	100	100
Westfield DDC, LLC	100	100	100
Westfield Head, LP	17.4	100	100

(1) Beneficial interest in underlying controlled and equity accounted entities reflects the parent company being WCL and its subsidiaries (excluding WFDT and WAT) and Westfield's ownership interest as determined under International Financial Reporting Standards excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

See section 3 "Information on the Transaction" of this Prospectus for more details on the Transaction.

14.6. AVAILABILITY OF DOCUMENTS

During the period of twelve month following the date of this Prospectus, the documents listed below, or the copies thereof, may be obtained, free of charge, at Unibail-Rodamco at 7 place du Chancelier-Adenauer, 75016 Paris, France, and at Newco at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands, and, where appropriate, on the website of Unibail-Rodamco (http://www.unibail-rodamco.com) or on the website of Newco (http://www.wfd-unibail-rodamco-nv.com):

- the Unibail-Rodamco Articles and the Newco Articles;
- the Unibail-Rodamco Valuation Report;
- the Implementation Agreement;
- the 2017 Registration Document, the 2016 Registration Document and the 2015 Registration Document, in French and English language; and
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at Unibail-Rodamco, Westfield or Newco's request and any part of which is included in the Prospectus.

14.7. INDEPENDENT APPRAISERS

14.7.1 Unibail-Rodamco

Unibail-Rodamco's portfolio was valued by the below-mentioned independent appraisers. They have given their written consent to the inclusion of their valuation reports in the Prospectus in the form and context in which they have been included.

Independent valuations were conducted in accordance with the appropriate sections of the current Practice Statements contained within the Red Book. The valuations have been also prepared in accordance with the AMF recommendations regarding the presentation of valuation parameters of listed real estate companies, published February 8, 2010.

JLL Limited
Christian Luft MRICS
30 Warwick Street
London W1B 5NH
United-Kingdom

Cushman & Wakefield
Jean-Philippe Carmarans MRICS
Tour Opus 12
77 esplanade du Général de Gaulle
92800 Puteaux
France

PwC Corporate Finance
Geoffroy Schmitt
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

14.7.2 Westfield

Westfield's portfolio was valued by the below-mentioned external valuers. They have given their written consent to the inclusion of their valuation reports in the Prospectus in the form and context in which they have been included.

External valuations were conducted in accordance with guidelines set by RICS Valuation – Global Standards 2017 and RICS – Professional Standards UK – January 2014 which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

The appraisers of the UK Portfolio are:

CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB
United Kingdom

GVA Grimley Limited
Roger Dunnett
65 Gresham Street
London
EC2V 7NQ
United Kingdom

The appraisers of the U.S. Portfolio are:

Altus Group U.S. Inc.
34 Exchange Place
902 Plaza 2, 9th Floor
Jersey City
NJ 07311
USA

Cushman & Wakefield, Inc.
Deborah Jackson
1290 Avenue of the Americas, 9th Floor
New York, NY 10104-6178
USA

Cushman & Wakefield Western, Inc.
Ellen Gunderson
601 South Figueroa Street, 47th Floor
Los Angeles, CA 90017-5752
USA

Duff & Phelps, LLC
Ross Prindle
311 South Wacker Drive, Suite 4200
Chicago Il 60606
USA

14.8. ADVISORS

14.8.1 Unibail-Rodamco

The following parties have advised Unibail-Rodamco in relation to the Transaction:

- Deutsche Bank, as lead financial advisor to Unibail-Rodamco;
- Goldman Sachs, as lead financial advisor to Unibail-Rodamco;
- J.P. Morgan, as financial advisors to Unibail-Rodamco;
- Lazard, as financial advisors to Unibail-Rodamco;
- Bank of America Merrill Lynch, as financial advisors to Unibail-Rodamco;
- Barclays, as financial advisors to Unibail-Rodamco;
- BNP Paribas as financial advisors to Unibail-Rodamco;
- Morgan Stanley, as financial advisors to Unibail-Rodamco;
- Kempen & Co., as financial advisors to Unibail-Rodamco;
- Darrois Villey Maillot Brochier, as legal advisors to Unibail-Rodamco;
- Allens, as legal advisors to Unibail-Rodamco;
- NautaDutilh N.V., as legal advisors to Unibail-Rodamco;
- Shearman & Sterling LLP, as legal and tax advisors to Unibail-Rodamco;
- Clifford Chance Europe LLP, as legal advisors to Unibail-Rodamco;
- Capstan Avocats, as legal advisors to Unibail-Rodamco;
- Lacourte Raquin Tatar, as tax advisors to Unibail-Rodamco;
- Loyens & Loeff, as tax advisors to Unibail-Rodamco;
- Sullivan & Cromwell LLP, as tax advisors to Unibail-Rodamco;
- Allen & Overy LLP, as tax advisors to Unibail-Rodamco;
- Deloitte et Associés, as joint auditor to Unibail-Rodamco; and
- Ernst & Young Audit, as joint auditor to Unibail-Rodamco.

14.8.2 Westfield

The following parties have advised Westfield in relation to the Transaction:

- Skadden Arps, Slate, Meagher & Flom LLP, as French legal and tax advisor, and U.S. tax advisor to Westfield;
- King & Wood Mallesons, as Australian legal advisor to Westfield;

- Debevoise & Plimpton LLC, as US legal advisor to Westfield;
- Rothschild, as lead financial advisor to Westfield;
- UBS, as joint financial advisor to Westfield;
- Jefferies Group LLC, as joint financial advisor to Westfield;
- Grant Samuel & Associates Pty Limited, as Independent Expert;
- Greenwoods and Herbert Smith Freehills, as Australian tax advisor to Westfield; and
- Ernst & Young (Australia), as auditor to Westfield.

14.9. EXPENSES OF THE TRANSACTION

14.9.1 Unibail-Rodamco

The amount of the fees and expenses of financial advisors, lawyers, accountants, and communication consultants incurred by Unibail-Rodamco in connection with the Transaction and the Admission, is estimated at approximately €86 million (US$103 million).

14.9.2 Westfield

Westfield has incurred significant costs in developing the Transaction with Unibail-Rodamco to the point that it is capable of being submitted to Westfield Securityholders for their consideration. These costs include negotiations with Unibail-Rodamco, retention of advisers, provision of information to Unibail-Rodamco, facilitating Unibail-Rodamco's access to due diligence and engagement of the Independent Expert.

If the Transaction is implemented, these costs will effectively be met by Unibail-Rodamco and Newco as the ultimate owners of Westfield following implementation of the Transaction. If the Transaction is not implemented and if no Superior Proposal emerges and becomes effective, Westfield expects to incur total costs of approximately US$50 million, US$10.3 million of which was paid in the 2017 financial year and the remainder of which will be paid in the 2018 financial year.

14.10. NO INCORPORATION OF WEBSITE

With the exception of the documents incorporated by reference as specified in section 16 "Documents Incorporated by Reference" in the Prospectus, the contents of Unibail-Rodamco and Newco's respective websites, including any websites accessible from hyperlinks on Unibail-Rodamco and Newco's website, do not form part of, and are not incorporated by reference into, the Prospectus.

14.11. INTEREST OF NATURAL AND LEGAL PERSONS

See section 3.1 of this Prospectus.

15. INDEPENDENT AUDITORS

15.1. UNIBAIL-RODAMCO STATUTORY AUDITORS

The 2015 Unibail-Rodamco Financial Statements and the 2016 Unibail-Rodamco Financial Statements have been jointly audited by:

Ernst & Young Audit, represented by Christian Mouillon
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
France

Deloitte et Associés, represented by Damien Leurent
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine
France

The 2017 Unibail-Rodamco Financial Statements have been jointly audited by:

Ernst & Young Audit, represented by Jean-Yves Jégourel
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
France

Deloitte et Associés, represented by Pascal Colin
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine
France

The appointment of Ernst & Young Audit as incumbent statutory auditors of Unibail-Rodamco was renewed by the Unibail-Rodamco General Meeting convened in April 25, 2017, for a period of six years, to expire at the end of the ordinary Unibail-Rodamco General Meeting convened to approve the statutory financial statements for the fiscal year ending December 31, 2022.

The appointment of Deloitte et Associés as incumbent statutory auditors of Unibail-Rodamco was renewed by the Unibail-Rodamco General Meeting convened in April 25, 2017, for a period of six years, to expire at the end of the ordinary Unibail-Rodamco General Meeting convened to approve the statutory financial statements for the fiscal year ending December 31, 2022.

Ernst & Young et Autres and Deloitte et Associés are members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors Association).

15.2. NEWCO STATUTORY AUDITORS

Bedrijfsgegevens Ernst & Young Accountant LLP, represented by Michèle Hagers,
Boompjes 258
3011 XZ Rotterdam
The Netherlands

Bedrijfsgegevens Ernst & Young Accountant LLP is a member of The Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

15.3. WESTFIELD STATUTORY AUDITORS

The Westfield Consolidated Financial Statements 2017 have been audited by:

Ernst & Young
The Ernst & Young Centre
200 George Street
Sydney NSW 2000
Australia

Ernst & Young consented to act as statutory auditors of Westfield on December 11, 2013.

16. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in the Prospectus:

- The French and English version of the 2017 registration document of Unibail-Rodamco, including the audited consolidated financial statements of Unibail-Rodamco as at, and for the year ended December 31, 2017, the related notes thereto and the associated audit reports (respectively the "**2017 Registration Document**" and the "**2017 Unibail-Rodamco Financial Statements**") which was filed with the AMF on March 28, 2018, under registration number D.18-0194;
- The audited consolidated financial statements of Unibail-Rodamco as at, and for the year ended December 31, 2016, the related notes thereto and the associated audit reports, contained in the French and English version of the 2016 registration document of Unibail-Rodamco (respectively the "**2016 Unibail-Rodamco Financial Statements**" and the "**2016 Registration Document**") which was filed with the AMF on March 21, 2017, under registration number D.17-0198; and
- The audited consolidated financial statements of Unibail-Rodamco as at, and for the year ended December 31, 2015, the related notes thereto and the associated audit reports, contained in the French and English version of the 2016 registration document of Unibail-Rodamco (respectively the "**2015 Unibail-Rodamco Financial Statements**" and the "**2015 Registration Document**") contained in of Unibail-Rodamco (which was filed with the AMF on March 18, 2016, under registration number D.16-0170.

17. DEFINITIONS

"**Admission**" designates the admission of the Stapled Shares to trading on Euronext Paris and Euronext Amsterdam.

"**Advisory Board**" has the meaning given in section 10.3.1 of this Prospectus.

"**Afep-Medef Code**" designates the French Afep-Medef Corporate Governance Code of Listed Companies, the latest version of which was published in November 2016.

"**AEX**" designates the benchmark Dutch stock market index.

"**Affiliated Body**" designates an affiliated (*verbonden*) Body.

"**AFM**" designates the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*).

"**AMF**" designates the French *Autorité des marchés financiers*.

"**ASIC**" designates the Australian Securities and Investments Commission.

"**ASX**" designates ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

"**ASX Corporate Governance Principles and Recommendations**" designates the corporate governance principles and recommendations issued by the ASX corporate governance council.

"**ASX Foreign Exempt Listing**" designates the admission of a company to the official list of ASX as an "ASX Foreign Exempt Listing" pursuant to ASX Listing Rule 1.11.

"**ASX Listing Rules**" designates the listing rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

"**BALO**" designates the French official bulletin of legal notices (*Bulletin des Announces Légales Obligatoires*).

"**Beneficiaries of the Distribution in Kind**" designates Unibail-Rodamco Shareholders whose Unibail-Rodamco Shares have been recorded in the accounts in their name at the end of the trading day preceding the date of detachment and payment, *i.e.*, June 6, 2018 (expected), (after taking into account orders executed during that day, even if these orders are settled and delivered after the date of detachment).

"**Body**" designates a body (*lichaam*) within the meaning of the CITA.

"**Break Fee**" has the meaning given in section 3.7.11 of this Prospectus.

"**Brexit**" has the meaning set forth in section 1.1 of this Prospectus.

"**Bridge Loan**" has the meaning given in section 3.9 of this Prospectus.

"**Business Day**" designates a business day as defined in the ASX Listing Rules and on which trading will take place on Euronext Paris and Euronext Amsterdam and the New York Stock Exchange.

"**CAC40**" designates the benchmark French stock market index.

"**Cash Consideration**" has the meaning given in section 3.1 of this Prospectus.

"**CDIs**" designates CHESS depositary interests that represent beneficial ownership in Stapled Shares registered in the name of or on behalf of CDN, on the basis that 20 CDIs collectively represent a beneficial ownership interest in 1 Stapled Share.

"**CDN**" designates CHESS Depositary Nominees Pty Limited (ACN 071 346 506), a subsidiary of ASX.

"**CET**" designates Central European Time.

"**Centralizing Bank**" designates the bank responsible for centralizing the transactions in connection with the Distribution in Kind.

"**CITA**" designates the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

"**Competing Proposal**" designates a proposal, offer transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed substantially in accordance with its terms, would:

(a) mean a person (other than Unibail-Rodamco or its related bodies corporate) whether alone or together with its associates would:

  (i) directly or indirectly, acquire, or have a right to acquire, a legal, beneficial or economic interest in, or relevant interests in, or control of, 20% or more of the Westfield Securities (other than as custodian, nominee or bare trustee);

  (ii) acquire control of Westfield;

  (iii) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in, or control of, all or a substantial part or a material part of the assets of or business conducted by the Westfield Group; or

  (iv) otherwise directly or indirectly acquire or merge (including by a reverse takeover bid or dual listed company structure) with Westfield; or

(b) require, or be reasonably likely to require, Unibail-Rodamco to abandon, or otherwise fail to proceed with, the Transaction or any part of the Transaction, by whatever means,

and, in each case, includes any variation or modification of an earlier Competing Proposal.

"**Conditions Precedent**" has the meaning given in section 3.7.2 of this Prospectus.

"**Corporations Act**" designates the Corporations Act 2001 (*Cth*) (Australia).

"**CSR**" designates Corporate and Social Responsibility.

"**DCC**" designates the Dutch Civil Code (*Burgerlijk Wetboek*).

"**DCGC**" designates the Dutch Corporate Governance Code dated December 8, 2016.

"**Deed Poll**" designates the Deed Poll under which Unibail-Rodamco agreed, subject to the Schemes becoming Effective and subject to and in accordance with the terms of the Schemes, to:

(a) provide, or procure the provision of, the Scheme Consideration to each Scheme Participant, in accordance with the terms of the Schemes; and

(b) procure that TH Newco, Newco BI and U.S. Newco undertake all actions attributed to them under the Schemes.

"**Destapling**" designates the destapling of WCL, WAT and WFDT.

"**Development pipeline**" designates, as per Unibail-Rodamco methodology and as indicated in section 2.2 of this Prospectus, projects including (i) committed projects: projects currently under construction, for which Unibail-Rodamco owns the land (or building rights) and has obtained all necessary administrative authorizations and permits; (ii) controlled projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land (or building rights), but where not all administrative authorisations are obtained yet; (iii) secured exclusivity projects: projects identified, for which Unibail-Rodamco has the exclusivity but where negotiations for land, building rights or project definition are still underway. Westfield and Unibail-Rodamco use different reporting methods regarding the scope and the valuation of their development pipeline. Throughout this Prospectus, Westfield stand-alone figures are based on Westfield methodology and disclosures, and Unibail-Rodamco stand-alone figures are based on Unibail-Rodamco methodology and disclosures. In order to make combined figures comparable based on Unibail-Rodamco methodology, some adjustments were made to Westfield reported figures to calculate combined proportionate pipeline. For Unibail-Rodamco pipeline projects, proportionate figures are based on total investment cost as per Unibail-Rodamco's scope and definition as of December 31, 2017. For Westfield pipeline projects, this figure reflects proportionate total investment costs based on Unibail-Rodamco's estimate of Westfield pipeline per Unibail-Rodamco methodology, as at December 31, 2017.

"**DFSA**" designates the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

"**Distribution in Kind**" designates the exceptional distribution in kind by Unibail-Rodamco of one Newco Class A Share for each Unibail-Rodamco Share held.

"**Document E**" designates the document filed with the AMF by Unibail-Rodamco relating to Unibail-Rodamco's share capital increase in the WCL Share Scheme approved by the AMF under visa No. E.18-009 dated March 28, 2018.

"**Dutch Coalition Agreement**" designates the 2017 Dutch Coalition Agreement (*Regeerakkoord 2017 "Vertrouwen in de toekomst*") dated October 10, 2017.

"**Dutch Giro Securities Act**" designates the Dutch Giro Securities Act (*Wet Giraal Effectenverkeer*).

"**ECB**" designates the European Central Bank.

"**EEC**" designates the European Employees' Committee of Unibail-Rodamco.

"**Effective**" designates, in relation to the Transaction and the Schemes, all of the following events taking place:

(a) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Scheme Court made under section 411(4)(b) in relation to the WCL Share Scheme, but in any event at no time before an office copy of the order of the Scheme Court is lodged with ASIC; and

(b) the Westfield Constitutional Amendments taking effect pursuant to section 601GC(2) of the Corporations Act.

"**Effective Date**" designates the date on which the Schemes become Effective.

"**EMTN**" designates Euro Medium Term Notes.

"**End Date**" designates September 30, 2018, or such other date as agreed by Unibail-Rodamco and Westfield.

"**Enterprise Chamber**" designates the Enterprise Chamber of the Amsterdam Court of Appeal (*ondernemingskamer van het Gerechtshof te Amsterdam*).

"**EPRA**" designates the European Public Real Estate Association, a non-profit association representing Europe's publicly listed property companies.

"**EPRA index**" designates the FTSE EPRA Global Real Estate Index, the stock market index series composed of property company constituents that trade on several global exchanges.

"**EPS**" designates earnings per share.

"**Equity Plan Satisfaction Subscription Right**" designates the continuous and, on a revolving basis, repeatedly exercisable right of Unibail-Rodamco to subscribe for Newco Class A Shares in connection with obligations under equity incentive plans, stock option plans, equity saving plans, performance share plans or other plans of Unibail-Rodamco or any Unibail-Rodamco Subsidiary pursuant to which any employees, officers and/or directors of the New Group may be awarded Stapled Shares or rights to acquire Stapled Shares.

"**Equity Plan Satisfaction Subscription Right Agreement**" designates the agreement to be entered into between Unibail-Rodamco and Newco in connection with the Equity Plan Satisfaction Subscription Right.

"**ERB Opinion**" designates the opinion from the EEC and the Unibail-Rodamco UES Works Council.

"**ESMA**" designates the European Securities and Markets Authority.

"**Espace Expansion**" designates Espace Expansion, a *société par actions simplifiée*.

"**EU**" designates the European Union.

"**Euronext Amsterdam**" designates the regulated market operated by Euronext Amsterdam N.V.

"**Euronext Paris**" designates the regulated market operated by Euronext Paris S.A.

"**Eurostoxx 50**" designates the stock index of Euro-zone stock based on the 50 largest and most liquid stocks.

"**Exclusivity Period**" has the meaning given in section 3.7.4 of this Prospectus.

"**FCA**" designates the United Kingdom's Financial Conduct Authority.

"**FII**" designates a fiscal investment institution (*fiscale beleggingsinstelling*) within the meaning of the CITA.

"**Financial Reporting Supervision Act**" designates the Dutch financial reporting supervision act (*Wet toezicht financiële verslaggeving*).

"**FIRB**" designates the Australian Foreign Investment Review Board.

"**Fitch Ratings**" or "**Fitch**" designates Fitch Ratings Ltd.

"**Flagship**" asset designates assets that are typically the most attractive to consumers in a given geography, and are therefore critical to retailers in their strategy to reach and influence customers and generate revenue. Westfield's Flagship asset list is based on Westfield's public disclosures and amended by Westfield from time to time, and comprises leading centres in major markets typically with total annual sales in excess of US$450 million, specialty annual sales in excess of US$500 per square foot and anchored by premium department stores. The criteria applied to identify Unibail-Rodamco Flagship assets include the following: GLA of at least 50,000 m², annual footfall of at least 10 million, a catchment area of at least 400,000 inhabitants and at least 120 stores. Some of Unibail-Rodamco's Flagship assets do not meet one of the above-mentioned criteria but have the potential to meet them all, except for Carrousel du Louvre and Cnit Commerces, considered as Flagship assets despite lower GLA.

"**France-Netherlands Tax Treaty**" designates the tax treaty concluded between France and The Netherlands on March 16, 1973.

"**French FTT**" designates the French tax on financial transactions.

"**French Treasury**" designates the administration in charge of French State's debt and cash management.

“**FSMA**” designates the United Kingdom Financial Services and Markets Act 2000.

“**FTC**” designates the French general tax code (*code général des impôts*).

“**GLA**” designates the gross lettable area.

“**GMV**” designates gross market value.

“**Hybrid Securities**” designates the deeply subordinated perpetual hybrid securities to be issued by Unibail-Rodamco in connection with the financing of the Transaction.

“**IASB**” designates the International Accounting Standards Board.

“**IFRS**” designates the International Financial Reporting Standards as applicable in the European Union.

“**Implementation Agreement**” designates the implementation agreement dated December 12, 2017 between Unibail-Rodamco and Westfield.

“**Implementation Date**” designates means the 5th Business Day following the Record Date or such other date after the Record Date as Unibail-Rodamco and Westfield agree in writing.

“**Independent Expert**” designates Grant Samuel & Associates Pty Limited (ABN 28 050 036 372).

“**Ineligible Foreign Holders**” has the meaning given in section 3.6.1 of this Prospectus.

“**Integration Committee**” has the meaning given in section 10.3.2 of this Prospectus.

“**Internal Revenue Code**” designates the U.S. Internal Revenue Code of 1986.

“**IPUC**” designates Investment Properties Under Construction.

“**IRS**” designates the U.S. Internal Revenue Service.

“**ITAA 1936**” or “**Income Tax Assessment Act 1936**” designates the Australian Income Assessment Act 1936 (*Cth*)

“**LFG**” designates LFG Services Pty Limited.

“**Loan-to-Value**” or “**LTV**” designates net financial debt over total portfolio valuation.

“**Lowy Institute**” designates the Lowy Institute for International Policy.

“**LTI**” designates long term incentives.

“**Market Abuse Directive**” designates Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse.

"**Market Abuse Regulation**" designates the Regulation No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended.

"**Minimum Holders**" designates a Scheme Participant who would otherwise be entitled to receive a parcel of CDIs or Stapled Shares under the WCL Share Scheme and WAT Trust Scheme which has a value of less than AUD500 (subject to approval by ASIC), if the value of that parcel is taken to be:

– the price of a Unibail-Rodamco Share on Euronext Paris as at the close of trading on the Effective Date;

  multiplied by

– the number of Stapled Shares to which the Scheme Participant is entitled (in the form of Stapled Shares or CDIs).

"**Moody's**" designates Moody's Investors Services Ltd.

"**New Group**" refers to Unibail-Rodamco, Newco and the group of companies owned and/or controlled by Unibail-Rodamco and/or, after the completion of the Transaction, Newco.

"**New Group Plans**" designates the employee benefit plans of the New Group providing benefits to any current or former employee of the New Group.

"**New Group Pro Forma Financial Information**" has the meaning given in section 8.2.1 of this Prospectus.

"**Newco**" designates WFD Unibail-Rodamco N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, including the Newco Subsidiaries where the context so requires.

"**Newco Articles**" designates Newco's articles of association as they shall read as of completion of the Transaction.

"**Newco Audit Committee**" designates Newco's audit committee.

"**Newco Capital Instrument**" has the meaning given in section 11.3.3 of this Prospectus.

"**Newco Chairman**" designates the chairman of the Newco Supervisory Board.

"**Newco Class A Meeting**" designates the Newco Class Meeting with respect to Newco Class A Shares.

"**Newco Class A Share**" designates a class A share in Newco's capital.

"**Newco Class B Meeting**" designates the Newco Class Meeting with respect to Newco Class B Shares.

"**Newco Class B Share**" designates a class B share in Newco's capital.

“**Newco Class Meeting**” designates the meeting formed by the Persons with Newco Meeting Rights with respect to Newco Class A Shares or Newco Class B Shares, as relevant.

“**Newco Controlling Shareholder**” designates a Newco Shareholder who, either on its own or together with one or more other Newco Shareholders with which it acts in concert within the meaning of section 5:70 DFSA (or such statutory provision which may replace section 5:70 DFSA) as reasonably determined by the Newco Chairman, has the right to exercise at least 30% of the voting rights in the Newco General Meeting.

“**Newco General Meeting**” designates Newco's general meeting of Newco Shareholders (*algemene vergadering*) being the corporate body or, where the context so requires, the physical meeting of Newco Shareholders.

“**Newco GNRC**” designates Newco's governance, nomination and remuneration committee.

“**Newco Group Company**” designates an entity or partnership which is organizationally connected with Newco in an economic unit within the meaning of section 2:24b DCC.

“**Newco Indemnified Officer**” designates a current or former Newco MB Member or Newco SB Member and such other current or former officer or employee of Newco or the Newco Subsidiaries as designated by the Newco Management Board, with the approval of the Newco Supervisory Board.

“**Newco Management Board**” designates Newco's management board (*bestuur*).

“**Newco Management Board Rules**” designates the internal rules applicable to the Newco Management Board, as drawn up by the Newco Management Board, with the approval of the Newco Supervisory Board.

“**Newco MB Member**” designates a member of the Newco Management Board.

“**Newco SB Member**” designates a member of the Newco Supervisory Board.

“**Newco Share**” designates a share in Newco's capital, irrespective of its class.

“**Newco Shareholder**” designates a holder of Newco Shares.

“**Newco Subsidiary**” designates a subsidiary of Newco within the meaning of section 2:24a DCC.

“**Newco Supervisory Board**” designates Newco's supervisory board (*raad van commissarissen*).

“**Newco Supervisory Board Rules**” designates the internal rules applicable to the Newco Supervisory Board, as drawn up by the Newco Supervisory Board.

“**Newco UR Supervisory Director**” designates a Newco SB Member who is also a member of the management or supervisory board, or an employee, of Unibail-Rodamco or any controlled undertaking whose financial information is included in the consolidated financial reporting of Unibail-Rodamco (excluding Newco and the Newco Subsidiaries).

“**Newco Vice-Chairman**” designates the vice-chairman of the Newco Supervisory Board.

“**Non-Cooperative State**” designates a non-cooperative state or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the FTC.

“**NRI**” designates non-recurring items.

“**OneMarket**” designates OneMarket Limited (ABN 28 623 247 549).

“**ORA**” designates the bonds redeemable in shares (*obligation remboursable en action*) issued by Unibail-Rodamco on May 18, 2007.

“**ORNANE**” designates the bond redeemable in cash and/or in new and/or existing shares (*obligation remboursable en numéraire et/ou en actions nouvelles ou existantes*) issued by Unibail-Rodamco on June 24, 2014 (the 2014 ORNANE) and on 15 April 2015 (the 2015 ORNANE).

“**Participation Maintenance Subscription Right**” designates the continuous and, on a revolving basis, repeatedly exercisable right of Unibail-Rodamco to subscribe for Newco Class B Shares.

“**Participation Maintenance Subscription Right Agreement**” designates the agreement to be entered into between Unibail-Rodamco and Newco in connection with the Participation Maintenance Subscription Right.

“**Person with Newco Meeting Right**s” designates Newco Shareholder, a usufructuary or pledgee with voting rights in respect of Newco Shares or a holder of depository receipts for Newco Shares issued with Newco's cooperation.

“**PFIC**” designates a passive foreign investment company for U.S. federal income tax purposes.

“**PIR**” designates Partnership Incentive Rights.

“**President US**” designates the Newco MB Member designated as President for Newco’s operations in the United States of America in accordance with the Newco Articles.

“**Prospectus**” designates this document, dated March 28, 2018, as approved by the AMF and the AFM in connection with the Admission.

“**Prospectus Directive**” designates Directive 2003/71/EC of the European Parliament and the Council dated November 4, 2003, as amended.

“**Prospectus Regulation**” designates Commission Regulation (EC) n°809/2004, dated April 29, 2004, as amended.

“**Record Date**” designates 7.00 pm (Sydney, Australia time) on the 2nd Business Day following the Effective Date or such other date as Westfield and Unibail-Rodamco may agree in writing.

"**REIT**" designates a U.S. real estate investment trust under sections 856 through 860 of the Internal Revenue Code.

"**Reverse Break Fee**" has the meaning given in section 3.7.12 of this Prospectus.

"**Rothschild**" designates Rothschild Group including NM Rothschild & Sons Limited and Rothschild Australia Limited.

"**Sale Agent**" designates an entity or entities appointed by Unibail-Rodamco to sell the CDIs pursuant under the Sale Facility.

"**Sale Facility**" designates the mechanism pursuant to which the Sale Agent will sell any CDIs that would otherwise be issued to Ineligible Foreign Holders or Minimum Holders.

"**Sapin II law**" designates the French law n° 2016-1691 dated December 9, 2016 relating to transparency, anti-corruption and the modernisation of the economy.

"**SBF120**" designates the French stock market index based on the 120 most actively traded stocks listed on Euronext Paris.

"**Scentre Group**" designates the Australian stapled group listed on the ASX (ASX: SCG) which owns and operates "Westfield" branded shopping centres in Australia and New Zealand.

"**Scheme Booklet**" designates the information booklet to be approved by the Scheme Court and despatched to the Westfield Securityholders in connection with the Transaction, the Schemes and the Destapling.

"**Scheme Consideration**" has the meaning given in Section 3.6.1 of this Prospectus.

"**Scheme Court**" designates the Supreme Court of New South Wales, or such other court as is agreed in writing by Unibail-Rodamco and WCL.

"**Scheme Participants**" designates each person who is a Westfield Securityholder at 7.00 pm (Sydney, Australia time) on the Record Date.

"**Schemes**" designates the WAT Trust Scheme, WFDT Trust Scheme and the WCL Share Scheme.

"**Scrip Consideration**" has the meaning given in Section 3.1 of this Prospectus.

"**Second Court Date**" designates the day on which the Scheme Court:

(a) makes an order pursuant to section 411(4)(b) of the Corporations Act approving the WCL Share Scheme and also grants the Second Judicial Advice; or

(b) declines to approve the WCL Share Scheme and/or grant the Second Judicial Advice.

"**Second Judicial Advice**" designates confirmation from the Scheme Court under section 63 of the Trustee Act 1925 (NSW) (Australia) that WAT and WFDT would be justified in acting upon the Trust Schemes resolutions in doing all things and taking all necessary steps to put the Trust Schemes into effect.

“**Securities Act**” designates the U.S. Securities Act of 1933, as amended.

“**Senior Management Team**” has the meaning given in section 10.3.3 of this Prospectus.

“**Shareholder Concerned**” designates any shareholder, other than a natural person, that owns, directly or through entities acting as intermediaries that it controls within the meaning of Article L. 233-3 of the French commercial code, at least the percentage of rights to a dividend specified in Article 208 C-II-ter (10%) of the FTC.

“**SIIC**” designates a French listed real estate investment company (*Société d'Investissement Immobilier Cotée*).

“**SOCIMI**” designates a Spanish listed real estate investment company (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*).

“**Specified Event**” has the meaning given in section 3.7.7 of this Prospectus.

“**Spin-Off Transaction**” has the meaning given in section 13.1.8 of this Prospectus.

“**Stapled Group**” designates Unibail-Rodamco, Newco and the controlled undertakings whose financial information is included in the consolidated financial reporting of Unibail-Rodamco and/or Newco.

“**Stapled Share**” designates a Unibail-Rodamco Share and a Newco Class A Share, stapled together.

“**Stapled Share Principle**” has the meaning ascribed thereto in section 11.1 of this Prospectus.

“**STI**” designates short term incentives.

“**Superior Proposal**” has the meaning given in section 3.7.4 of this Prospectus.

“**Sydney Stock Exchange**” designates the Sydney stock exchange.

“**S&P**” or “**Standard & Poor’s**” designates Standard & Poor’s Credit Market Services France SAS.

“**Takeover Directive**” designates European Directive 2004/25/EC, as amended.

“**Tax Act**” designates the Income Tax Assessment Act 1936 (*Cth*) (Australia) or the Income Tax Assessment Act 1997 (*Cth*) (Australia), or both as the context requires.

“**TH Newco**” designates Unibail-Rodamco TH B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands.

“**TIR**” designates Target Incentive Rights.

"**Transaction**" designates the combination of Unibail-Rodamco and Westfield through the acquisition of Westfield by Unibail-Rodamco as contemplated by the Implementation Agreement (but excluding the OneMarket demerger).

"**Transfer Nominee**" designates an entity to be appointed by Unibail-Rodamco that will be issued TH Newco shares under the WFDT Trust Scheme.

"**Transparency Directive**" designates Directive 2004/109/EC, as amended.

"**Treasury**" designates the U.S. Department of the treasury.

"**Trust Schemes**" designates the WAT Trust Scheme and the WFD Trust Scheme.

"**UK Bribery Act**" designates the UK Bribery Act of 2010 (c.23), as amended, and any rules, regulations and guidance promulgated thereunder.

"**Unibail-Rodamco**" designates Unibail-Rodamco SE, a European public limited-liability company under the laws of France, including its subsidiaries where the context so requires.

"**Unibail-Rodamco Articles**" designates Unibail-Rodamco's articles of association as they shall read as of completion of the Transaction.

"**Unibail-Rodamco Counterproposal**" has the meaning set out in the Implementation Agreement.

"**Unibail-Rodamco General Meeting**" designates the general meeting of Unibail-Rodamco.

"**Unibail-Rodamco GNRC**" designates Unibail-Rodamco's governance, nomination and remuneration committee.

"**Unibail-Rodamco Group**" designates Unibail-Rodamco and its subsidiaries.

"**Unibail-Rodamco Group Management Team**" has the meaning given in section 10.1.2 of this Prospectus.

"**Unibail-Rodamco Management Board**" designates the Unibail-Rodamco management board.

"**Unibail Management**" designates Unibail Management, a *société par actions simpliée*.

"**Unibail Marketing et Multimédia**" or "**U2M**" designates Unibail Marketing & Multemedia, a *société par actions simplifiée*.

"**Unibail-Rodamco Material Adverse Effect**" has the meaning given in section 3.7.7 of this Prospectus.

"**Unibail-Rodamco MB Members**" designates the members of the Unibail-Rodamco Management Board.

"**Unibail-Rodamco Prescribed Event**" designates any of the following events:

(a) (*conversion*) Unibail-Rodamco converts all or any of its Unibail-Rodamco Shares into a larger or smaller number of shares or securities (as applicable) or a resolution is passed to do so;

(b) (*reduction of capital*) Unibail-Rodamco reduces (or resolves to reduce) its capital in any way, or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its securities;

(c) (*repurchase*) Unibail-Rodamco repurchases or buys-back, or agrees to or approves the repurchase or buy-back, any of its Unibail-Rodamco Shares;

(d) (*distribution*) Unibail-Rodamco or any Unibail-Rodamco Group entity agrees to pay, makes or declares, or announces an intention to make or declare or pay, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) except:

(i) a distribution for the financial year ending December 31, 2017 (provided it is no more than €11 per Unibail-Rodamco Share);

(ii) a distribution by any Unibail-Rodamco Group entity where the recipient of that dividend or distribution is Unibail-Rodamco or a wholly owned subsidiary of Unibail-Rodamco; or

(iii) distributions made to any joint venture partners in the ordinary course under a joint venture or partnership agreement to which a Unibail-Rodamco Group entity is a party and which is disclosed or otherwise agreed to in writing by Westfield;

(e) (*issuing or granting shares or options*) any Unibail-Rodamco Group entity:

(i) issues shares or securities (including interests in a trust);

(ii) grants an option over or to subscribe for its shares or securities (including interests in a trust); or

(iii) agrees to make such an issue or grant such an option,

in each case to a person that is not Unibail-Rodamco or a wholly owned subsidiary of Unibail-Rodamco other than securities issued:

(iv) pursuant to the vesting (including by way of any acceleration of vesting) of any rights under a director, officer or employee share or other incentive plan on issue as at the date of the Implementation Agreement in accordance with the relevant terms of issue and disclosed to Westfield ;

(v) the grant or issue of any employee options or rights under employee incentive arrangements, where such issue or grant is consistent with past practice, or pursuant to the vesting of such options or rights (including by way of any acceleration of vesting) or

(vi) to the extent required to comply with, and in accordance with, the terms of a joint venture agreement to which a Unibail-Rodamco Group entity is a party and which is disclosed or otherwise agreed to in writing by Westfield or in the ordinary course of business for any other joint venture agreement, partnership agreement or shareholder's agreement to which Unibail-Rodamco is a party; or

(vii) pursuant to any other agreement that is disclosed or agreed to in writing by Westfield;

(f) (*suspension*) Unibail-Rodamco Shares are delisted or are subject to suspension from quotation for 5 or more trading days, other than due to or as a result of, an action taken by Westfield or one of its associates;

(g) (*ceases business*) Unibail-Rodamco or any of its material subsidiaries ceases, or threatens to cease, to carry on business;

(h) (*breach of financing arrangements*) in respect of any financing arrangement, agreement or instrument a Unibail Group entity has with a person other than a Unibail Group entity:

(i) an event of default, or potential event of default, occurs that is not remedied in accordance with the relevant cure rights under the arrangement, agreement or instrument;

(ii) a Unibail-Rodamco Group entity allows an obligation to pay an amount to be accelerated other than to prevent an event referred to in paragraph (i) above from occurring; or

(iii)a Unibail-Rodamco Group entity takes any action (including incurring any new indebtedness or drawing down moneys) which leads to the credit rating of any Unibail-Rodamco Group entity being downgraded or placed on negative watch,

but only where such an action would have a material adverse impact on the Unibail-Rodamco Group (taken as a whole);

(i) (*securities or other instruments*) any Unibail-Rodamco Group entity issues or agrees to issue securities or other instruments convertible into shares or securities (including interests in a trust) in each case to a person outside the Unibail-Rodamco Group other than as disclosed;

(j) (*constituent documents*) Unibail-Rodamco adopts new constituent documents or modifies or repeals its constituent documents or a provision of them;

(k) (*insolvency*) any material Unibail-Rodamco Group entity becomes insolvent, is wound up or terminated; or

(l) (*deregistration*) any material Unibail-Rodamco Group entity being deregistered as a company, or being otherwise dissolved,

except, in the case of a Unibail-Rodamco Prescribed Event listed in items (a) to (g) and (i) to (j), as:

(m)required or expressly permitted by the Implementation Agreement, the Transaction or the Schemes;

(n) required by any applicable law (except where that requirement arises as a result of an action by a Unibail-Rodamco Group entity between the date of the Implementation Agreement and the Implementation Date);

(o) disclosed; or

(p) agreed to in writing by Westfield.

"**Unibail-Rodamco Reports**" has the meaning given in section 3.7.7 of this Prospectus.

"**Unibail-Rodamco SB Members**" designates the members of the Unibail-Rodamco Supervisory Board.

"**Unibail-Rodamco Share**" designates an ordinary share of Unibail-Rodamco.

"**Unibail-Rodamco Shareholder**" designates a holder of Unibail-Rodamco Shares.

"**Unibail-Rodamco Shareholders Approval**" designates the approval of the resolutions submitted to the Unibail-Rodamco General Meeting for the approval of the relevant steps involving Unibail-Rodamco to implement the Transaction, including the creation of the Stapled Shares.

"**Unibail-Rodamco Subsidiary**" designates any subsidiary of Unibail-Rodamco.

"**Unibail-Rodamco Supervisory Board**" designates Unibail-Rodamco's supervisory board.

"**Unibail-Rodamco UES**" designates the *unité économique et sociale* composed of Unibail Management, Espace Expansion and Unibail Marketing et Multimédia – U2M.

"**Unibail-Rodamco UES Works Council**" designates the works council of the Unibail UES (*unité économique et sociale*) composed of Unibail Management, Espace Expansion and Unibail Marketing et Multimédia – U2M.

"**Unibail-Rodamco Valuation Reports**" designates the valuation reports prepared by Unibail-Rodamco appraisers.

"**Unibail-Rodamco 2017 Consolidated Financial Statements**" designates the consolidated financial statements of Unibail-Rodamco for the year ended December 31, 2017.

"**Unstapled Newco Share**" designates a Newco Class A Share held by a shareholder, other than any entity of the Stapled Group, if such shareholder does not also hold the corresponding Unibail-Rodamco Share in the form of a Stapled Share.

"**Unstapled Unibail-Rodamco Share**" designates a Unibail-Rodamco Share held by a shareholder, other than any entity of the Stapled Group, if such shareholder does not also hold the corresponding Newco Share in the form of a Stapled Share.

"**U.S. Americans with Disabilities Act of 1990**" designates the U.S. Americans with disabilities Act passed in 1990 by the U.S. congress.

"**U.S. Foreign Corrupt Practices Act**" designates the U.S. Foreign Corrupt Practices Act of 1977, as amended.

"**U.S. Newco**" designates URW America Inc., a corporation incorporated under the laws of the State of Delaware, United States of America.

"**USRPI**" designates a U.S. real property interest.

"**Voting Agreement**" designates the deed poll dated December 12, 2017 between, amongst others, FP Pty Ltd, ATF, The Frank Lowy Living Trust, the Lowy Foundation Pty Ltd as trustee for The Lowy Foundation, David Lowy, Steven Lowy, and Unibail-Rodamco.

"**WAML**" designates Westfield America Management Limited (ABN 66 072 780 619).

"**WAT**" designates Westfield America Trust (ARSN 092 058 449).

"**WAT Financial Information**" designates WAT's audited consolidated financial statements for the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015.

"**WAT Trust Scheme**" has the meaning given in section 3.6.1 of this Prospectus.

"**WCL**" designates Westfield Corporation Limited (ABN 12 166 995 197).

"**WCL Share Scheme**" has the meaning given in section 3.6.1 of this Prospectus.

"**WEA**" designates Westfield America, Inc.

"**Westfield**" designates each of WCL, WAT and WFDT (and where applicable includes their subsidiaries and WAML in its capacity as responsible entity of WAT or WFDT, as applicable), or all of them as the context requires.

"**Westfield Anti-Bribery and Corruption Code of Conduct**" designates the anti-bribery and corruption code of conduct of Westfield.

"**Westfield Audit and Risk Committee**" designates the audit and risk committee of Westfield.

"**Westfield Board**" designates the board of directors of each of WCL and WAML as responsible entity of WAT and WFDT.

"**Westfield Consolidated Financial Statements**" designates Westfield's audited consolidated financial statements for the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015.

"**Westfield Consolidated Financial Statements 2015**" designates Westfield's audited consolidated financial statements for the financial year ended December 31, 2015.

"**Westfield Consolidated Financial Statements 2016**" designates Westfield's audited consolidated financial statements for the financial year ended December 31, 2016.

"**Westfield Consolidated Financial Statements 2017**" designates Westfield's audited consolidated financial statements for the financial year ended December 31, 2017.

"**Westfield Constitutional Amendments**" designates the supplemental deeds poll under which WAML will amend the WAT constitution and WFDT constitution for the purposes of implementing the Trust Schemes.

"**Westfield Constitutions**" designates the constitutions of each entity comprising Westfield.

"**Westfield Cross-Guarantees**" designates certain guarantees to be given by certain companies currently forming part of the Westfield Group.

"**Westfield Director**" designates a director of WCL or WAML.

"**Westfield Group**" designates Westfield and its subsidiaries.

"**Westfield Financial Information**" designates the Westfield Consolidated Financial Statements and the WAT Financial Information.

"**Westfield Material Adverse Effect**" has the meaning given in section 3.7.7 of this Prospectus.

"**Westfield Prescribed Event**" designates any of the following events:

(a) (*conversion*) Westfield converts all or any of its Westfield Securities into a larger or smaller number of shares or units (as applicable) or a resolution is passed to do so;

(b) (*reduction of capital*) Westfield reduces (or resolves to reduce) its capital in any way, or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its securities;

(c) (*buy-back*) Westfield:

  (i) enters into a buy-back agreement;

  (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act; or

  (iii) buys back Westfield Securities on-market;

(d) (*distribution*) Westfield or any Westfield Group entity agrees to pay, makes or declares, or announces an intention to make or declare or pay, any distribution (whether by way of trust distribution, dividend, capital reduction or otherwise and whether in cash or in specie) other than:

  (i) a distribution of no more than $0.255 per Westfield Security for the financial year ending December 31, 2017;

  (ii) a distribution by any Westfield Group entity where the recipient of that distribution is Westfield or a wholly owned subsidiary of Westfield; or

  (iii) distributions made to any joint venture partners in the ordinary course under a joint venture or partnership agreement to which a Westfield Group entity is a party and which is disclosed to Unibail-Rodamco prior to the date of this document or otherwise agreed to in writing by Unibail-Rodamco.

(e) (*issuing or granting shares, units or options*) any Westfield Group entity:

  (i) issues shares or securities (including interests in trusts);

  (ii) grants an option over or to subscribe for its shares or securities (including interests in trusts); or

  (iii) agrees to make such an issue or grant such an option,

  in each case to a person that is not Westfield or a wholly owned subsidiary of Westfield other than:

  (iv) pursuant to the vesting of any employee rights: (A) disclosed to Unibail-Rodamco and on issue as at the date of the Implementation Agreement in accordance with the terms of issue or clause 4.5 of the Implementation Agreement; or (B) otherwise agreed to in writing by Unibail-Rodamco;

(v) pursuant to the exercise of options in Westfield Inc or the conversion of convertible securities in Westfield L.P. in accordance with the terms of issue which have been disclosed to Unibail-Rodamco prior to the date of the Implementation Agreement or otherwise agreed to in writing by Unibail-Rodamco;

(vi) to the extent required to comply with, and in accordance with, the terms of a Westfield specified joint venture agreement or in the ordinary course of business for any other joint venture agreement, partnership agreement or shareholder's agreement to which Westfield is a party; or

(vii) (pursuant to any other agreement disclosed to Unibail-Rodamco prior to the date of the Implementation Agreement and agreed to in writing by Unibail-Rodamco.

(f) (*securities or other instruments*) any Westfield Group entity issues or agrees to issue securities or other instruments convertible into shares or securities (including interests in trusts) in each case to a person that is not Westfield or a wholly owned subsidiary of Westfield;

(g) (*constitution*) Westfield adopts a new constitution or modifies or repeals its constitution or a provision of it;

(h) (*trust*) any of the following occurs:

(i) Westfield effects or facilitates the retirement, removal or replacement of WAML as trustee or responsible entity of WAT and/or WFDT, or a meeting is convened in response to a notice (other than a notice signed by or on behalf of Unibail-Rodamco) received by WAML requisitioning a meeting of Westfield Securityholders to replace WAML as trustee or responsible entity of WAT and/or WFDT;

(ii) an application is made in any court for the appointment of a temporary responsible entity of WAT and/or WFDT in accordance with the Corporations Act;

(iii) Westfield does or omits to do anything that restricts WAML's rights of indemnity from the trust property in respect of obligations incurred by WAML; or

(iv) Westfield effects or facilitates the resettlement of the trust property;

(i) (*breach of financing arrangements*) in respect of any financing arrangement, agreement or instrument a Westfield Group entity has with a person other than a Westfield Group entity:

(i) an event of default, or potential event of default, occurs that is not remedied in accordance with the relevant cure rights under the arrangement, agreement or instrument;

(ii) a Westfield Group entity allows an obligation to pay an amount to be accelerated other than to prevent an event referred to in paragraph (i) above from occurring; or

(iii) a Westfield Group entity takes any action (including incurring any new indebtedness or drawing down moneys) which leads to the credit rating of any Westfield Group entity being downgraded or placed on negative watch, but only where such an action would have a material adverse impact on the Westfield Group (taken as a whole) excluding any circumstances relating to possible change of control matters that have been disclosed

(j) (*suspension*) Westfield Securities are delisted or are subject to suspension from quotation for 5 or more trading days, other than due to, or as a result of, an action taken by Unibail-Rodamco or one of its associates;

(k) (*No Unibail securities*) Westfield or any of its associates acquires a relevant interest in Unibail-Rodamco Shares or becomes a party to any agreement, arrangement or understanding the economic effect of which is to confer rights equivalent to, or substantially equivalent to, the acquisition, holding or disposal of Unibail-Rodamco Shares or a relevant interest in Unibail-Rodamco Shares (including any cash settled equity swap or similar derivative relating to any Unibail-Rodamco Shares);

(l) (*Division 6C*) WAML approves or takes any action or makes any investment that could reasonably result in WAT and/or WFDT commencing to carry on a trading business within the meaning of Division 6C of the Tax Act or controlling or having the ability to control, directly or indirectly the affairs or operations of another person in respect of the carrying on by that person of a trading business within the meaning of that division;

(m)(*ceases business*) Westfield or any of its material subsidiaries ceases, or threatens to cease, to carry on business;

(n) (*insolvency*) any material Westfield Group entity becomes insolvent, is wound up or terminated;

(o) (*deregistration*) any material Westfield Group entity becomes, or takes steps to become, deregistered as a company, registered managed investment scheme, or being otherwise dissolved,

except in the case of a Westfield Prescribed Event listed in items (a) to (h) and (j) to (m) as:

(p) required or expressly permitted by this document, the Transaction or the Schemes;

(q) required by any applicable law (except where that requirement arises as a result of an action by a Westfield Group entity between the date of the Implementation Agreement and the Implementation Date);

(r) required for purposes of implementing the OneMarket demerger and agreed to in writing by Unibail-Rodamco;

(s) disclosed; or

(t) agreed to in writing by Unibail-Rodamco.

“**Westfield Security**” designates a stapled security comprising a WCL share, a WAT unit and a WFDT unit.

“**Westfield Securityholder**” designates a person registered in the register of Westfield Securities as the holder of Westfield Securities.

“**WFDT**” designates WFD Trust (ARSN 168 765 875).

“**WFDT Trust Scheme**” has the meaning given in section 3.6.1 of this Prospectus.

“**2014 ORNANE**” designates the 1,735,749 ORNANEs issued on June 25, 2014 at a nominal value per unit of €288.06, representing a nominal amount of €500 million, due July 1, 2021.

“**2015 ORNANE**” designates the 1,441,462 ORNANEs issued on April 15, 2015 at a nominal value per unit of €346.87, representing a nominal amount of €500 million, due January 1, 2022.

“**2015 Registration Document**” has the meaning given in section 16 of this Prospectus.

“**2015 Unibail-Rodamco Financial Statements**” designates the Unibail-Rodamco audited annual and consolidated financial statements of Unibail-Rodamco as at, and for the year ended December 31, 2015, the related notes thereto and the associated audit reports.

“**2016 Registration Document**” has the meaning given in section 16 of this Prospectus.

“**2016 Unibail-Rodamco Financial Statements**” designates the Unibail-Rodamco audited annual and consolidated financial statements of Unibail-Rodamco as at, and for the year ended December 31, 2016, the related notes thereto and the associated audit reports.

“**2017 Registration Document**” has the meaning given in section 16 of this Prospectus.

“**2017 Unibail-Rodamco Financial Statements**” designates the Unibail-Rodamco audited annual and consolidated financial statements of Unibail-Rodamco as at, and for the year ended December 31, 2017, the related notes thereto and the associated audit reports.

18. VALUATION REPORT(S)

18.1. UNIBAIL-RODAMCO VALUATION REPORT

For information about Unibail-Rodamco's valuation report (the "**Unibail-Rodamco Valuation Report**"), see section 1.5 of the 2017 Registration Document.

18.2. WESTFIELD VALUATION REPORT(S)

18.2.1 Cushman & Wakefield

SUMMARY OF CERTAIN ESTIMATES OF VALUE

17 Assets (14 Shopping Centers and 3 Office Buildings)

IN A RESTRICTED APPRAISAL REPORT

As of June 30, 2017 and

December 31, 2017

Prepared For:

Westfield America, Inc.
2049 Century Park East, 41st Floor
Century City, CA 90067

Prepared By:

Cushman & Wakefield, Inc.
Valuation & Advisory
1290 Avenue of the Americas
New York, NY 10104-6178

March 20, 2018

Mr. Philip Slavin
Chief Financial Officer
Westfield America, Inc.
2049 Century Park East, 41st Floor
Century City, CA 90067

Re: Restricted Appraisal Report
17 Assets (14 Regional Shopping Centers and 3 Office Buildings

Dear Mr. Slavin:

In accordance with our engagement assignments in calendar 2017 with Westfield America, Inc., Cushman & Wakefield estimated the fair market value of sixteen assets, located throughout the United States. The effective dates of these valuations were June 30, 2017 (for two of the assets) and December 31, 2017 (for the balance). These assets are detailed in the attached Exhibit and involved the following assets:

- Westfield Century City, located in Lost Angeles, CA;
- Westfield Galleria Roseville, located in Roseville, CA;
- Westfield Mission Valley, located in San Diego, CA;
- Westfield Mission Valley West, located in San Diego, CA;
- Westfield Montgomery, located in Bethesda, MD;
- Westfield Oakridge, located in San Jose, CA;
- Westfield San Francisco Centre, located in San Francisco, CA;
- Westfield San Francisco Emporium (Retail and Office), located in San Francisco, CA;
- Westfield Southcenter, located in Seattle, WA;
- Westfield Topanga, located in Canoga Park, CA;
- Westfield UTC, located in San Diego, CA;
- Westfield Village at Topanga (Retail and Office), located in Woodland Hills, CA;
- Westfield Valley Fair, located in Santa Clara, CA;
- Westfield World Trade Center, located in New York City, NY; and
- The Bulletin Building, located in San Francisco, CA.

The estimated total fair market value for these assets (as unencumbered by debt) was $14,043,980,000 ($1,312,200,000 for the two assets with a value date as of June 30, 2017 and $12,731,780,000 for the fifteen assets with a value date as of December 31, 2017).

MARKET VALUE DEFINITON

Within each of our reports, market value is defined as: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: (12 C.F.R. Part 34 42(g) Federal Register 34696. August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

SCOPE OF WORK

For each of the assets, we prepared an independent and impartial appraisal in conformance with the requirements of the Uniform Standards of Professional Practice (USPAP).

As part of each appraisal, a number of independent investigations and analyses were undertaken. The agreed upon Scope of Work for each asset included the following:

- Inspection of the property (as needed);
- Collection of primary and secondary data related to the property;
- Investigation of the general trends in the regional economy and local area;
- Investigation of transactional activity;
- Analysis of past sales trends at each center; and
- An analysis of historical and budgeted financial data for each property;

All appraisals included the use of generally accepted market-derived methods and procedures appropriate to the assignment. Additionally, each appraisal included a summary of all assumptions and limiting conditions that affect the analyses, opinion and conclusions, as stated in this report and the inclusion of a signed certification in accordance with Standards Rule 2-3 of USPAP.

Cushman & Wakefield has an internal Quality Control Oversight Program. As part of this program, it is mandated that all appraisal reports receive a "second read" which was done as part of each valuation analysis.

REPORT OPTION DESCRIPTION

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. Each of our reports was prepared in accordance with current USPAP guidelines.

APPRAISAL METHODOLOGY

Of the three generally accepted approaches to developing an opinion of value (Cost, Sales Comparison and Income Capitalization), two of the approaches (Sales Comparison and Income Capitalization) were utilized. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The methods and techniques used to prepare this appraisal are the most likely to be used in typical practice and result in a reliable indication of value. The agreed upon scope of work includes only the application of the Sales Comparison and Income Capitalization Approaches. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

ASSUMPTIONS AND LIMITING CONDITIONS

Each valuation incorporated the following assumptions and limiting conditions:

- No opinion was intended to be expressed and no responsibility was assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to a property was assumed to be good and marketable and a property was assumed to be free and clear of all liens unless otherwise stated. No survey of a property was undertaken.

- The information contained in each report (or upon which each report was based) was gathered from sources each appraiser assumed to be reliable and accurate. Most of the property specific data was provided by Westfield. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of a report was obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in a report.

- The opinions of values were only as of the date stated in each report. Changes since that date in external and market factors or in each asset could significantly affect the conclusions in a report.

- The appraisal reports were to be used in whole and not in part. No part of a report was to be used in conjunction with any other analyses. Publication of a report or any portion thereof without the prior written consent of C&W was prohibited. Reference to the Appraisal

Institute or to the MAI designation was prohibited. Except as may be otherwise stated in the letter of engagement, a report was not to be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of a report was to be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of a report who provided a copy to, or permitted reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, would agree to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, a report by any such unauthorized person(s) or entity(ies).

- While it is understood that this summary letter is to be included in a prospectus that is associated with a transaction between Westfield and Unibail-Rodamco, it should be noted that this letter is intended for information with purposes; with no reliance as to each specific report extended beyond Westfield and its partners.

- While each of our valuations was prepared under USPAP guidelines, we confirm that each would also conform to the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (the "Red Book"), which is an internationally accepted basis of valuation and which has adapted and complies with Article 23.1 of the EU Regulation #809-2004, paragraph's 128 et seq. of ESMA Recommendation #2011/81 (dated March 23, 2011) and the French AMF Recommendation #2010-18. Our valuations would also be considered to be fully compliant with IFRS accounting standards and IVSC valuation standards and guidance.

- Except as may be otherwise stated in the letters of engagement, each Appraiser was not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

- Each appraisal assumed (a) responsible ownership and competent management of the Property; (b) there were no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal , state and local zoning and environmental regulations and laws, unless noncompliance was stated, defined and considered in the report; and (d) all required licenses, certificates of occupancy and other governmental consents had been or would be obtained and renewed for any use on which the value opinion contained in the report was based.

- The physical condition of the improvements considered in each appraisal incorporated a prior visual inspection by the Appraiser or other person identified in a report. C&W assumed no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in a report was based on lease summaries provided by the owner or third parties; with no responsibility assumed for the authenticity or completeness of lease information provided by others.

- The forecasts of income and expenses were not predictions of the future. Rather, they were the Appraiser's best opinions of the current market thinking on future income and expenses. The Appraiser and C&W made no warranty or representation that these forecasts would materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the report, envisages for the future in terms of rental rates, expenses, and supply and demand.

- Unless otherwise stated in a report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

- Unless otherwise stated in ta report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) had not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.

- If a report was submitted to a lender or investor with the prior approval of C&W, such party should consider this report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this report.

- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to a report or an engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for a report and under no circumstances shall any claim for consequential damages be made.

- If a report was referred to or included in any offering material or prospectus, a report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare a report.

- Any estimate of insurable value, if included within the agreed upon scope of work and presented within a report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.

- By use of each report any party that used this report agreed to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Each of the valued assets was inspected as part of the valuation as needed.
- The assets which are a part of this letter were prepared by personnel at Cushman & Wakefield; including Jay Booth, MAI, Ellen Gunderson, MAI, Vincent Maniscalco, MAI and Richard Latella, MAI, FRICS.
- Each signatory had performed a previous appraisal of the subject property within the three years prior to this assignment.
- As of the date of value in each report, all of the appraisers had completed the continuing education program of the Appraisal Institute.

Richard W. Latella, MAI, FRICS
Executive Managing Director
Practice Leader- Retail
Valuation & Advisory
Richard.latella@cushwake.com
(212) 841-7675

EXHIBIT I

Asset/Location	Real Property Interest	Year Opened	Year Reno/Expanded	Total Rentable Area (Sq. Ft.)	Total Owned Area (Sq. Ft.)	Anchor Stores	Date of Inspection	Value Date
Westfield Century City Los Angeles, CA	Leased Fee	1964	1976/87/2006/17	1,240,047	1,099,717	Bloomingdale's Macy's Nordstrom	June 2017	12/31/2017
Westfield Galleria Roseville Roseville, CA	Leased Fee	2000	2009	1,327,354	686,447	JC Penney Macy's Nordstrom Sears	June 2015	6/30/2017
Westfield Mission Valley San Diego, CA	Leased Fee	1961	2008	1,333,319	867,125	Macy's Home & Furniture Target Vacant (formerly Macy's) [2)]	September 2017	12/31/2017
Westfield Mission Valley - West San Diego, CA	Leased Fee	1998	--	212,765	177,881	Marshall's	September 2017	12/31/2017
Westfield Montgomery Bethesda, MD	Leased Fee	1968	1976/91/2014	1,330,075	794,424 [3)]	Macy's Macy's Home Nordstrom Sears	November 2017	12/31/2017
Westfield Oakridge San Jose, CA	Leased Fee	1973	2003	1,139,360	779,231	Macy's Sears Target	June 2015	6/30/2017
Westfield San Francisco Centre San Francisco, CA	Leasehold	1988	--	494,281	182,281	Nordstrom	October 2017	12/31/2017
Westfield San Francisco Emporium - Retail San Francisco, CA	Leased Fee	2006	--	696,326	357,398	Bloomingdale's	October 2017	12/31/2017
Westfield San Francisco Emporium - Office San Francisco, CA	Leased Fee	2006	--	241,155	241,155	--	October 2017	12/31/2017
Westfield Southcenter Seatlle, WA	Leased Fee (partial Leasehold)	1968	2008	1,686,066	785,374	JC Penney Macy's Nordstrom Sears	November 2017	12/31/2017
Westfield Topanga Canoga Park, CA	Leased Fee	1966	2006	1,562,315	1,320,533	Macy's Neiman Marcus Nordstrom Target	October 2017	12/31/2017
Westfield UTC San Diego, CA	Leased Fee	1977	1984/98/2007/12/17	1,333,236	999,236	JC Penney Macy's Nordstrom Sears [4)]	November 2017	12/31/2017
Westfield Village at Topanga - Retail Woodland Hills, CA	Leased Fee	2015	--	548,903	548,903	Costco	October 2017	12/31/2017
Westfield Village at Topanga - Office Woodland Hills, CA	Leased Fee	1978	1994	43,721	43,721	--	November 2017	12/31/2017
Westfield Valley Fair Santa Clara, CA	Leased Fee	1977	1984/98/2007/12	1,373,967	639,239	Macy's Macy's Men's & Home Nordstrom	February 2018	12/31/2017
Westfield World Trade Center New York City, NY	Leasehold	2016	--	366,932	366,932	--	November 2017	12/31/2017
The Bulletin Building San Francisco, CA	Leased Fee	1926	1986	76,975	76,975	--	February 2018	12/31/2017

1) Owned by Westfield.

2) Includes recently purchased Sears (which was scheduled to close in 3/18).

3) Vacant, being redeveloped by Seritage.

Richard W. Latella, MAI, FRICS Executive Managing Director

Valuation & Advisory
Practice Group Leader | Retail
Cushman & Wakefield, Inc.

Professional Expertise

Mr. Latella entered real estate in 1975 in sales and residential appraising with Warren W. Orpen & Associates, a local real estate appraisal, brokerage and insurance firm. In 1977, he joined the New Jersey Division of Taxation as a Supervisor in the Local Property Tax and Public Utility Branch. While assisting and advising state taxpayers on a myriad of issues, he completed the necessary course work and required examination to become a Certified Tax Assessor in New Jersey. In 1980, he shifted to a career in commercial real estate valuation with Valuation Counselors Inc., a national multi-disciplined commercial and institutional valuation firm in their Princeton, New Jersey office. In1982, he was promoted to Senior Appraiser.

Mr. Latella joined Cushman & Wakefield's then-national headquarters in Philadelphia in 1983 as a Senior Appraiser. By the mid-to-late 1980s he began to develop a core specialization in retail valuation, with an emphasis on regional/superregional malls. His relocation to Cushman & Wakefield's World Headquarters in 1988 directly addressed a need to better serve global capital providers and institutional clients that lend on significant retail properties. Recognizing this need, Mr. Latella helped establish Cushman & Wakefield's first specialty appraisal practice in 1990 devoted exclusively to the retail asset class. Over the ensuing years Cushman & Wakefield's Valuation & Advisory group has built its business model around specialization and now has over 20 specialty practices across a myriad of industries and property classes.

He currently serves as Executive Managing Director, Practice Group Lead for the Retail practice group. This group is comprised of approximately 120 senior-level appraisers specializing in regional malls, department stores, and other major retail property types in 99 markets around the world. In 2014 the global team completed nearly 13,000 appraisals and his domestic team completed valuations on 14 of the top 20 sales and financing transactions in the United States. Mr. Latella's appraisal and consulting assignments have been international in scope and have included a full array of property types, including commercial, industrial, multifamily residential, hotels and special-use properties such as hospitals and nursing homes. He is qualified as an expert witness in retail matters and testified in bankruptcy litigation cases. He has been a guest speaker before numerous real estate and advisory organizations throughout the world.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI #8346). As of the current date, Richard Latella, MAI has completed the requirements of the continuing education program of the Appraisal Institute

- Certified General Real Estate Appraiser in the following states:
  - Arizona – 31866
  - California – AG044466
  - Colorado – CG.200000528
  - Connecticut – RCG.0001312
  - Georgia – 213716
  - Illinois – 553.002304
  - Louisiana – G2925
  - Maryland – 11507
  - Minnesota – 40184155
  - Missouri - 2016041705
  - Nevada – A.0205886-CG
  - New Jersey – 42RG00192700
  - New York – 46000003892
  - North Carolina – A7228
  - Ohio – 2002005378
  - Pennsylvania – GA-001053-R
  - Tennessee – CG 4481
  - Texas – 1380524 G
  - Virginia – 4001015323
- Fellow, Royal Institution of Chartered Surveyors (FRICS Designation #1256063)
- Affiliate Member, International Council of Shopping Centers, ICSC
- Council Member, Urban Land Institute, Membership #76883
- New Jersey Licensed Real Estate Salesperson, NS-130101-A
- Former Certified Tax Assessor, State of New Jersey
- Bachelor of Science, College of New Jersey

Other Accomplishments and Awards

- 2014 New York Area Top Valuation & Advisory Professional
- Recipient of the Leo L. Majzels award for overall professional excellence and quality of services by the Valuation Advisory Services Group of Cushman & Wakefield in 1997

Guest Speaker/Presentations

- Cornell University-Baker Program in Real Estate, November 2016 – Ithaca, New York - Guest Speaker
- Triovest – Overview of the U.S. Retail Market, April 2016, Toronto, Canada

- Citi Global Markets & Banking REIT Equities Analyst Presentation 2015, NYC – Industry Expert Speaker
- Fall Real Estate Conference 2012-2015 – Seattle Chapter of the Appraisal Institute, Seattle, WA
- JP Morgan Chase – TCNJ School of Business Alumni Panel Presentation 2015 – Guest Speaker
- ICSC Symposium 2014 Market Intelligence in Latin America Mexico City – Guest Speaker
- Villanova Real Estate Challenge 2014, 2015 and 2016 – Guest Judge
- Cushman & Wakefield EMEA Presentation – Globalization of the Retail Valuation Practice, Frankfurt, Germany
- Cushman & Wakefield APAC Presentation – Globalization of the Retail Valuation Practice, Shanghai, China
- Cushman & Wakefield Webinar Series – 1Q2012 – Quarterly State of the Market – Retail
- ICSC/VRN – 2011 VRN Fall Outlet Leasing and Marketing Convention, Keynote speaker – New Jersey Meadowlands
- C-III Capital 2011 Capital Markets and Valuation Overview – Dallas, TX
- J.E Robert Companies – 2011 Valuation Seminar – Dallas, TX
- Citibank – 2009, Citi Investment Research Retail Days – New York, NY
- Urban Land Institute – 2008, Spring Council Forum – Dallas, TX
- Capmark – 2008, National Sales Meeting – Phoenix, AZ
- ICSC Fall Research Conference – 2006, Houston, TX
- Wharton School – University of Pennsylvania – Real Estate Club – 2005
- New York University – Real Estate Masters Program – 2005
- Columbia Business School, Real Estate Association – 2005
- International Council of Shopping Centers Financial Management Conference 2002, Orlando, FL
- NCREIF – Winter Conference-2002, Snowbird, UT
- International Council of Shopping Centers – Spring Convention – 2001 Las Vegas, NV
- KanAm Investor Presentation – 2000, Dusseldorf, Frankfurt, and Munich, Germany
- Cushman & Wakefield's Market Trends Seminars
- Capital Company of America – Showcase V 1998, San Francisco, CA

Bankruptcy and Expert Testimony

- Acted as an expert witness in various states
- Has been retained as a consultant and valuation expert in connection with several retail bankruptcies, restructurings and financings for such retailers as: Albertsons, Burlington Coat Factory, Mervyns, Toys "R" Us, Lord & Taylor, Saks Fifth Avenue, JC Penney, Sears, Safeway, Neiman Marcus, Pep Boys, Kroger, O'Reilly Auto, Bally Total Fitness, Loews Cineplex, Kmart, Service Merchandise, Payless Cashways, Frank's Nursery, Warnaco, Federated Department Stores, Macy's, Merry-Go-Round, Homelife, Homebase, Jacobson's, Bruners Furniture, Liberty

House, Jitney Jungle, Hechinger, Montgomery Ward, Penn Traffic, Levitz Furniture, Rite-Aid, Caldor, Bradlees, Stop & Shop and Regal Cinemas.

- Mr. Latella was retained by Weil, Gotshal & Manges LLP as lead appraiser and expert witness for the General Growth Properties bankruptcy, the largest retail bankruptcy ever.
- Participated in various arbitrations with respect to valuation disputes involving retail property
- July 2015 testified as an expert witness in Maryland Tax Court
- United States District Court, Middle District of Louisiana
- KeyBank National Association, v. Perkins Rowe Associates, L.L.C., et al., July 2010, Case No. 3:09-CV-00497
- United States Bankruptcy Court, Southern District of New York
- General Growth Properties, Inc., et al., May 2009, Case No. 09 – 11077 (ALG)
- Sussex Commons Outlets, LLC, v. Chelsea Property Group, Inc., et al., September 2006, Docket No. L-554-03 Superior Court of New Jersey, Sussex County

Publications

Mr. Latella is a contributing author and consultant to various retail research reports and periodicals, including the *PriceWaterhouseCoopers* (formerly *Korpacz*) *Real Estate Investors Survey*, *Shopping Center Business*, *Shopping Center World*, *Value Retail News*, *Real Estate Forum*, *Crain's New York Business*, *National Real Estate Investor*, *The New York Times* and *The Wall Street Journal*.

- Over the past 10 years, Mr. Latella has authored a variety of Cushman & Wakefield Research Reports, produced generally one to two times per year and are provided to clients, brokers and analysts:
  - *National Retail Overview*
  - *Lifestyle Industry Overview*
  - *Movie Theatre Industry Overview*
  - *Outlet Industry Overview*
  - *Mart Industry Overview*
  - *Supermarket Industry Overview*
  - *Drug Store Industry Overview*
  - *Retail Net Lease Overview*
- Potential for Outlet Center Development in Canada" (Cushman & Wakefield study), September 2012
- "Exuberance in Control, Outlet Sector on a Roll," *Value Retail News*, May 2011 (cover)
- PricewaterhouseCoopers (Korpacz) Real Estate Investors Survey:
  - "Retail Special Report: The Perfect Storm or More Hot Air," 2Q 2009
  - "Retail Special Report: The 100-Million Square Foot Hangover," 1Q 2009
- "Frugal is Fashionable," *Urban Land*, January 2009
- "The Numbers Don't Lie – Outlet=Opportunity," *Value Retail News*, September 2009

- Cushman & Wakefield *Business Briefings*:
  – “Millennial and Retail” 2015
  – “National Luxury Retail Overview,” 2012
  – “National Luxury Market: Frugality Fatigue Spurs Americans to Trade Up,” 2012
  – “When The Storm Passes,” 2009
  – “Race to The Bottom,” 2009
  – “Frugal is Fashionable,” 2008
  – “Changing Tides – Outlook for the Retail Sector,” 2008
- Cushman & Wakefield Retail *TrendWatch*:
  – “Outlet Sector Investment and Productivity at Record Levels,” September 26, 2011
- Developed a two-hour WebEx seminar entitled, “Retail Industry Overview and Valuation Issues,” approved by the Appraisal Institute for continuing education

Other

- Upper Makefield Township Planning Commission, Bucks County, PA
- 401K Committee, Cushman & Wakefield, Inc.
- Cushman & Wakefield Valuation & Advisory-Global Leadership Team; Global Accounts Team; Quality Control Committee; IT Committee
- Former Board Member, New Hope Historical Society

ARIZONA

STATE OF ARIZONA

Department of Financial Institutions
Real Estate Appraisal

BE IT KNOWN THAT

RICHARD W. LATELLA

HAS MET ALL THE REQUIREMENTS AS A

Certified General Real Estate Appraiser

This certificate shall remain evidence thereof unless or until the same is suspended, revoked or expires in accordance with provisions of law.

CERTIFICATE NUMBER
31866

EXPIRATION DATE
November 30, 2017

Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 4th day of December, 2015.

Lauren W. Kingry
Superintendent
Department of Financial Institutions

CALIFORNIA

Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Richard W. Latella

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 044466

Effective Date: September 30, 2015
Date Expires: September 29, 2017

Jim Martin, Bureau Chief, BREA

3023896

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

18.2.2 Altus Group

SUMMARY OF APPRAISALS

as of June 30, 2017 and December 31, 2017

Street Smart. World Wise.

Altus Group

February 20, 2018

Mr. Josh Doctor
Vice President - Finance
Westfield, LLC
2049 Century Park East, 41st Floor
Century City, CA 90067

Reference: Summary of appraisals and aggregate values as of June 30, 2017 and December 31, 2017

Dear Mr. Doctor:

Altus Group U.S. Inc. ("we" or "us" or “Altus Group”) is pleased to have the opportunity to provide real property consulting services to Westfield, LLC (“you" or "Client" or "Westfield"). Altus Group has appraised eleven assets for Westfield in June 2017 and December 2017 for the purpose of annual financial reporting. The objective of this report is to provide a summary of the appraisal work completed in 2017 for Westfield and to provide the aggregate values as of June 30, 2017 and December 31, 2017.

Altus Group has been engaged by Westfield to perform appraisals on a semi-annual basis. Altus Group has appraised these assets that are subject of this report once in the past three years with the exception of Westfield Citrus Park, Westfield Sarasota, and Westfield Siesta Key which have been appraised twice in the past three years. The fee charged to Westfield for these appraisals is immaterial to Altus Group’s overall revenue for 2017.

The intended use of this report is consistent with the prior purpose of the appraisal reports and that being financial reporting. The intended user of this report is Westfield and Unibail-Rodamco and NewCo. Use of this report is limited to the client. Altus Group does not accept any liability to third parties. We agree to this condensed report being included in the Prospectus of Unibail-Rodamco and NewCo. In addition, reference to work files produced by the undersigned may be necessary to properly understand the report**.** Those reports are incorporated herein by reference.

Respectfully submitted,

Altus Group U.S. Inc.

By: ______________________________
Richard Kalvoda, MAI, CRE, FRICS
Senior Executive Vice President

Report Date February 5, 2018

Addressees Westfield, LLC and Unibail-Rodamco and NewCo

The Properties The properties (the "Properties" and each a "Property") represent all the properties that were appraised by Altus Group for Westfield in calendar year 2017 in compliance with USPAP. Properties are listed in the table below:

Properties	Address
Westfield Culver City	6000 Sepulveda Boulevard, Culver City, CA
Westfield North County	272 East Via Rancho Parkway, Escondido, CA
Westfield Old Orchard (Mall)	4905 Old Orchard Center, Skokie, IL
Westfield Old Orchard (Office)	64 Old Orchard Center, Skokie, IL
Westfield Plaza Bonita	3030 Plaza Bonita Road, National City, CA
Westfield Santa Anita	400 South Baldwin Avenue, Arcadia, CA
Westfield Citrus Park	8021 Citrus Park Town Center, Tampa, FL
Westfield Sarasota Square	8201 S Tamiami Trail, Sarasota, FL
Westfield Siesta Key	3501 S Tamiami Trail, Sarasota, FL
Westfield South Shore	1701 Sunrise Hwy, Bay Shore, NY
Westfield Sunrise	1 Sunrise Mall, Massapequa, NY
Westfield Trumbull	5065 Main St., Trumbull, CT

Property Description Properties represent regional and super-regional shopping centers further identified in Appendix A.

History of Subject Property Please refer to Appendix A for history of subject Properties.

Interest Appraised The following table indicates the interest appraised for each of the Properties:

Subject	Date of Value	Interest Appraised
Westfield Culver City	June 30, 2017	Leased Fee Estate
Westfield Old Orchard (Mall & Office)	June 30, 2017	Leased Fee Estate
Westfield Plaza Bonita	June 30, 2017	Leased Fee Estate
Westfield Santa Anita	June 30, 2017	Leased Fee Estate
Westfield North County	June 30, 2017	Leasehold Estate
Westfield Citrus Park	December 31, 2017	Leased Fee Estate
Westfield Sarasota Square	December 31, 2017	Leased Fee Estate
Westfield Siesta Key	December 31, 2017	Leased Fee Estate
Westfield South Shore	December 31, 2017	Leased Fee Estate
Westfield Sunrise	December 31, 2017	Leased Fee Estate
Westfield Trumbull	December 31, 2017	Leased Fee Estate

Aggregate Value

Following table shows the aggregate value for 2017 irrespective of the date of value or the interest appraised as noted in the prior table –

Aggregate Value*	**$**	**3,847,670,000**
**Aggregate value is irrespective of the date of value and interest appraisedshown in the prior table*		

Type of Value

Fair Value [1]

Purpose

Client has asked us to summarize the appraisal work completed in 2017 and provide the aggregate values as of June 30, 2017 and December 31, 2017 for leased fee estate and leasehold estate. This report may be included in the prospectus for Westfield's proposed transaction to Unibail-Rodamco. The report has been prepared to summarize the appraisal work performed by Altus Group for Westfield in calendar year 2017 in accordance with USPAP. We can confirm that we have prepared our appraisals as independent valuers as defined in the Red Book (2017). The effective date of value is June 30, 2017 and December 31, 2017. The fee charged to Westfield for these appraisals is immaterial to Altus Group's overall revenue for 2017.

In accordance with the RICS Valuation – Global Standards 2017 ("Red Book") we have made certain disclosures in connection with this assignment and our relationship with Westfield.

Report Format

Appendix A of this Report provides the Property Details and History of Ownership for the Properties.

Compliance with Valuation Standards

The appraisals were developed and reported in conformity with the Uniform Standards of Professional Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Professional Standards of the Royal Institution of Chartered Surveyors (RICS "Red Book") which is adopted by and complies with Article 23.1 of the EU Regulation N° 809-2004, Paragraphs 128 et seq. of ESMA Recommendation N° 2011/81, dated March 23, 2011, and the French AMF Recommendation N° 2010-18, and the International Valuation Standards, published by the International Valuation Standards Council (IVSC) and

[1] *Financial Accounting Standards Board Accounting Standards Codification Topic 820: Fair Value Measurements and Disclosures.*

adopted by the International Financial Reporting Standards (IFRS).

The property details on which each appraisal is based are as set out in this report. We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the appraisal assignment competently. Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one appraiser within Altus Group, we confirm that a list of those appraisers has been retained within the working papers, together with confirmation that each named appraiser complies with the requirements of the Red Book.

Appraiser

The Properties have been appraised by an appraiser who is qualified and properly credentialed for the purpose of the appraisal in accordance with USPAP and the Red Book.

Independence

The total fees, including the fee for this assignment, earned by Altus Group (or other companies forming part of the same group of companies globally) from Westfield (or other companies forming part of the same group of companies) is immaterial to the overall revenues of Altus Group. It is not anticipated this situation will vary in the financial year 2018.
We confirm that we do not have any material interest in Westfield or the Properties. We do not consider that any conflict of interest arises in us preparing this Report.

Scope of Work

The appraisals completed in 2017 reflect the results of our analysis of specific market data relating to the subject property, comparable properties sold, and a study of supply and demand characteristics of the market area affecting the subject. The following summarizes the procedures and analysis performed:

- Researched regional, city, and neighborhood data
- Researched market trends for the property type
- Considered relevant lease and sale comparables
- Analyzed the subject's financial and leasing data, physical and market characteristics
- Analyzed data regarding taxes, zoning, utilities, easements, and city services
- Inspected the subject property and its market area
- Determined the Highest and Best Use
- Considered three approaches to value

- Made assumptions for cash flow modeling
- Reconciled a final value conclusion
- Analyzed reasonable marketing and exposure time associated with the concluded value

Consistent with methodology used by institutional investors, we have applied the income capitalization approach with corroborative support from the sales comparison approach. The cost approach is not employed in this analysis as it is typically not emphasized by potential investors for regional malls.

Inspection Dates

Following table shows the inspection dates:

Properties	Date of Inspection
Westfield Culver City	May 8, 2017
Westfield North County	May 10, 2017
Westfield Old Orchard (Mall & Office)	May 12, 2017
Westfield Plaza Bonita	May 9, 2017
Westfield Santa Anita	May 8, 2017
Westfield Citrus Park	October 19, 2017
Westfield Sarasota Square	October 19, 2017
Westfield Siesta Key	October 19, 2017
Westfield South Shore	October 19, 2017
Westfield Sunrise	October 19, 2017
Westfield Trumbull	October 20, 2017

The appraisals were completed in 2017 with the effective date of value being June 30, 2017 and December 31, 2017. Altus Group has not been engaged to update the appraisals for the purposes of the Prospectus, have no obligation so to do and has not updated the appraisals after the date of value. Altus Group makes no statement as to the appropriateness of the date of value or the absence of any potential material change to the market values of the Properties subsequent to the date of value. We confirm that the Market Value reported above, for the purpose of financial reporting under USPAP is effectively the same as "Fair Value" under International Financial Reporting Standards.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported herein represent 100% of the market values of the assets. There are no negative values to report.

Sources of Information

We completed the appraisals in 2017 based on the information provided by Westfield including the following –

- Current Rent Rolls
- Lease and site plans
- Tenant sales report – rolling 12 months and 3-year historical sales
- Income and expense statements – 3-year historical
- Management's 2017 and 2018 budget
- New deals/LOIs
- Recovery files
- Anchor leases
- Tax bills
- Tax credits information

Market Conditions

The aggregate values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the Date of Value. Amongst other things, this assumes that the Properties had been properly marketed and that exchange of contracts took place on this date. For the purposes of our analysis, we assumed a 9-month marketing and exposure time for the Properties.

Reliance

This Report is only for the use of the parties to whom it is addressed for the specific purposes set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. No reliance may be placed upon the contents of this Report by any party for any purpose other than in connection with the Purpose noted above in this report.

APPENDIX A

WESTFIELD CULVER CITY

PROPERTY DESCRIPTION

The subject property consists of a three-level enclosed mall built in 1975 with a total gross leasable area of 1,062,929 square feet, of which 679,309 square feet are owned. The lot contains approximately 41.0 acres. The anchor tenants include JC Penney, Macy's, and Target, which is the only owned anchor. Major tenants include XXI Forever, Nordstrom Rack, and Best Buy. The center currently has one outparcel, Citibank, and redevelopment of the former JC Penney Home Store is underway to add four more outparcels. This subject is situated at the intersection of I-405, Hwy. 90 and Sepulveda Boulevard, making it easily accessible for shoppers to access the mall.

HISTORY OF SUBJECT PROPERTY

The center was known as Fox Hills Mall when it originally opened in 1975. Westfield acquired the shopping center in 1998 and renamed it "Westfield Shoppingtown Fox Hills," dropping the "Shoppingtown" name in June 2005.

A two-level expansion in 2009 which included the redevelopment of a Rob May box added approximately 330,000 square feet of retail space, including a new Target (156,000 square feet) and Best Buy (45,000 square feet). The expansion also added 24 new specialty stores, new restaurants, and a food court level with 14 eateries, in addition to new shopper amenities.

In October 2012, the JC Penney wing of the center saw a transformational reconfiguration of several small shops to add a Nordstrom Rack, a new exterior entrance, and updated inline storefronts along with a small renovation to update carpeting and tile to match the rest of the center. A redevelopment of the former JC Penney Home Store was recently completed, which added four outparcel spaces, currently occupied by Trader Joe's, Chipotle, California Fish Grill, and Starbucks.

In February 2012, Westfield formed a joint venture with Canada Pension Plan Investment Board (CPPIB) in which CPPIB acquired a 45% interest in ten regional malls and two redevelopment sites including the subject. Westfield Group retained 55% interest in the subject.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option for sale. Additionally, the subject property has not been transferred during the past three years.

WESTFIELD NORTH COUNTY

PROPERTY DESCRIPTION

The subject is a two-story enclosed regional mall with a total gross leasable area of 1,261,861 square feet, of which 819,129 square feet are owned. The subject has five anchors including Macy's, JC Penney, Nordstrom, Target, and Sears. The subject is easily accessible from I-15, and caters to many locals and tourists from the San Diego area.

HISTORY OF SUBJECT PROPERTY

Westfield America Inc., which later came to be known as "Westfield" initially acquired a leasehold interest of the subject in 1994, then acquired the remainder of the property the following year. Westfield renamed the subject from "North County Fair" to "Westfield Shoppingtown North County", which was then again modified in 2005 to "Westfield North County". The mall is subject to ground leases with the City of Escondido and the City of San Diego.

Since its initial development in 1986, the property has been redeveloped several times in 2006, 2010, and 2012. The 2010 redevelopment consisted of new space openings of tenants H&M and XXI. Additionally in December of 2010, the North County Tavern and Bowl opened at the subject property, and serves as a major entertainment destination.

In 2012, the center was renovated to include a Target in the former Rob-May box, as well as improvements to the common areas and the food court. The 2012 renovations totaled to an approximate cost of $50 million.

An additional $12 million was spent on the addition of two new restaurants to the center. Cheesecake Factory opened in December 2013, and Black Angus, in the fall of 2015.

WESTFIELD OLD ORCHARD

PROPERTY DESCRIPTION

The subject consists of an open-air regional mall with a total gross leasable area (GLA) of 1,709,177 square feet, including 1,264,929 square feet of owned GLA, and a 72,779 square foot office building. The mall is situated on an 84.981-acre site. The anchors include Bloomingdale's, Lord & Taylor, Nordstrom, and Macy's (unowned). Cinemex, a new luxury theatre concept with a restaurant opened at the subject property in 2017. Westfield Old Orchard is located 15 miles north of downtown Chicago, and is easily accessible from I-94.

HISTORY OF SUBJECT PROPERTY

Old Orchard Shopping Center was first opened in 1956 with Marshall Field's and the Fair Department Store. The center was originally designed as an open-air community center with Marshall Field's in the center of the site. The Fair was bought by Montgomery Ward in 1957 and renamed in 1964. The expansion, redevelopment, and remerchandising of Old Orchard Shopping Center, completed September 1, 1995, added a Nordstrom department store in 1994 and Bloomingdale's in September 1995. The Westfield Group acquired the shopping center in 2002 in the breakup of the previous owner, Urban Shopping Centers, and renamed it "Westfield Shoppingtown Old Orchard". Westfield subsequently renamed the mall "Westfield Old Orchard" in June 2005. In July 2005, Saks Fifth Avenue closed their store, which was demolished in July 2006 and replaced with many shops and restaurants that opened late in 2007.

In 2013, a revitalization project was completed. The redevelopment included the reconstruction of the tenant walkway overhangs, new landscaping, relocation of the play town which included new canopies, and the construction of a glass building (aka "the cube") for partnership marketing opportunities.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option for sale. Additionally, the subject property has not been transferred during the past three years.

WESTFIELD PLAZA BONITA

PROPERTY DESCRIPTION

The subject property consists of a two-story regional mall with a total gross leasable area of 1,021,266 square feet, situated on a 70.41-acre site. The anchors include JC Penney, Macy's, and Target, which are unowned. In addition, the center has a 14-screen AMC Cinema and two outparcels which include Jared's Galleria of Jewelry and Outback Steakhouse. The subject is located only 15 minutes south from downtown San Diego, and 10 minutes north of the Mexican border.

HISTORY OF SUBJECT PROPERTY

Plaza Bonita center was originally developed in 1981 anchored by Mervyn's, Robinson-May, JC Penney, and Montgomery Ward. Westfield acquired the shopping center in 1994, and renamed it "Westfield Shoppingtown Plaza Bonita" in 1998, dropping the "Shoppingtown" name in June 2005. In December 2005 the Mervyn's store was acquired for renovation. In mid-2006, the former Montgomery Ward store was stripped for new development plans.

In 2007-08, the mall underwent a full renovation which included adding new stores including Target; AMC Theatres; Forever 21, a new parking garage, a new food court called Café Terrace, along with many new retail stores and outdoor restaurants. The new part of the mall was opened on April 16, 2008. John's Pizza and Nordstrom Rack opened at the center in 2010 and 2011 respectively.

In February 2012, Westfield formed a joint venture with Canada Pension Plan Investment Board (CPPIB) in which CPPIB acquired a 45% interest in ten regional malls and two redevelopment sites including the subject. Westfield Group retained 55% interest in the subject.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option for sale. Additionally, the subject property has not been transferred during the past three years.

WESTFIELD SANTA ANITA

PROPERTY DESCRIPTION

The subject property consists of a two-story super-regional mall with a total gross leasable area of 1,475,430 square feet. The anchor tenants include JC Penney, Macy's, Nordstrom, and Forever 21 (owned). Major tenants include Dave and Buster's, Gold's Gym, Zara, H&M, and Urban Home. The center also has a 16-screen AMC theatre. The center is strategically located directly off the highly traveled 210 Freeway and approximately 7 miles from Pasadena, home of the Rose bowl and Tournament of Roses Parade. This center is the only regional shopping center serving the affluent area of Arcadia. Recent research at this center shows the shopper is family-oriented, diverse, and relatively affluent.

HISTORY OF SUBJECT PROPERTY

The center was known as Santa Anita Fashion Park when it originally opened in 1974. The Westfield Group, acquired the shopping center in 1998, and renamed it "Westfield Shoppingtown Santa Anita" dropping the "Shoppingtown" name in June 2005. In May 2009 Santa Anita unveiled The Promenade, an open-air garden retreat featuring 115,000 square feet of new open-air retail space. This $120 million revitalization of the property introduced 30 new shops and restaurants, landscaped courtyards, walkways, fountains, and locally inspired architecture. A renovation of the center court in the existing center was also completed as part of the revitalization.

A development to re-tenant a vacant Rob May box has brought a 3-level Forever 21 store that opened in October 2012, small shops and Gold's Gym that opened in February 2013. Approximately 13,300 square feet of small shops were added on the front half of the box on the first floor with common area from center court to Forever 21 in the rear of the box. Forever 21 occupies the back portion of the first level, the entire second level and the back portion of the third level.

In February 2012, Westfield formed a joint venture with Canada Pension Plan Investment Board (CPPIB) in which CPPIB acquired a 45% interest in ten regional malls and two redevelopment sites including the subject. Westfield Group retained 55% interest in the subject.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option for sale. Additionally, the subject property has not been transferred during the past three years.

WESTFIELD CITRUS PARK

PROPERTY DESCRIPTION

Westfield Citrus Park, formerly Citrus Park Town Center, is a single-level regional mall located north of Tampa off of Route 589. The subject property was initially built in 1999 and redeveloped in 2007.

The subject has a total gross leasable area of 1,139,180 square feet, of which 502,232 square feet are owned. The mall is situated on a 141-acre site. The subject property includes four unowned anchor spaces of JC Penney, Macy’s, Sears, and Dillard’s, a cinema, as well as two owned majors; Dick’s Sporting Goods and The Finish Line.

The center has a street façade ambience, with 30-foot-high storefronts, decorative street lamps inside the mall, and limestone walkways. The mall offers a mix of mid-to-high end stores including Sephora, Teavana, Banana Republic, H&M, and Victoria’s Secret, several restaurants, as well as a Regal Cinema.

HISTORY OF SUBJECT PROPERTY

Westfield Citrus Park, formerly Citrus Park Town Center, is a single-level regional mall located north of Tampa off of Route 589. The subject property was initially built in 1999 and redeveloped in 2007. The center was acquired by Westfield (formerly Westfield America, Inc.) in 2002 and the center was renamed to “Westfield Shoppingtown Citrus Park”, dropping "Shoppingtown" from the name in June 2005.

The subject property was redeveloped in 2007 to include a 50,000 SF Dick’s Sporting Goods. This project cost was approximately $10 million.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option. A 49.99% interest was transferred in 2013 to O’Connor Capital Partners.

WESTFIELD SARASOTA

PROPERTY DESCRIPTION

The subject is a single-level enclosed regional mall with a total gross leasable area (GLA) of 1,021,101 square feet, of which 531,498 square feet are owned. The mall is situated on a 93-acre site. The anchors include Costco and JC Penney, with two vacant anchor boxes that were formerly Sears and Macy's. The subject is located at 8201 S Tamiami Trail, Sarasota, FL. The property is located in Sarasota County adjacent to the Tamiami Trail (USRoute 41), approximately 20 miles south of Bradenton.

HISTORY OF SUBJECT PROPERTY

Westfield America, Inc., a precursor to Westfield, acquired the subject property in 2001, and renamed it "Westfield Shoppingtown Sarasota". Westfield subsequently renamed the mall Westfield Sarasota Square in June 2005. It is one of two Westfield malls in the Sarasota area, along with Westfield Southgate.

The shopping center was initially built in 1971 and has undergone redevelopment in 2007 and 2012. The redevelopment in 2007 consisted of the completion of an AMC Theatre (49,000 sf), 23 specialty shops, 3 restaurants, and a new 11 unit food court. In addition, the project included a substantial renovation of the mall's interior and common areas. Overall, the project cost was approximately $60 million.

In August 2012, the redevelopment project to replace the vacant space that was previously Dillard's with a 147,000 sf Costco commenced. The project included an internally designed mall entrance for Costco (Costco does not have any exterior facing entrances or exits) in order to enhance the draw for mall customers. This redevelopment project cost was approximately $11 million.

In April of 2017, 142,000 sf anchor tenant Macy's closed at the center. Macy's currently owns the space and management is in discussion to potentially purchase the box. Potential backfill tenants include a gym, grocer, sporting goods store, as well as several other large formats including residential.

Seritage announced in June of 2017 that Sears will exercise their right to terminate their leases at 20 different locations, including their space at the subject property. Sears has vacated the space as of September 2017.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option. A 49.99% interest was transferred in 2013 to O'Connor Capital Partners.

WESTFIELD SIESTA KEY

PROPERTY DESCRIPTION

The subject property is a single-level regional mall with a gross leasable area of 441,519 square feet, of which 347,519 square feet are owned. The center is currently anchored by Macy's, though the current extension expires April 2019. Macy's has informed ownership that it plans to vacate following expiration of its current extension in April 2019. Target has signed an LOI to backfill 50,000 sf of the space beginning October 2019 for ten years (plus eight 5-year options).

The subject also has an unowned vacant anchor space formerly occupied by Dillard's that was re-demised in mid-2017 into a new LA fitness gym and Lucky Market grocery store, with 30,000 square feet remaining vacant.

HISTORY OR SUBJECT PROPERTY

Westfield Siesta Key, formerly known as Siesta Key Plaza and South Gate Shopping Plaza, is a single-level enclosed shopping center located on the west side of Sarasota County, FL. The center was originally opened in 1956 as a strip mall with F.W. Woolworth and a Kroger supermarket as its biggest draws. It was enclosed in 1988. Westfield (formerly Westfield America, Inc.) bought the center in 2002 and the center was then renamed to "Westfield Shoppingtown Siesta Key", dropping "Shoppingtown" from the name in June 2005.

Since its initial construction in 1956, Westfield Siesta Key has been redeveloped four times in 1988, 1997, 2014, and 2017. A $9 million common area mall renovation project was completed in June 2014. This included installation of new Travertine tile flooring, new furnishings, new family/companion restroom, landscape and paint. The project also refurbished existing restrooms and included the installation of interior trellis system, an interior fountain and lighting.

Additionally, in February of 2016, the majority of the former Saks department store was demolished to construct a new 7-screen Cobb Cinesbistro, a luxury dine-in theater, and a 4,500 square foot restaurant. This redevelopment cost was approximately $20 million.

Most recently, a restaurant expansion redevelopment project commenced in June 2016 at the northern elbow of the subject property adding four restaurant spaces, three of which have now opened including Bravo Cucina, Connor's Steak, and Metro Diner. Naples Flatbread will also be opening next to Cinebistro in November 2017. An additional lease with tenant Burgerim is currently under negotiation.

In mid-2017, a new LA fitness gym and Lucky Market grocery store opened in the department store box that was previously a non-owned Dillard's.

Macy's has informed ownership that it plans to vacate following expiration of its current extension in April 2019. Target has signed an LOI to backfill 50,000 sf of the space beginning October 2019 for ten years (plus eight 5-year options).

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option. A 49.99% interest was transferred in 2013 to O'Connor Capital Partners.

WESTFIELD SOUTH SHORE

DESCRIPTION

The subject is single-story enclosed regional mall with a total gross leasable area (GLA) of 1,013,204 square feet, of which 893,204 square feet are owned. The mall is situated on an 84-acre site. The anchors include Dick's Sporting Goods, JC Penney, Macy's, and Lord & Taylor. The subject is located at 1701 Sunrise Hwy, Bay Shore, NY. The property is located in Suffolk County, with easy access to and from Sunrise Hwy.

HISTORY OF SUBJECT PROPERTY

Westfield America, Inc., a precursor to Westfield, acquired the subject property in 1986. Prior to the acquisition, the retail center was known as South Shore Mall, but was then renamed to Westfield South Shore.

The shopping center was initially built in 1963 and has undergone redevelopment in 1998 and 2013. The redevelopment in 2013 included the rebuilding of a new Macy's store, as well as the reconfiguration of 75,000 sf for new interior specialty shops. In addition, the common area of the center, the food court, and three mall entrances were also remodeled and renovated. Three new restaurants (Cheesecake Factory, Olive Garden and Blaze Pizza) were added to the center. To accommodate the increase in retail space, two new parking lots were added to both sides of the Sears Auto building. Lastly, two additional outparcel spaces were constructed for tenants Vision Works and Capital One.

The former Sears building was purchased and Sears vacated in 2016. The box is now occupied by a two-level, 120,000 square-foot Dicks Sporting Goods.

There is future potential for the currently vacant cinema space to be used for a small luxury dining theatre.

WESTFIELD SUNRISE

PROPERTY DESCRIPTION

The subject is two-story enclosed regional mall with a total gross leasable area (GLA) of 1,217,161 square feet, of which 1,023,631 square feet are owned. The mall is situated on a 77 acre lot, of which 34 acres are owned. The anchors include Dick's Sporting Goods, Macy's, and Sears. The subject is located on Sunrise Hwy Route 27 in Massapequa on Long Island. The property is located on Long Island, in Nassau County, and borders Suffolk County.

HISTORY OF SUBJECT PROPERTY

Westfield America, Inc., a precursor to Westfield, acquired the subject property in 2005. The shopping center was initially built in 1973 and has undergone redevelopment in 1993, 2014 and 2016.

Most recently in April of 2017, anchor tenant Dick's Sporting Goods opened in the space previously occupied by Wal-Mart. Dave and Busters will be taking another portion of the same space, and is expected to open by mid-2018.

Additionally, approximately 44,000 sf, of which 23,000 sf are outward facing, have been reconfigured and committed to tenants Bar Louie, HomeGoods, and Rodizio Grill Brazilian Steakhouse. Reconfigurations include new ground level streetscape at the entrances and dining areas.

JC Penney has closed their store at the center, and alternative options such as cinema, grocery, retail, and residential uses are being considered to backfill the vacant space.

WESTFIELD TRUMBULL

PROPERTY DESCRIPTION

The subject is two-story enclosed regional mall with a total gross leasable area (GLA) of 1,128,609 square feet, of which all 1,128,609 square feet are owned. The mall is situated on a 75-acre site. The anchors include Lord & Taylor, JC Penney, Macy's and Target. The subject is located at 5065 Main St, Trumbull, CT. The property is located in Fairfield County, with easy access to and from the Merritt Parkway. The property consists of approximately 10.422 acres excess land located at 5065 Main Street, Trumbull, CT.

HISTORY OF SUBJECT PROPERTY

Westfield America, Inc., a precursor to Westfield, acquired the subject property in 1977 as the first of its U.S. mall purchases. Prior to the acquisition, the retail center was known as Trumbull Shopping Park, but was then renamed to Westfield Trumbull.

The shopping center was initially built in 1962 and has undergone redevelopment in 1982, 1987, 1990, 1992, 2008 and 2010. The redevelopment in 2008 consisted of a two-level 198,000 SF Target to replace a vacant Macy's box. The project cost was approximately $14 million.

In November 2010, the center underwent a significant redevelopment to relocate and renovate the dining commons, as well as updating the appearance of both the interior and exterior of the center. This project cost approximately $40 million.

There is potential for developments in the future that consist of a new theater, additional retail/restaurant spaces, as well as a new luxury department store.

Based on our research of applicable public records, private data services, and an interview of the current owner, the property is not under current agreement or option. A 47.4% interest was transferred in 2015 to O'Connor Capital Partners.

18.2.3 Duff & Phelps

DUFF & PHELPS

Real Estate Advisory Group

Mr. John Fleming
Vice President
Westfield Corporation, LLC
2049 Century Park East, 41st Floor
Los Angeles, CA 90067

February 14, 2018

Subject: Summary of Real Estate Valuation Services prepared by Duff & Phelps for the Westfield Corporation

Introduction

Duff & Phelps, LLC ("D&P") was retained by Westfield Corporation, LLC (the "Company") to provide the services (the "Services") set out below in connection with the valuation of certain malls (hereafter referred to as the "Subject Properties") as of June 30, 2017 and December 31, 2017 (the "Valuation Dates"). The subject properties are further identified as follows:

Subject Property	Interest Appraised	Valuation Date	Date of Inspection
Fashion Square, Sherman Oaks, CA	Leased Fee	6/30/2017	4/28/2017
Valencia Town Center, Valencia, CA	Leased Fee	6/30/2017	4/28/2017
Garden State Plaza	Leased Fee	6/30/2017	5/17/2017
Brandon Mall, Brandon, FL	Leased Fee	12/31/2017	10/30/2017
Broward Mall, Broward, FL	Leased Fee	12/31/2017	10/30/2017
Palm Desert Mall, Palm Desert, CA	Leased Fee	12/31/2017	11/5/2017
Wheaton Mall and Offices, Wheaton, MD	Leased Fee	12/31/2017	10/25/2017
Countryside Mall, Clearwater, FL	Leased Fee	12/31/2017	10/31/2017

The purpose of the Services was to estimate the "as is" market value of the leased fee interest of the real estate. The intended use by the Company for the appraisal was for financial reporting purposes.

This document is not an appraisal report, and only intended to serve as a summary of services provided to the Company during the 2017 calendar year. Duff & Phelps LLC does not accept any liability to third parties. Duff & Phelps LLC agrees to this condensed report being included in the Prospectus of Unibail-Rodamco and NewCo. The valuations have been prepared in accordance with the provisions of (i) Article 23.1 of the EU Regulation N° 809-2004 and Paragraphs 128 et seq. of ESMA Recommendation N° 2011/81, dated March 23, 2011, and (ii) the French AMF Recommendation N° 2010-18 regarding the presentation of valuation parameters of listed real estate companies, dated February 8, 2010, as amended. We confirm that we have prepared our valuation as external and independent appraisers as defined by USPAP.

Scope of Services

A general outline of our scope of work for each appraisal report is presented below.

Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	An interior and exterior inspection of the subject property has been made.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains a comprehensive database for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Data Research	We have reviewed and to the extent applicable incorporated the information from all client provided documentation including but not limited to historical operating statements, budgets, rent rolls and surveys. Title information and property history data are also based upon client provided documentation as well as public records. An investigation of the property's compliances and zoning was undertaken at the governing municipality. Flood insurance zone data was provided by FEMA. The sale comparable transactions, as well as other pertinent data contained herein, have been obtained from the national market. Improved sales

	data have been obtained from the real estate research operation of CoStar, Inc., as well as knowledgeable brokers in the marketplace, and verified with a party to the transaction wherever possible.
Report Type:	The Appraisal reports adhere to the standards as defined by the Uniform Standard of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a detailed and complete description of the appraisal process, subject data and valuation. While each of our valuations was prepared under USPAP guidelines, we confirm that each would also conform to RICS Valuation – Professional Standards (the "Red Book"), which is an internationally accepted basis of valuation. Our valuations would also be considered to be fully compliant with IFRS accounting standards and IVSC valuation standards and guidance.

<u>Valuation Analyses</u>

Cost Approach:	A cost approach was not applied as there is inadequate data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
Income Approach	An income approach was applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach.
Identification of Personal Property or Intangibles	We did not separately identify and value intangible assets at the subject.
Hypothetical Conditions:	There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:	The GBA was estimated to be 10% greater than the GLA; however, any variance in the overall GBA ultimately has a de minimis impact on valuation, given the net rentable area is the relied upon unit of measure and valuation metric.
Operating Covenants	The anchor tenants are encumbered by either lease agreements and/or Construction, Operating and Reciprocal Easement Agreement. As part of these documents, anchor stores and ownership are bound by certain operating covenants viewed as being typical of a regional mall.

Our analyses, opinions and conclusions were developed in conformity with: a) the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute; b) the Uniform Standards of Professional Appraisal Practice (“USPAP”); c) FIRREA Title XI, 12 CFR part 323 (FDIC) and 12 CFR Part 34 (RTC); d) the applicable laws of the state where the appraiser is licensed and/or certified and where the property is located and any other requirements as set forth in the engagement letter; e) is subject to the attached General Assumptions and Limiting Conditions and f) may be affected by certain identified hypothetical conditions and extraordinary assumptions.

Definition of Value

Market value - Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[1]

Leased Fee – An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within a lease.

General Assumptions and Limiting Conditions

The appraisal reports were subject to the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements are assumed to lie within property boundaries.

2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

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[1] Appraisal Foundation, USPAP 2016-2017, this example definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

3. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.

4. Full compliance with all applicable federal, state and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.

5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the appraisal date hereof.

6. Responsible ownership and competent property management are assumed.

7. The allocation, if any, in this report of the total valuation among components of the property applies only to the program of utilization stated in this report. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

8. Areas and dimensions of the property were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.

9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

10. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.

11. Neither Duff & Phelps, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereto for have been made.

12. This appraisal has been made in conformance with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.

13. We have not been engaged nor are we qualified to detect the existence of hazardous material, which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on, in, or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge

required to discover them. The client should retain an expert in this field if further information is desired.

14. The date of value to which the conclusions and opinions expressed in this report apply is set forth in the opinion letter at the front of this report. Our value opinion is based on the purchasing power of the United States' dollar as of this date.

15. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property along with a detailed study of ADA requirements could reveal that the property is not in compliance with the act. If so, this would have a negative effect on the property value. We were not furnished with any compliance surveys or any other documents pertaining to this issue and therefore did not consider compliance or noncompliance with the ADA requirements when estimating the value of the property.

16. In accordance with our agreement, this report is limited to the value of the subject property. One or more additional issues may exist that could affect the Federal tax treatment of the subject property with respect to which we have prepared this report. This report does not consider or provide a conclusion with respect to any of those issues. With respect to any significant Federal tax issue outside the scope of this report, this report was not written, and cannot be used, by anyone for the purpose of avoiding Federal tax penalties.

Summary of Salient Facts

A summary of the salient facts for each of the subject properties is presented in the Exhibit A.

Value Reconciliations and Conclusions

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. The income capitalization approach, and more specifically the discounted cash flow analysis, was considered a primary value indicator and was given primary emphasis. The sales comparison approach also provided to be a reliable value estimate and was also given secondary emphasis

Our estimate of the aggregate market value of the leased fee interest of the subject properties as of the respective valuation dates is $4,878,300,000.

Yours sincerely,

Duff & Phelps, LLC

Duff & Phelps, LLC

By: Ross Prindle
Managing Director

Exhibit A – Summary of Salient Facts

Westfield Garden State Plaza

BASIC INFORMATION			
Property Name:	Westfield Garden State Plaza	Report Type:	Appraisal Report
Address:	1 Garden State Plaza	Interest Appraised:	Leased Fee
City:	Paramus	Value Premise:	Market Value
State:	New Jersey	Date of Value- "As Is":	June 30, 2017
County:	Bergen	Date of Inspection:	May 17, 2017
Zip Code:	07652	Intended User:	Westfield Corporation Llc
Owner of Record:	Westland Garden State Plaza, L.P.		
Purpose of the Appraisal:	to estimate the "as is" market value of the leased fee interest in the subject property as of the date of value	Special Property Interests Valued:	None

SITE INFORMATION			
Gross Land Area (Acres)*:	145.28	Frontage:	Excellent
Gross Land Area (Sq Ft)*:	6,328,310	Access:	Very Good
Excess Land Area (Acres):	0.00	Site Visibility:	Very Good
Excess Land Area (Sq Ft):	0	Topography:	Level
Usable Land Area (Acres):	145.28	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	6,328,310	Location Rating:	Very Good
Flood Zone:	X	Number of Parking Spaces	10,774
FEMA Community Map #:	34003C0187G	Parking Ratio (per 1,000 sf):	4.98 spaces per 1,000 square feet
FEMA Map Date:	September 30, 2005	Parking Type:	Parking structure and surface spaces

BUILDING INFORMATION			
Type of Property:	Retail	Year Built:	1967
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	2014
Gross Building Area (sf):	2,377,431	Building Class (MVS):	Class C
Gross Leasable Area (sf):	2,161,301	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	2	Actual Age (years):	50
Rent Roll Occupancy:	99.29%	Largest Tenant:	Macy's
		Land to Building Ratio:	2.66 to 1
		FAR:	0.38

Valencia

BASIC INFORMATION			
Property Name:	Westfield Valencia	Report Type:	Appraisal
Address:	24201 Valencia Boulevard	Interest Appraised:	Leased Fee
City:	Valencia	Value Premise:	Market Value
State:	California	Date of Value- "As Is":	June 30, 2017
County:	Los Angeles	Date of Inspection:	April 28, 2017
Zip Code:	91355	Intended User:	Westfield Corporation, LLC
Owner of Record:	Valencia Town Center Venture	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the "as is" market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION			
Gross Land Area (Acres)*:	65.90	Frontage:	Good
Gross Land Area (Sq Ft)*:	2,870,573	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	Average
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	65.90	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	2,870,573	Location Rating:	Good
Flood Zone:	D	Number of Parking Spaces	6,200
FEMA Community Map #:	060729-06037C0820F	Parking Ratio (per 1,000 sf):	5.65 spaces per 1,000 square feet
FEMA Map Date:	September 26, 2008	Parking Type:	Paved open-surface & garages

BUILDING INFORMATION			
Type of Property:	Retail	Year Built:	1992 - 1993
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 1999, 2000, 2002 and 2010.
Gross Building Area (sf):	1,220,166	Building Class (MVS):	Class C
Gross Leasable Area (sf):	1,098,149	Construction Quality:	Good
# of Buildings:	18	Condition Rating:	Good
# of Stories:	1-2	Actual Age (years):	24
Rent Roll Occupancy:	97.83%	Largest Tenant:	Macy's - NAP
		Land to Building Ratio:	2.35 to 1
		FAR:	0.43

Fashion Square

BASIC INFORMATION

Property Name:	Westfield Fashion Square	Report Type:	Appraisal
Address:	14006 Riverside Drive	Interest Appraised:	Leased Fee
City:	Los Angeles	Value Premise:	Market Value
State:	California	Date of Value- "As Is":	June 30, 2017
County:	Los Angeles	Date of Inspection:	April 28, 2017
Zip Code:	91423	Intended User:	Westfield Corporation, LLC
Owner of Record:	Sherman Oaks Fashion Associates	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the "as is" market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION

Gross Land Area (Acres)*:	10.65	Frontage:	Good
Gross Land Area (Sq Ft)*:	464,070	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	good
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	10.65	Shape:	Rectangular
Usable Land Area (Sq Ft):	464,070	Location Rating:	Good
Flood Zone:	X	Number of Parking Spaces	3,914
FEMA Community Map #:	060137 - 06037C1315F	Parking Ratio (per 1,000 sf):	4.55 spaces per 1,000 square feet
FEMA Map Date:	September 26, 2008	Parking Type:	Paved open-surface & garages

BUILDING INFORMATION

Type of Property:	Retail	Year Built:	1961
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 1975, 1990, 1996, 2012, and 2013.
Gross Building Area (sf):	955,358	Building Class (MVS):	Class C
Gross Leasable Area (sf):	859,822	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	2	Actual Age (years):	56
Rent Roll Occupancy:	98.91%	Largest Tenant:	Macy's - NAP
		Land to Building Ratio:	.49 to 1
		FAR:	2.06

Brandon

BASIC INFORMATION

Property Name:	Westfield Brandon	Report Type:	Appraisal
Address:	459 Brandon Town Center Dr	Interest Appraised:	Leased Fee
City:	Brandon	Value Premise:	Market Value
State:	Florida	Date of Value- "As Is":	December 31, 2017
County:	Hillsborough	Date of Inspection:	October 30, 2017
Zip Code:	33511	Intended User:	Westfield Corporation, LLC
Owner of Record:	Westfield Group	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the prospective market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION

Gross Land Area (Acres)*:	149.05	Frontage:	Good
Gross Land Area (Sq Ft)*:	6,492,834	Access:	Good
Excess Land Area (Acres):	14.59	Site Visibility:	Good
Excess Land Area (Sq Ft):	635,540	Topography:	Generally Level
Usable Land Area (Acres):	133.17	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	5,801,101	Location Rating:	Good
Flood Zone:	X/AE	Number of Parking Spaces	5,208
FEMA Community Map #:	12057C0387J	Parking Ratio (per 1,000 sf):	4.51 spaces per 1,000 square feet
FEMA Map Date:	September 27, 2013	Parking Type:	Paved open-surface

BUILDING INFORMATION

Type of Property:	Retail	Year Built:	1995
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 2007.
Gross Building Area (sf):	1,281,574	Building Class (MVS):	Class C
Gross Leasable Area (sf):	1,153,417	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	2	Actual Age (years):	21
Rent Roll Occupancy:	98.9%	Largest Tenant:	Dillards (Unowned)
		Land to Building Ratio:	5.07 to 1
		FAR:	0.20

Broward

BASIC INFORMATION			
Property Name:	Westfield Broward	Report Type:	Appraisal
Address:	8000 West Broward Boulevard	Interest Appraised:	Leased Fee
City:	Plantation	Value Premise:	Market Value
State:	Florida	Date of Value- "As Is":	December 31, 2017
County:	Broward	Date of Inspection:	October 30, 2017
Zip Code:	33388	Intended User:	Westfield Corporation, LLC
Owner of Record:	Broward Mall LLC	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the prospective market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION			
Gross Land Area (Acres)*:	84.90	Frontage:	Good
Gross Land Area (Sq Ft)*:	3,698,312	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	Good
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	84.90	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	3,698,312	Location Rating:	Good
Flood Zone:	AH	Number of Parking Spaces	5,326
FEMA Community Map #:	120054 - 12011C0535H	Parking Ratio (per 1,000 sf):	5.12 spaces per 1,000 square feet
FEMA Map Date:	August 18, 2014	Parking Type:	Paved open-surface

BUILDING INFORMATION			
Type of Property:	Retail	Year Built:	1978
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 2002 and 2014.
Gross Building Area (sf):	1,156,803	Building Class (MVS):	Class C
Gross Leasable Area (sf):	1,041,123	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	2	Actual Age (years):	38
Rent Roll Occupancy:	98.4%	Largest Tenant:	Sears (Unowned)
		Land to Building Ratio:	3.19 to 1
		FAR:	0.31

Countryside

BASIC INFORMATION			
Property Name:	Westfield Countryside	Report Type:	Appraisal
Address:	27001 US Highway 19 North	Interest Appraised:	Leased Fee
City:	Clearwater	Value Premise:	Market Value
State:	Florida	Date of Value- "As Is":	December 31, 2017
County:	Pinellas	Date of Inspection:	October 31, 2017
Zip Code:	33761	Intended User:	Westfield Corporation, LLC
Owner of Record:	Bellweather Prop Fla	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the prospective market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION			
Gross Land Area (Acres)*:	69.51	Frontage:	Average
Gross Land Area (Sq Ft)*:	3,027,856	Access:	Average
Excess Land Area (Acres):	0.0	Site Visibility:	Average
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	69.51	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	3,027,856	Location Rating:	Good
Flood Zone:	X	Number of Parking Spaces	5,586
FEMA Community Map #:	12103C0088G	Parking Ratio (per 1,000 sf):	4.45 spaces per 1,000 square feet
FEMA Map Date:	3-Sep-03	Parking Type:	Paved open-surface

BUILDING INFORMATION			
Type of Property:	Retail	Year Built:	1975
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 1998 and 2009.
Gross Building Area (sf):	1,395,873	Building Class (MVS):	Class C
Gross Leasable Area (sf):	1,256,286	Construction Quality:	Average
# of Buildings:	5	Condition Rating:	Average
# of Stories:	2	Actual Age (years):	42
Rent Roll Occupancy:	96.54%	Largest Tenant:	Sears
		Land to Building Ratio:	2.17 to 1
		FAR:	0.46

Palm Desert

BASIC INFORMATION

Property Name:	Westfield Palm Desert	Report Type:	Appraisal
Address:	72810-72900 Hwy 111	Interest Appraised:	Leased Fee
City:	Palm Desert	Value Premise:	Market Value
State:	California	Date of Value- "As Is":	December 31, 2017
County:	Riverside	Date of Inspection:	10/13/2017 & 11/5/2017
Zip Code:	92260	Intended User:	Westfield Corporation, LLC
Owner of Record:	WEA Palm Desert	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the "as is" market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION

Gross Land Area (Acres)*:	65.03	Frontage:	Good
Gross Land Area (Sq Ft)*:	2,832,848	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	Good
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	65.03	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	2,832,848	Location Rating:	Good
Flood Zone:	X500L	Number of Parking Spaces	4,597
FEMA Community Map #:	060629 - 06065C2207H	Parking Ratio (per 1,000 sf):	4.74 spaces per 1,000 square feet
FEMA Map Date:	April 19, 2017	Parking Type:	Paved open-surface & garages

BUILDING INFORMATION

Type of Property:	Retail	Year Built:	1983
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 2001, 2004 and 2014.
Gross Building Area (sf):	1,077,458	Building Class (MVS):	Class C
Gross Leasable Area (sf):	969,712	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	2	Actual Age (years):	34
Rent Roll Occupancy:	97.2%	Largest Tenant:	Macy's
		Land to Building Ratio:	2.63 to 1
		FAR:	0.38

Wheaton Mall

BASIC INFORMATION

Property Name:	Westfield Wheaton	Report Type:	Appraisal
Address:	11160 Veirs Mill Rd	Interest Appraised:	Leased Fee
City:	Wheaton	Value Premise:	Market Value
State:	Maryland	Date of Value- "As Is":	December 31, 2017
County:	MD	Date of Inspection:	October 25, 2017
Zip Code:	20902	Intended User:	Westfield Corporation, LLC
Owner of Record:	Wheaton Plaza Reg Shop Ctr	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the prospective market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION

Gross Land Area (Acres)*:	79.00	Frontage:	Good
Gross Land Area (Sq Ft)*:	3,441,117	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	Good
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	79.00	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	3,441,117	Location Rating:	Good
Flood Zone:	X	Number of Parking Spaces	6,500
FEMA Community Map #:	24031C0370D	Parking Ratio (per 1,000 sf):	4.3 spaces per 1,000 square feet
FEMA Map Date:	September 29, 2006	Parking Type:	Paved open-surface & garages

BUILDING INFORMATION

Type of Property:	Retail	Year Built:	1958
Property Sub-Type:	Regional Shopping Mall	Last Major Renovation:	Renovations/expansions were completed in 2012 and additional renovations are ongoing.
Gross Building Area (sf):	1,676,327	Building Class (MVS):	Class C
Gross Leasable Area (sf):	1,508,694	Construction Quality:	Good
# of Buildings:	5	Condition Rating:	Good
# of Stories:	2	Actual Age (years):	59
Rent Roll Occupancy:	98.24%	Largest Tenant:	Target
		Land to Building Ratio:	2.05 to 1
		FAR:	0.49

Wheaton North Office

BASIC INFORMATION			
Property Name:	Westfield Wheaton - North Office	Report Type:	Appraisal
Address:	11160 Veirs Mill Rd	Interest Appraised:	Leased Fee
City:	Wheaton	Value Premise:	Market Value
State:	Maryland	Date of Value- "As Is":	December 31, 2017
County:	MD	Date of Inspection:	October 25, 2017
Zip Code:	20902	Intended User:	Westfield Corporation, LLC
Owner of Record:	Wheaton Plaza Reg Shop Ctr	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the prospective market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION			
Gross Land Area (Acres)*:	1.11	Frontage:	Good
Gross Land Area (Sq Ft)*:	48,357	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	Good
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	1.11	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	48,357	Location Rating:	Good
Flood Zone:	X	Number of Parking Spaces	380
FEMA Community Map #:	24031C0370D	Parking Ratio (per 1,000 sf):	2.91 spaces per 1,000 square feet
FEMA Map Date:	September 29, 2006	Parking Type:	Paved open-surface & garages

BUILDING INFORMATION			
Type of Property:	Office	Year Built:	1963
Property Sub-Type:	Suburban Office	Last Major Renovation:	1993
Gross Building Area (sf):	126,266	Building Class (MVS):	Class C
Gross Leasable Area (sf):	126,071	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	11	Actual Age (years):	54
Rent Roll Occupancy:	82.25%	Largest Tenant:	Arthritis & Rheumatism
		Land to Building Ratio:	.4 to 1
		FAR:	2.49

Wheaton South Office

BASIC INFORMATION			
Property Name:	Westfield Wheaton - South Office	Report Type:	Appraisal
Address:	11160 Veirs Mill Rd	Interest Appraised:	Leased Fee
City:	Wheaton	Value Premise:	Market Value
State:	Maryland	Date of Value- "As Is":	December 31, 2017
County:	MD	Date of Inspection:	October 25, 2017
Zip Code:	20902	Intended User:	Westfield Corporation, LLC
Owner of Record:	Wheaton Plaza Reg Shop Ctr	Special Property Interests Valued:	None
Purpose of the Appraisal:	to estimate the prospective market value of the leased fee interest in the subject property as of the date of value		

SITE INFORMATION			
Gross Land Area (Acres)*:	0.34	Frontage:	Good
Gross Land Area (Sq Ft)*:	15,000	Access:	Good
Excess Land Area (Acres):	0.00	Site Visibility:	Good
Excess Land Area (Sq Ft):	0	Topography:	Generally Level
Usable Land Area (Acres):	0.34	Shape:	Generally Irregular
Usable Land Area (Sq Ft):	15,000	Location Rating:	Good
Flood Zone:	X	Number of Parking Spaces	200
FEMA Community Map #:	24031C0370D	Parking Ratio (per 1,000 sf):	2.41 spaces per 1,000 square feet
FEMA Map Date:	September 29, 2006	Parking Type:	Paved open-surface & garages

BUILDING INFORMATION			
Type of Property:	Office	Year Built:	1958
Property Sub-Type:	Suburban Office	Last Major Renovation:	1986
Gross Building Area (sf):	96,228	Building Class (MVS):	Class C
Gross Leasable Area (sf):	82,001	Construction Quality:	Good
# of Buildings:	1	Condition Rating:	Good
# of Stories:	7	Actual Age (years):	59
Rent Roll Occupancy:	97.54%	Largest Tenant:	Montgomery Community College
		Land to Building Ratio:	.18 to 1
		FAR:	5.53

18.2.4 CBRE Limited

VALUATION REPORT

Westfield London Shopping Centre

On behalf of:

Westfield Corporation Limited

Valuation Date: 31 December 2017
Report Date: 21 March 2018

CBRE

VALUATION REPORT

Table of Contents

Content **Page Number**

CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB
Switchboard +44 (0)20 7182 2000

Valuation Report

Report Date	21 March 2018
Addressee	Westfield Corporation Limited Level 29 85 Castlereagh Street Sydney NSW 2000 Australia (Referred to herein as "Westfield" or the "Company") For the attention of: Simon Tuxen
The Property	Westfield London Shopping Centre
Ownership Purpose	Investment and Development
Instruction	To value the unencumbered long leasehold interest in the Property on the basis of Fair Value (IFRS 13) the as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressee dated 21 March 2018.
Valuation Date	31 December 2017.
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book").

Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards 2017) ("Red Book"). We understand that our valuation report and the Appendix to it (together the "Valuation Report") is required for the purpose of inclusion in the Prospectus (the "Prospectus") which is prepared by by Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. in the context of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco and the class A shares of WFD Unibail-Rodamco N.V., stapled together, in connection with the proposed acquisition by Unibail-Rodamco SE of Westfield (the "Acquisition").

The effective date of valuation is 31 December 2017.

Our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance

In accordance with the RICS Valuation – Global Standards 2017 ("Red Book") we have made certain disclosures in connection with this valuation instruction and our relationship with the Company.

Basis of Valuation and Fair Value in accordance with IFRS 13

£3,853,000,000 (Three Billion, Eight Hundred and Fifty-Three Million Pounds) exclusive of VAT.

Included within the Fair Value reported above is the development, which accounts for £748,000,000 of the Fair Value.

The valuation has been prepared in accordance with the Red Book.

For the avoidance of doubt, we have valued the Property as real estate asset and the value reported above represents 100% of the Fair Value of the asset.

There are no negative values to report.

We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards is effectively the same as "Market Value".

Our opinion of Fair Value (IFRS 13) is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

Where a property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our valuation does not necessarily represent the 'Fair Value' (as defined by IFRS 13) of the interests in the indirect investment structure through which the property is held.

We are required to show the split of values between freehold, long leasehold and shot leasehold property, and between properties held for investment and properties in the course of development and these values are:

CATEGORY	FREEHOLD	LONG LEASEHOLD	SHORT LEASEHOLD*	TOTAL
Investment	-	£3,105,000,000	-	£3,105,000,000
In the course of development	-	£748,000,000	-	£748,000,000

*Short leasehold is less than 50 years unexpired

Report Format

Appendix A of this Valuation Report contains a short summary of the Property. This report comprises 21 pages including the cover page.

Material Change

We hereby confirm that as at the date of this report:

(i) we have not become aware (after having made enquiry of the Company) of any material change since 31 December 2017 in any matter relating to the property covered by our Valuation Report which in our opinion would have a material effect on the value as at today's date, and

(ii) in relation to market conditions and movements in the property market in which the Property covered by our Valuation Report is located, based on observed transactions involving comparable properties which have occurred and independent data published, in each case, since 31 December 2017 we do not consider that the movement in value in respect of the subject property constitutes material change.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book").

The valuations have been prepared in accordance with the provisions of (i) Article 23.1 of the EU Regulation N° 809-2004 and Paragraphs 128 - 130 of ESMA update of the CESR's Recommendation N° 2011/81, dated March 23, 2011, and (ii) the French AMF Recommendation N° 2010-18 regarding the presentation of valuation parameters of listed real estate companies, dated February 8, 2010, as amended.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended users with the Valuer's professional opinion of the value of the subject property as at the valuation date.

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

ESMA 130 (vi)

ESMA paragraph 130 (vi) requires us to comment on any differences between the valuation figure in this Valuation Report and the valuation figure included in Company's latest published annual accounts. The Company's latest accounts report the aggregate portfolio Fair Value rather than the Fair Value of the individual properties held by the Company, accordingly CBRE is unable to comment as to any difference between the valuation figure contained in this report and the figure contained in the Company's published accounts.

Market Conditions

The values stated in this report represent our objective opinion of Fair Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the property had been properly marketed and that exchange of contracts took place on this date.

Development Properties

Properties held for Development or in the Course of Development have been mainly valued on the Residual (Development Appraisal) Method. This is the commonly practised method of valuing development property, whereby the estimated total costs of realising the proposed development (including construction costs, fees and other on-costs, contingencies, costs of finance and developer's profit) are deducted from the gross development value of the completed project to determine the residual value.

The Phase 2 development is being built pursuant to three planning permissions; being planning permission reference 2016/03944/VAR dated 4 July 2017, planning permission reference 2016/04602/FUL dated 11 September 2017 and planning permission reference 2017/01760/FUL dated 12 September 2017. There are two associated section 106 agreements dated 4 July 2017 and 11 September 2017. Westfield is monitoring compliance with the planning obligations in those agreements.

Development Appraisal calculation are extremely sensitive to minor changes in any of the inputs. Whilst we have checked the information provided to us against available sources of information and provided for a level of profit which in our opinion reflects the level of risk inherent in the project, unforeseen events such as delays in timing, minor market movements etc. can have a disproportionate effect on the resulting value.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.

We do not anticipate that this situation will vary in the financial year to 31 December 2018.

We confirm that we do not have any material interest in the Company or the Property.

Disclosure

We confirm that we value the Property for White City Acquisitions Limited on a half yearly basis for financial reporting purposes, our first valuation for White City Acquisitions was as at 31 December 2017.

CBRE Ltd are retained as leasing agents and provide lease consultancy, rating and development advice on behalf of Westfield.

We confirm that we have had no previous material involvement with the property or the Company other than as set out above, and that copies of our conflict of interest checks have been retained within the working papers. We have disclosed the relevant facts to you and have received confirmation that it is in order for us to carry out your valuation instruction.

From, time to time, CBRE Ltd advises various occupiers, some of whom may have units in the subject shopping centres; an information barrier exists between the teams and as individual units would not be considered proportionate to the value, we do not consider this to be a conflict of interest.

We do not consider that any of the above provides a conflict of interest preventing us from preparing this Valuation Report and the Company has confirmed to us that it also considers this to be the case.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

We would draw your attention to the fact that where our appointment is from an entity to which the European Parliament and Council Directive 2011/61/EU ('the Directive'), concerning Alternative Investment Fund Managers ('AIFM'), applies, our role is limited to providing valuations of individual property assets or liabilities (based on the assumptions as set out within our valuation report) – not the net asset value ('NAV') of either the Fund or the individual properties within the Fund. Furthermore, and for the avoidance of doubt, we are acting in the capacity of a 'valuation adviser' to the AIFM and not as an 'external valuer' as defined in the Directive. Details of any limitations to our liability in respect of the valuations we carry out are as set out within this report and our terms of engagement.

Publication

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully

N J Knight MRICS
Executive Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

T: 020 7182 2897
E: nick.knight@cbre.com

Jonathan Adams MRICS
Senior Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

T: 020 7182 2388
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Scope of Work & Sources of Information

Sources of Information

We have carried out our work based upon information supplied to us by Westfield which we have assumed to be correct and comprehensive

We have been provided with the following:

- Tenant Mix Plans;
- Schedule of Tenancies;
- Stepped Rent Report;
- Floor Area Schedule;
- Turnover;
- Capex Schedule;
- Other Income Schedule;
- Leasing minutes; and
- Leasing Position on Phase 2

The Property

Our report contains a brief summary of the property details on which our valuation has been based.

Inspections

We inspected the Property internally and externally on 07 December 2017. The inspection was undertaken by Nick Knight MRICS, Executive Director; Jonathan Adams MRICS, Senior Director; and Emily Sturgis MRICS, Associate Director.

The Company has confirmed that they are not aware of any material changes to the physical attributes of the properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct.

Areas

We have not measured the Property but have relied upon the floor areas provided to us by Westfield, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the Gross Internal Area (GIA) and Net Internal Area (NIA) measurement methodology as set out in [the RICS Code of measuring practice (6th edition). The total area of both Phase 1 and Phase 2 is 2,738,991 sq ft.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists. Where we have been informed of the presence or potential for contamination we have reflected this information in our valuation.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the Property.

None of the services has been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning

We have not undertaken planning enquiries.

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and Appendix 3 to be a "supposition taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Company and its advisers has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuation should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Fair / Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value", which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

and also on the basis of "Fair Value" (in accordance with Financial Reporting Standard (FRS) 102 and UK Generally Accepted Accounting Principles (UK GAAP)), which is defined as:

"The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

We confirm that "Fair Value", for the purpose of financial reporting under IFRS 13 and also FRS 102 (UK GAAP), is effectively the same as "Market Value", which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of acquisition or realisation nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Taxation, Costs and Realisation Costs

As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.

Our valuations reflect purchasers' statutory and other normal acquisition costs.

VAT

We have not been advised whether the properties are elected for VAT.

All rents and capital values stated in this report are exclusive of VAT.

Passing Rent

Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs. Passing rents include turnover rents, mall incomes and other miscellaneous incomes.

Net Annual Rent

Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:

(i) ignoring any special receipts or deduction arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".

Estimated Net Annual Rental Value

The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent which is as follows:

"The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"

Lease Expiries

Fixed-term leases frequently incorporate either tenants' options to extend or tenants' break clauses; other leases are rolling or indeterminate, subject to stated notice periods. For the purposes of our valuations, we have made assumptions as to appropriate presumed expiry dates.

Any weighted average unexpired terms indicated in our Valuation Report reflect these assumptions.

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuation.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuation.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities;

(c) the property complies with the relevant local and European legislation in respect of Energy Performance. In respect of the UK properties, we assume they possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive, and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that the Energy Act 2011 is due to come into force in England and Wales no later than 1 April 2018 (although it may be earlier), and in Scotland, no earlier than April 2015 (although it may be later). From such date, it will be unlawful for landlords to rent out a residential or business premise unless they have reached a minimum energy efficient standard – most likely, 'E' – or carried out the maximum package of measures funded under the 'Green Deal' or the Energy Company Obligation (ECO); and

(d) the property is either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

High voltage electrical supply equipment may exist within, or in close proximity of, the Property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Property;

(b) the Property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant local and European disability discrimination legislation

(f) all rent reviews are upward only and are to be assessed by reference to full current market rents;

(g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

(i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(j) in respect of the UK where more than 50% of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

(k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

(l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

(m) Stamp Duty Land Tax (SDLT) in the UK or, the appropriate transfer tax in Europe, will apply at the rate currently applicable.

A

PROPERTY DETAILS

CBRE

Appendix A: Westfield London Shopping Centre – Property Details

LOCATION AND DESCRIPTION	TOTAL FLOOR AREA ACROSS BOTH PHASES	TENURE	GROSS CONTRACTED RENT PER ANNUM
Large urban shopping centre in Shepherd's Bush in west London which opened in 2008. The Property is accessible via the London Underground Central Line, Circle Line and Hammersmith & City Line, and the London Overground; the Property is also served by a car park with 4,500 parking spaces. The centre attracts over 27 million visitors annually. Phase 1 is anchored by Debenhams, M&S, House of Fraser and Vue cinema and provides approximately 350 retail and leisure units arranged principally over three trading levels. The Property includes The Village which comprises 47 retail units that are let to higher price-point retailers including Prada, Gucci, Mulberry and Versace. There is approximately 100,000 sq ft office accommodation which is let to Net A Porter. The average unexpired term (excluding the car park and mall income) is c. 5.38 years to lease expiry and 4.41 years to earliest lease break. There are 186 tenants with leases that are due to expire in 2018, upon the Property's 10th anniversary. Negotiations are in progress with a number of retailers to renew their leases. There are 8 vacant units and 4 vacant kiosks within Phase 1, accounting for 1.47% of the total rental value of Phase 1. Phase 2 is under construction and will total approximately 889,000 sq ft floorspace in 90 retail and restaurant units and office accommodation; John Lewis and Primark will be the anchor stores. Phase 2 is due to open in March 2018.	2,738,991 sq ft	Long Leasehold Phase 1 lease expires on 7 August 2207 and Phase 2 lease expires on 15 March 3015. No ground rent is payable.	£140,434,088 for Phase 1. As at the valuation date, there is no rent received for Phase 2.

18.2.5 GVA Grimley

Valuation Report

Westfield
Stratford City
Shopping
Centre

February 2018

Prepared for

Westfield Corporation Limited

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7th February 2018

Westfield Corporation Limited
Level 29
85 Castlereagh Street
Sydney NSW 2000
Australia

Dear Sirs

Valuation Report on Westfield Stratford City Shopping Centre

The Property

Westfield Stratford City Shopping Centre, Montfichet Road, Stratford, London, E20 1EJ.

Valuation Purpose

This valuation report and property schedule (together referred to herein as The Report) have been prepared for inclusion in an Annex to the Listing Prospectus (Prospectus), which is to be published by Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. in the context of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco and the class A shares of WFD Unibail-Rodamco N.V., stapled together, in connection with the proposed acquisition by Unibail-Rodamco SE of Westfield."

Addressees

The Report is addressed to Westfield Corporation Limited. It is also addressed to Unibail-Rodamco SE of 7 Place du Chancelier Adenauer, CS 31622, 75772 Paris Cedex 16 – France; and to WFD Unibail-Rodamco N.V. (The Addressees).

Reliance

This valuation report is for the use only of The Addressees for the specific Valuation Purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. We, the Valuer, agrees to this condensed report being included in the Prospectus of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V.

No reliance may be placed upon the contents of this Report by any party for any purpose other than in connection with the Valuation Purpose (Purpose).

Responsibility

The Report is provided to and may be relied upon by The Addressees for the specific Valuation Purpose set out above. We are responsible for this Report and the information contained herein in respect of that Purpose, and we confirm that to the best of our knowledge, the information contained herein is in accordance with the facts and that there are no omissions likely to impact on its intention.

The valuations have also been prepared in accordance with the provisions of (i) Article 23.1 of the EU Regulation N° 809-2004 and Paragraphs 128 et seq. of ESMA Recommendation N° 2011/81, dated March 23, 2011, and (ii) the French AMF Recommendation N° 2010-18 regarding the presentation of valuation parameters of listed real estate companies, dated February 8, 2010, as amended.

Valuation Date

The valuation date is 31st December 2017.

Valuation Standards

This Report has been prepared in accordance with the RICS Valuation - Global Standards 2017, as amended (the “Red Book”). This is an internationally accepted basis of valuation. Our valuation is fully compliant with the International Financial Reporting Standards (IFRS) and IVSC valuation standards and guidance. We have had regard to IFRS 13, which requires investment property to be valued to Fair Value.

Status of Valuer

We confirm that GVA Grimley Limited (GVA) meets the requirements of the RICS as External Valuer as defined in the Red Book.

We confirm that the proportion of the total fees paid by both the Westfield group of companies and the Unibail Rodamco group of companies to GVA during the last financial year were less than 5% of the total fee income of GVA, and that this situation is not anticipated to change.

We also confirm that The Property has been valued by valuers who are RICS Registered Valuers, and who have the knowledge, skills and understanding to undertake the valuation competently, in accordance with the RICS Valuation - Global Standards.

Property Identification

Westfield Stratford City is currently Europe’s largest urban retail and leisure destination, comprising 1.9 million sqft and three car parks with space for 5,000 cars. It is located to the east of central London and initially it formed the gateway to the London 2012 Olympic Games Park. The Property has excellent public transport access being at the station intersection of two London Underground lines, London Overground, the DLR, the regional railway network, and HS1 (Stratford International line).

The Property, which is held as an investment, is anchored by John Lewis, Marks & Spencer, Waitrose, Next and Primark, with a 17 screen Vue cinema, an Aspers casino, and approximately 350 retail/food outlets providing both high street and aspirational brands, and extensive dining and leisure facilities. It attracts extremely high levels of footfall, amounting to circa 49 million shoppers in 2017. Westfield Stratford City is ranked 2nd in the CACI retail footprint top 20 UK shopping centres.

A further summary of The Property is provided in the Property Schedule appended hereto.

GENERAL ASSUMPTIONS & INFORMATION SOURCES

Assumptions

An assumption is stated in the Glossary to the RICS Red Book to be a "supposition taken to be true" (an “assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of The Property, and the contents of material made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

Sources of Information

We have been provided with information by Westfield Europe Limited (Westfield) as follows:

- Tenancy and income schedule, including: lease dates, contracted rents, lettable floor areas, service charge costs and service charge shortfalls;
- Scaled Centre layout and tenant mix plans;
- Stepped rents schedule and current leasing minutes;
- Details of recent rent review settlements and the status of ongoing negotiations;
- Information on car park income, commercialisation and sundry income, and non-recoverable costs;
- Turnover income data for the last 3 years;
- Floor areas of individual shop units calculated on an in terms of Zone A basis.

We have made the assumption that the above information provided to us is both full and accurate.

Date of Inspection

The Property was inspected on 5th of December 2017. We have not re-inspected The Property for the purposes of this Report and have not been advised by Westfield of any material changes to The Property, which we have assumed to be correct.

Tenure & Tenancies

We have not been supplied with any title reports or title documentation and our valuation is based upon the plans and particulars as to tenure, outgoings and other details, which have been supplied to us by Westfield. We are advised that The Property is held on a freehold basis apart from Bridge 20 which is held on a long 250-year lease at a peppercorn.

We have generally assumed that The Property is not subject to any unusual or unduly onerous restrictions or covenants, nor subject to any easements, wayleaves, rights of way or options, or any unusual outgoings or conditions; and that a good and marketable title is held in respect of The Property.

We understand that The Property is held in joint ownership but, for the purposes of this exercise, The Property has been assessed as a single owned investment.

We have not received any lease documentation or lawyer's lease summaries for this exercise. We have been supplied with an up to date tenancy schedule produced by Westfield, which summarises the agreed and proposed leasing terms for The Property, which we assume to be correct. The information provided includes details of units, which may be leased but not trading.

Building Condition & Services

We have not undertaken any building surveys or tested any of the services. We are unable, therefore, to give any assurance or opinion with regard to the presence of any defects in the structure or any materials used in the construction of The Property. We have assumed that all buildings and structures have been constructed to a high standard and maintained in a good condition.

We have not made enquiries of the statutory authorities, and have generally assumed that all buildings have valid and up to date Fire Risk Assessments; and comply with the Health and Safety at Work Acts, Building Regulations and all other relevant statutory enactments. We have also assumed that all lettable units will have a conforming EPC as from April 2018.

We have not carried out any site investigations or geophysical surveys, and we are unable to give any assurance or guarantee that the subject land has sufficient load bearing capacity to support either existing structures, or any future developments.

Our valuations have been prepared on the basis that HAC concrete, woodwool slabs, Blue Asbestos and/or any other deleterious materials have not been used and are not intended for use in the construction of any building.

Areas

We have not measured The Property but have relied upon the floor areas provided by Westfield, which we assume have been calculated on a net internal basis in accordance with the RICS Code of Measuring Practice and are accurate. We have also been provided with floor areas calculated on a zoning basis, which we have relied upon and adopted for the assessment of market rental values.

Town Planning

We have undertaken online planning enquiries only. We have not seen planning consents and have assumed that all buildings have been constructed and are currently used in accordance with the relevant Local Authority approvals.

Environmental Considerations

We were not instructed to undertake or commission an environmental assessment to establish whether contamination exists or may exist in respect of the land holdings considered herein.

Whilst we are not able or qualified to confirm or guarantee that the site is not contaminated, it is considered likely that any such environmental issues regarding the Property would have been resolved as part of the development process. No indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwater.

For the purposes of this Report we have assumed that no significant contamination exists in relation to The Property sufficient to affect our opinion of value. We emphasise, however, that should this assumption prove to be incorrect, the valuation figure reported herein might be reduced, or adjusted, accordingly.

Purchase Costs

We have allowed for normal purchase costs in our valuations, reflecting the size of the individual holding, but no allowance has been made for any expenses of realisation.

Stamp Duty has been deducted at 5% in accordance with the UK Budget 2016.

Tax & Liabilities

No allowance has been made in our valuations for any liability for the payment of Corporation Tax, Capital Gains Tax, VAT or any other form of property based tax that might be incurred by the vendor on the disposal of the property.

We have made no adjustments in our valuations to reflect outstanding capital or interest payments, whether by way of debentures, mortgage or any other liability.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Variations from Standard Assumptions

None.

BASIS OF VALUATION

Our valuations have been carried out in accordance with the Practice Statements and Guidance Notes set out in the RICS Valuation - Global Standards 2017, as amended. Under IFRS 13 land and buildings held for investment and/or development purposes are valued on the basis of Fair Value.

Fair Value

Fair Value is defined as "*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (IFRS 13).*

We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS) and UK Generally Accepted Accounting Practice (UK GAAP), is effectively the same as "Market Value." Market Value is defined within the Valuation Standards as:-

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

It should be noted that we have not reflected any element of "synergistic or marriage value" or "special value" in our valuation, such as might be realised by a merger of freehold and leasehold interests or by a sale to an owner or occupier of an adjoining property.

There are no negative values to report.

Valuation Methodology

We have carried out the valuation on a traditional income and capitalisation method having adopted a range of capitalisation rates on a hardcore basis for the different tranches of income in order to arrive at a blended yield for The Property as a whole. The income tranches are chosen to reflect retail pitch, tenant covenant, lease length, whether income is over-rented or under-rented, and the volatility and the lettability of each tranche.

In assessing the gross rental income, we have reflected current rents payable (including deemed rents in respect of outstanding rent reviews) to lease expiry (or break option if activated), at which point we have assumed that each unit will be re-let at our opinion of market rent. In respect of units which are currently vacant, we have applied a suitable void period to cover re-letting and rent free incentive periods and have assumed that such units will be re-let at our opinion of market rent. We have adopted the same approach in respect of short-term and temporary let units on lease expiry. In addition, we have allowed for a permanent void at 2.75% of rental value in respect of all retail and leisure units and kiosks except the longer leased anchor units.

Our opinion of market rent for each retail unit is based on evidence achieved within the shopping centre and rents generally are in line with the recognised tone for each retail pitch.

An estimated non-recoverable marketing cost provided by Westfield has been deducted from the gross (deemed) rent. We have also been supplied with details of any service charge shortfalls and revenue costs which, again, are allowed for in the Valuation.

Westfield has provided turnover income figures for three years, including the estimated income for 2017. Turnover income in respect of standard retail units, kiosks and short-term lettings has been valued to lease expiry only. Foodcourts and other leisure units (e.g. cinema and casino) normally let on the basis of a base rent plus turnover provide an element of longer term stable income, which is valued accordingly.

Estimated net income from car parks, commercialisation and other non-rental incomes are assessed separately at appropriate yields and then included in the blended yield analysis.

Capital expenditure estimated in respect of improvements, media upgrading, and general mall enhancement envisaged over the next 5-years, which are considered to be non-recoverable, are fully allowed for in our valuation.

For the avoidance of doubt, the value reported herein represents 100% of the Fair Value of the asset. No account has been taken of any joint venture interests in The Property.

VALUATION

Subject to the overriding stipulations, assumptions and conditions set out in this Report, we confirm that we are of the opinion that the Fair Value of the freehold interests held in The Property, as briefly described herein, as at 31 December 2017 is as follows: -

£ 2,768,175,000

(Two Billion, Seven Hundred & Sixty Eight Million, One Hundred & Seventy Five Thousand Pounds)

DISCLOSURE

This Valuation Report, which is a condensed version prepared for the relevant rules, is prepared only for the use of the parties to whom it is addressed and for the stated Purpose. It may be disclosed to other professional advisors assisting in respect of that Purpose. No responsibility is accepted to any third party for the whole or any part of the contents.

Neither the whole nor any part of this Valuation Report, nor any reference thereto may be included in any published article, document, circular or statement or published in any way without our prior written approval of the form and context in which it may appear. Before this Report, or any part thereof, is disclosed to a third party, GVA's written approval of the form and context of such publication or disclosure must be first obtained, and such publication or disclosure is not permitted unless, where relevant, the Assumptions referred to herein are included.

Nothing in these paragraphs shall prevent The Addressees of this Report from quoting from, referring to or disclosing this Report in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation or, if required, by the Australian Stock Exchange, the Paris Stock Exchange, or the Amsterdam Stock Exchange, or any other competent or judicial authority. Disclosure of this Report in full by The Addressees of this Report is not prohibited, if reasonably required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings for the purpose of resolving any actual dispute, or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with The Addressees due diligence enquiries of the Prospectus. Any such disclosure or potential disclosure is to be declared to GVA at the earliest practicable date.

Yours faithfully

Roger Dunnett MRICS
Director of Valuation Consultancy
RICS Registered Valuer
For and on behalf of GVA Grimley Limited

Tim Crossley-Smith MRICS
Director Head of Valuation Consultancy
RICS Registered Valuer
For and on behalf of GVA Grimley Limited

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PROPERTY SCHEDULE

PROPERTY	DESCRIPTION / AGE / TENURE	ACCOMMODATION		NUMBER OF TENANTS	GROSS (DEEMED) RENT	NET RENT RECEIVABLE	ESTIMATED MARKET RENT	MARKET VALUE @ 31/12/2017
Westfield Stratford City Shopping Centre, Montfitchet Road, Stratford, LONDON E10 1EJ	A modern shopping centre, which is situated in a prime regeneration area, constructed to provide retail malls on three levels, with lower ground, basement, and roof top car parking. The buildings are of steel frame construction and were completed in 2011. In addition to the internal malls, there is an external mall known as The Street. Apart from a five storey John Lewis department store, a Marks & Spencer department store, and a Waitrose supermarket, the shopping centre is anchored by many large store operators, including: Primark (67,000 sqft), Next (40,000 sqft), H&M (68,500 sqft), TopShop (38,500 sqft) and Zara (27,000 sqft). Other notable traders include: Boots The Chemist, New Look, TK Maxx, Apple, River Island, Sports Direct, Victoria's Secret, Superdry, Hollister and Diechmann. There are approximately 280 retail and restaurant units, 35 kiosks, 22 food court units and 12 ATMs. In addition, there is a 17 screen cinema operated by VUE, a 24 hour casino operated by Aspers, a 20,000 sqft gym operated by Gymbox, and a 14 lane bowling alley. Car parking is provided for up to 5,000 cars. The property site area is circa 40 acres (16.2 ha) FREEHOLD.	Use John Lewis M & S Waitrose Cinema Casino Retail units Foodcourt units Kiosks Offices Other Aggregate	sq.ft. 267,000 206,000 32,500 75,250 64,250 1,230,275 20,300 11,500 33,250 33,675 …………… 1,974,000 …………… (183,391 sqm)	347	£133,036,607 per annum	£124,845,737 per annum	£139,475,744 per annum	£2,768,175,000

Notes: Gross Deemed Rent equals contracted rent (£126,766,073 p.a.) plus overdue rental income in respect of outstanding rent reviews.
Net Rent Receivable is after deductions for non-recoverables, shortfalls and permanent void allowance.

19. CROSS REFERENCE TABLE

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A. Westfield Consolidated Financial Statements 2017

Westfield

Westfield Corporation
Annual Financial Report
31 December 2017

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Independent Auditor's Report to the Shareholders of Westfield Corporation Limited
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westfield Corporation Limited (the Company), including its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2017, 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.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its consolidated financial 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(c)

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why significant	*How our audit addressed the key audit matter*

The Group has interests in shopping centre investment properties which are carried at a fair value of $19.5 billion at 31 December 2017. These include shopping centres recorded directly in the consolidated statement of financial position as investment properties and indirectly through equity accounted investments. Collectively they represent 91.7% of total assets.
 	
Fair values were determined by the Group at the end of the reporting period, with changes in fair value recognised in the income statement.
 	
We considered this to be a key audit matter as property valuations are based upon a number of assumptions which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuations and the results of the Group for the period.
 	
Note 14 of the financial report discloses the sensitivity of these valuations to changes in key assumptions. As outlined in note 14, the Group's basis for determining the carrying value of shopping centre investment properties is underpinned by external valuations sourced from qualified valuation experts.
 	
Note 2(b) of the financial report describes the accounting policy for these assets.
	Our audit procedures include the following:
	
	– We analysed movements in the fair values of individual properties within the portfolio having regard to external market data and the performance of specific properties.
	
	– In relation to property valuations, we considered the competence and objectivity of valuation experts, evaluated the suitability of the scope and methodology used in the valuation reports and tested a sample of valuation reports for mathematical accuracy.
	
	– For a sample of investment properties, we agreed the key inputs and assumptions used in the valuations, by:
	
	  – assessing the appropriateness of valuation inputs in the context of the financial performance of the specific properties.
	
	  – assessing the valuation assumptions in the context of external market data and expectations developed in conjunction with EY Real Estate valuation specialists.
	
	– A sample of individual property valuations were evaluated by our real estate valuation specialists.
	
	– We assessed the adequacy of the associated disclosures in the financial report.

Property Development and Project Management Costs and Revenues

Why significant	*How our audit addressed the key audit matter*

The Group recognised $733.1 million of property development and project management revenue and $629.7 million of property development and project management costs for the year ended 31 December 2017.
 	
As set out in Note 2(e), revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by the Group, by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete.
 	
The determination of cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment.
 	
Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report.
 	
Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report.
	Our audit procedures include the following:
	
	– We evaluated the Group's processes and assessed the design of key controls for accumulating property development and project management costs and for estimating costs to complete of development projects.
	
	– For a sample of projects, we undertook the following procedures:
	
	  – We enquired of the Group as to the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports.
	
	  – Evaluated the historical accuracy of the Group's budget and forecasting of project management costs and estimating costs to complete.
	
	  – Assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks.
	
	  – Inspected project feasibility reports and assessed the assumptions used in forecasting revenues and costs to complete.
	
	  – Agreed a sample of costs incurred to invoice and/or payment, including testing that they were allocated to the appropriate development.
	
	  – Assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards.
	
	We also evaluated subsequent payments made after the reporting date to assess whether costs were accrued in the correct reporting period.

Interest Bearing Liabilities and Financing Costs

Why significant	How our audit addressed the key audit matter
The Group has interest bearing liabilities of $7.2 billion at 31 December 2017. During the year the Group incurred $240.3 million in financing and interest costs of which $136.0 million has been recognised in the consolidated income statement and $104.3 million capitalised to property under development. The Group has established a range of finance facilities with various terms, counterparties and currencies. This was considered to be a key audit matter as the Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 19 of the financial report discloses the Group's interest bearing liabilities. Refer to note 2(l) of the financial report for a description of the accounting policy treatment for these liabilities and instruments.	Our audit procedures included the following; – We assessed the design and operating effectiveness of the Group's internal controls over recording and reporting the terms and conditions of interest bearing liabilities, including their classification as either current or non-current and associated costs. – We confirmed interest bearing liabilities to external third party sources. – We tested the calculation of interest recognised as both an expense and capitalised to properties under development during the period to assess whether these were calculated in accordance with the Australian Accounting Standards. – We assessed whether loans maturing within twelve months from the reporting date were classified as current liabilities.

Derivative Financial Instruments

Why significant	*How our audit addressed the key audit matter*
The Group manages interest and foreign currency risks through the use of derivative financial instruments ("derivatives") which have been set out in notes 11 and 21 of the financial report. Fair value movements in derivatives are driven by movements in financial markets. This was considered to be a key audit matter as the valuation of derivatives requires judgement, are significant to the financial statements and require extensive disclosure in the financial report. Note 39 of the financial report discloses the fair value of the Group's derivative assets and liabilities outstanding at balance date. Refer to note 2(l) of the financial report for a description of the accounting policy treatment for these liabilities and instruments.	Our audit procedures included the following; – We assessed the Group's processes for recording, reviewing and reporting the terms and conditions of its derivatives. – We evaluated the accuracy with which the Group determined the fair value of derivatives, and whether they were calculated in accordance with Australian Accounting Standards. – We confirmed derivatives to third party sources. – We tested that the fair value movements on derivatives during the period were recognised in the consolidated income statement.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 34 of the Directors' Report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young　　Graham Ezzy

Ernst & Young

Graham Ezzy
Engagement Partner

Sydney

22 February 2018

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Revenue			
Property revenue	4	**630.1**	512.0
Property development and project management revenue		**733.1**	555.4
Property management income		**56.3**	55.2
		1,419.5	1,122.6
Share of after tax profits of equity accounted entities			
Property revenue		**685.6**	675.8
Property revaluations	9	**279.2**	491.2
Property expenses, outgoings and other costs		**(229.9)**	(224.4)
Net interest expense		**(62.7)**	(80.0)
Tax expense		**(0.6)**	(0.5)
	15(a)	**671.6**	862.1
Expenses			
Property expenses, outgoings and other costs		**(283.1)**	(223.2)
Property development and project management costs		**(629.7)**	(462.4)
Property management costs		**(21.6)**	(22.1)
Overheads		**(119.9)**	(116.1)
		(1,054.3)	(823.8)
Interest income		**13.2**	18.8
Currency gain/(loss)	5	**(2.2)**	8.6
Financing costs	6	**(136.0)**	(60.5)
Gain/(loss) in respect of capital transactions	7	**(23.6)**	1.7
Property revaluations	9	**568.2**	513.8
Intangible amortisation and impairment	9	**(22.9)**	–
Profit before tax for the period		**1,433.5**	1,643.3
Tax credit/(expense)	8	**117.7**	(277.2)
Profit after tax for the period		**1,551.2**	1,366.1
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		**1,551.2**	1,366.1
– External non controlling interests		**–**	–
Profit after tax for the period		**1,551.2**	1,366.1

	Note	31 Dec 17	31 Dec 16
Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:			
WFD Trust (WFDT) members		**226.6**	175.0
Westfield America Trust (WAT) members		**827.1**	859.3
Net profit attributable to members of Westfield Corporation		**1,551.2**	1,366.1
		cents	cents
Basic earnings per WCL share		**23.94**	15.97
Diluted earnings per WCL share		**23.68**	15.82
Basic earnings per stapled security	26(a)	**74.65**	65.74
Diluted earnings per stapled security	26(a)	**73.84**	64.87

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 17 $million	31 Dec 16 $million
Profit after tax for the period	**1,551.2**	1,366.1
Other comprehensive income		
Movement in foreign currency translation reserve (i)		
– Net exchange difference on translation of foreign operations	**289.8**	(517.9)
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(50.8)**	(58.9)
Total other comprehensive income	**239.0**	(576.8)
Total comprehensive income for the period	**1,790.2**	789.3
Total comprehensive income attributable to:		
– Members of Westfield Corporation	**1,776.9**	789.3
– External non controlling interests	**13.3**	–
Total comprehensive income for the period	**1,790.2**	789.3

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**399.6**	254.4
WFDT members (ii)	**652.9**	(326.3)
WAT members (ii)	**724.4**	861.2
Total comprehensive income attributable to members of Westfield Corporation	**1,776.9**	789.3

(i) The portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of $1,053.7 million (31 December 2016: $1,034.3 million) and the net exchange gain on translation of foreign operations of $323.6 million (31 December 2016 loss of: $499.4 million).

Balance Sheet

AS AT 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Current assets			
Cash and cash equivalents	10(a)	**501.2**	292.1
Trade debtors		**35.6**	22.6
Derivative assets	11	**–**	25.7
Receivables		**135.2**	185.0
Inventories and development projects		**69.0**	40.9
Other	12	**47.9**	51.2
Total current assets		**788.9**	617.5
Non current assets			
Investment properties	13	**9,978.3**	8,339.8
Equity accounted investments	15(c)	**9,159.5**	8,236.9
Other property investments	16	**287.6**	607.9
Inventories and development projects		**352.7**	285.9
Derivative assets	11	**92.7**	158.9
Receivables		**214.5**	206.5
Plant and equipment	17	**149.2**	144.1
Deferred tax assets	8(b)	**19.4**	16.7
Other	12	**211.5**	151.3
Total non current assets		**20,465.4**	18,148.0
Total assets		**21,254.3**	18,765.5
Current liabilities			
Trade creditors		**44.6**	29.2
Payables and other creditors	18	**862.3**	722.7
Interest bearing liabilities	19	**3.5**	753.3
Other financial liabilities	20	**2.6**	2.8
Tax payable		**41.7**	29.2
Derivative liabilities	21	**–**	2.6
Total current liabilities		**954.7**	1,539.8
Non current liabilities			
Payables and other creditors	18	**78.2**	102.8
Interest bearing liabilities	19	**7,225.6**	5,261.0
Other financial liabilities	20	**259.0**	263.3
Deferred tax liabilities	8(c)	**1,835.8**	1,967.2
Derivative liabilities	21	**22.0**	21.2
Total non current liabilities		**9,420.6**	7,615.5
Total liabilities		**10,375.3**	9,155.3
Net assets		**10,879.0**	9,610.2
Equity attributable to members of WCL			
Contributed equity	22(b)	**843.7**	853.1
Reserves	23	**(120.4)**	(36.3)
Retained profits	24	**1,589.5**	1,092.0
Total equity attributable to members of WCL		**2,312.8**	1,908.8
Equity attributable to WFDT members			
Contributed equity	22(b)	**5,613.5**	5,613.5
Reserves	23	**(1,224.3)**	(1,650.6)
Retained profits	24	**560.0**	425.9
Total equity attributable to WFDT members		**4,949.2**	4,388.8
Equity attributable to WAT members			
Contributed equity	22(b)	**4,957.5**	4,957.5
Reserves	23	**639.9**	742.6
Retained profits	24	**(2,053.9)**	(2,447.7)
Total equity attributable to WAT members		**3,543.5**	3,252.4
Equity attributable to external non controlling interests			
Contributed equity		**60.2**	60.2
Reserves		**13.3**	–
Retained profits		**–**	–
Total equity attributable to external non controlling interests		**73.5**	60.2
Total equity		**10,879.0**	9,610.2
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**2,312.8**	1,908.8
WFDT members		**4,949.2**	4,388.8
WAT members		**3,543.5**	3,252.4
Total equity attributable to members of Westfield Corporation		**10,805.5**	9,550.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Comprehensive Income 31 Dec 17 $million	Equity and Reserves 31 Dec 17 $million	**Total 31 Dec 17 $million**	Total 31 Dec 16 $million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,424.1	**11,424.1**	11,440.7
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(9.4)	**(9.4)**	(16.6)
Closing balance of contributed equity	–	11,414.7	**11,414.7**	11,424.1
Opening balance of reserves	–	(944.3)	**(944.3)**	(366.6)
– Movement in foreign currency translation reserve (i) (ii)	225.7	–	**225.7**	(576.8)
– Movement in employee share plan benefits reserve (i)	–	13.8	**13.8**	(0.9)
Closing balance of reserves	225.7	(930.5)	**(704.8)**	(944.3)
Opening balance of retained profits/(accumulated losses)	–	(929.8)	**(929.8)**	(1,774.3)
– Profit after tax for the period (ii)	1,551.2	–	**1,551.2**	1,366.1
– Dividend/distribution paid	–	(525.8)	**(525.8)**	(521.6)
Closing balance of retained profits/(accumulated losses)	1,551.2	(1,455.6)	**95.6**	(929.8)
Closing balance of equity attributable to members of Westfield Corporation	1,776.9	9,028.6	**10,805.5**	9,550.0
Changes in equity attributable to external non controlling interests				
Opening balance of equity	–	60.2	**60.2**	–
– External non controlling interests consolidated during the period	–	–	**–**	60.2
– Movement in foreign currency translation reserve	13.3	–	**13.3**	–
Closing balance of equity attributable to external non controlling interests	13.3	60.2	**73.5**	60.2
Total equity	1,790.2	9,088.8	**10,879.0**	9,610.2

Closing balance of equity attributable to:				
– WCL members	399.6	1,913.2	**2,312.8**	1,908.8
– WFDT members	652.9	4,296.3	**4,949.2**	4,388.8
– WAT members	724.4	2,819.1	**3,543.5**	3,252.4
Closing balance of equity attributable to members of Westfield Corporation	1,776.9	9,028.6	**10,805.5**	9,550.0

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange gain on translation of foreign operations of $323.6 million (31 December 2016 loss of: $499.4 million) and net credit to the employee share plan benefits reserve of nil (31 December 2016: nil).

(ii) Total comprehensive income for the period amounts to a gain of $1,776.9 million (31 December 2016: $789.3 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,586.5**	1,345.9
Payments in the course of operations (including sales tax)		**(1,069.1)**	(977.2)
Dividends/distributions received from equity accounted associates		**290.6**	296.0
Net payment of interest on borrowings and derivatives		**(103.8)**	(26.8)
Interest received		**17.7**	19.8
Income and withholding taxes paid		**(14.0)**	(53.9)
Sales tax paid		**(4.1)**	(79.8)
Net cash flows from operating activities	10(b)	**703.8**	524.0
Cash flows from investing activities			
Expenditure on property investments, intangibles and plant and equipment – consolidated		**(730.0)**	(855.0)
Expenditure on property investments, intangibles and plant and equipment – equity accounted		**(406.4)**	(290.3)
Acquisition of property and investments – consolidated		**(62.2)**	(351.0)
Acquisition of property and investments – equity accounted		**(98.5)**	(14.7)
Proceeds from the disposition of property and investments and plant and equipment – consolidated		**274.9**	54.9
Tax paid on disposition of property investments		**–**	(6.7)
Financing costs capitalised to qualifying development projects and construction in progress of property investments		**(86.9)**	(108.0)
Net cash flows used in investing activities		**(1,109.1)**	(1,570.8)
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**1,124.3**	787.4
Dividends/distributions paid		**(525.8)**	(521.6)
Net cash flows from financing activities		**598.5**	265.8
Net increase/(decrease) in cash and cash equivalents held		**193.2**	(781.0)
Add opening cash and cash equivalents brought forward		**292.1**	1,106.8
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**15.9**	(33.7)
Cash and cash equivalents at the end of the period	10(a)	**501.2**	292.1

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2017 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 22 February 2018.

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

(b) Proposed acquisition of the Group

On 12 December 2017, Unibail-Rodamco SE (Unibail-Rodamco) and the Group announced that Unibail-Rodamco has entered into an agreement to acquire the Group to create the world's premier developer and operator of flagship shopping destinations (the Merged Group). The proposed transaction (the Transaction) has been unanimously recommended by the Group's Board of Directors and Unibail-Rodamco's Supervisory Board.

Under the terms of the agreement, the Group's securityholders will receive a combination of US$2.67 of cash and 0.01844 securities in Unibail-Rodamco for each Westfield stapled security.

Prior to implementation of the Transaction, it is proposed that a 90% interest in OneMarket (formerly Westfield Retail Solutions), Westfield's retail technology platform, will be spun-off from the Group into a newly formed ASX listed entity. The Merged Group will retain the remaining 10% interest in OneMarket. The ASX listed entity that will hold the 90% interest in OneMarket will be demerged to the Group's securityholders on a pro rata basis shortly prior to closing of the Transaction. The Transaction is not conditional on the demerger occurring. The net assets attributable to the division associated with OneMarket activities at 31 December 2017 comprise $197.5 million cash and cash equivalents, $57.3 million goodwill, $42.4 million of capitalised retail technology network and system development costs, $6.6 million unlisted investment and $2.9 million other creditors.

(c) 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 used in the annual financial report for the year ended 31 December 2016 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2017.

– AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112);

– AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107; and

– AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2017. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group has assessed the impact of the adoption of this standard. It is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 16 Leases (effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018);

– AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments (effective from 1 January 2018);

– AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4 (effective from 1 January 2018);

– AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018);

– AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation (effective from 1 January 2019);

– AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019);

– Annual Improvements to IFRS Standards 2015-2017 Cycle (effective from 1 January 2019);

– AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards (effective from 1 January 2019); and

– AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2022);

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.

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

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

(e) 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 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

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

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

i) Joint arrangements

Joint operations

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

Joint ventures

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

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

ii) 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.

(b) Investment properties

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

i) Shopping centre investments

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

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

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

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

The 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.

ii) Development projects and construction in progress

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

Refer to Note 14 for further details on investment properties.

(c) Other property investments

Listed and unlisted investments

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

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

ii) WFDT

Under current Australian income tax legislation, WFDT 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 WFDT's constitution.

iii) WAT

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

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

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

iv) Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date on the differences between the tax bases of assets (principally investment properties) 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 substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financing costs

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

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

(i) Inventories and development projects

Inventories and development projects are carried at the lower of cost or net realisable value. Costs include acquisition costs such as purchase price of the land, direct costs associated with the acquisitions, development and construction costs and holding costs. Profit is recognised on inventories and development projects with third parties on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(j) Intangible assets

Intangible assets comprise of goodwill on business combination and retail technology network and system development costs.

Goodwill on business combination represents the excess of acquisition costs over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is assessed for impairment and written down to their expected recoverable amount as required at each reporting period.

The Group incurs research and development costs on retail technology network and systems. Research costs are expensed as incurred. Development costs comprise external direct costs of materials and services and payroll related costs of employee time spent on the project. Development costs are only capitalised where they are expected to contribute future economic benefits through use or sale.

Capitalised development costs are assessed for impairment and written down to their expected recoverable amount as required at each reporting date. Amortisation of capitalised development costs begins when development is complete and is available for use. It is amortised over the period of expected future benefit. Development costs are carried at cost less any accumulated amortisation and accumulated impairment losses.

(k) Contributed equity

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

(l) Derivative and other financial instruments

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.

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

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

Other financial liabilities

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

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(m) Earnings per security

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

(n) Rounding

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 SEGMENTAL REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of $450 million, specialty annual sales in excess of $500 per square foot and anchored by premium department stores.

(ii) Property and project management

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

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

The proportionate format is used by Management in assessing and understanding the performance and results of operations of the Group as it allows Management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers that, the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States and United Kingdom shopping centres), and most of the centres are under common management, therefore the drivers of their results are considered to be similar. As such, the proportionate format 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 shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

(a) Operating segments for the year ended 31 December 2017

(i) Income and expenses

	Operational			
31 December 2017	Property investments $million	Property and project management $million	**Corporate** $million	**Total** $million
Revenue [i]				
Property revenue	1,315.7	–	–	1,315.7
Property development and project management revenue [ii]	–	733.1	–	733.1
Property management income	–	56.3	–	56.3
	1,315.7	**789.4**	**–**	**2,105.1**
Expenses				
Property expenses, outgoings and other costs	(513.0)	–	–	(513.0)
Property development and project management costs [iii]	–	(629.7)	–	(629.7)
Property management costs	–	(21.6)	–	(21.6)
Overheads	–	–	(119.9)	(119.9)
	(513.0)	**(651.3)**	**(119.9)**	**(1,284.2)**
Segment result	**802.7**	**138.1**	**(119.9)**	**820.9**
Property revaluations				568.2
Equity accounted – property revaluations				279.2
Currency gain/(loss)				(2.2)
Gain/(loss) in respect of capital transactions [iv]				(23.6)
Intangible amortisation and impairment [v]				(22.9)
Interest income				13.4
Financing costs				(198.9)
Tax credit/(expense) [vi]				117.1
External non controlling interests				–
Net profit attributable to members of the Group				**1,551.2**

(i) Total revenue of $2,105.1 million comprises of revenue from United States of $1,400.7 million and United Kingdom of $704.4 million.

(ii) Includes $2.4 million in respect of the division associated with OneMarket activities.

(iii) Includes $22.9 million in respect of the division associated with OneMarket activities.

(iv) Includes $7.2 million in relation to investment activities by the division associated with OneMarket activities.

(v) Relates to the division associated with OneMarket activities.

(vi) Includes $11.9 million of tax benefit attributable to the underlying operations of the division associated with OneMarket activities.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(ii) Net property income

	Flagship $million	Regional and other property investments $million	Total $million
Shopping centre base rent and other property income	973.3	397.1	1,370.4
Amortisation of leasing incentives and related leasing costs	(31.7)	(23.0)	(54.7)
Property revenue	941.6	374.1	1,315.7
Property expenses, outgoings and other costs	(326.2)	(186.8)	(513.0)
Net property income	**615.4**	**187.3**	**802.7**

(iii) Revaluation

	Flagship $million	Regional and other property investments $million	Total $million
Property revaluations	1,000.2	(152.8)	847.4
	1,000.2	**(152.8)**	**847.4**

(iv) Currency gain/(loss)

Realised gain on income hedging currency derivatives	–
Net fair value loss on currency derivatives that do not qualify for hedge accounting	(2.2)
	(2.2)

(v) Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(271.7)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(40.9)
Finance leases interest expense	(3.4)
Interest expense on other financial liabilities	(16.9)
Net fair value gain on other financial liabilities	4.0
Financing costs capitalised to qualifying development projects, construction in progress and inventories	130.0
	(198.9)

(vi) Tax credit/(expense)

Current – underlying operations	(20.2)
Deferred tax	137.3
	117.1

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(vii) Reconciliation of segmental results

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

31 December 2017	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	630.1	685.6	1,315.7
Property development and project management revenue	733.1	–	733.1
Property management income	56.3	–	56.3
	1,419.5	**685.6**	**2,105.1**
Expenses			
Property expenses, outgoings and other costs	(283.1)	(229.9)	(513.0)
Property development and project management costs	(629.7)	–	(629.7)
Property management costs	(21.6)	–	(21.6)
Overheads	(119.9)	–	(119.9)
	(1,054.3)	**(229.9)**	**(1,284.2)**
Segment result	**365.2**	**455.7**	**820.9**
Property revaluations	568.2	–	568.2
Equity accounted – property revaluations	–	279.2	279.2
Currency gain/(loss)	(2.2)	–	(2.2)
Gain/(loss) in respect of capital transactions	(23.6)	–	(23.6)
Intangible amortisation and impairment	(22.9)	–	(22.9)
Interest income	13.2	0.2	13.4
Financing costs	(136.0)	(62.9)	(198.9)
Tax credit/(expense)	117.7	(0.6)	117.1
External non controlling interests	–	–	–
Net profit attributable to members of the Group	**879.6**	**671.6**	**1,551.2**
Assets and liabilities			
Cash	501.2	66.5	567.7
Shopping centre investments	8,866.1	10,622.3	19,488.4
Development projects and construction in progress	1,112.2	765.2	1,877.4
Other property investments	287.6	–	287.6
Inventories and development projects	421.7	4.6	426.3
Other receivables	349.7	–	349.7
Other assets	556.3	85.7	642.0
Total segment assets	**12,094.8**	**11,544.3**	**23,639.1**
Interest bearing liabilities	7,229.1	2,169.6	9,398.7
Other financial liabilities [(i)]	261.6	10.6	272.2
Deferred tax liabilities	1,835.8	–	1,835.8
Other liabilities	1,048.8	204.6	1,253.4
Total segment liabilities	**10,375.3**	**2,384.8**	**12,760.1**
Total segment net assets	**1,719.5**	**9,159.5**	**10,879.0**

[(i)] Other financial liabilities comprises $222.5 million convertible/redeemable preference shares and $49.7 million of finance leases.

(viii) Assets and liabilities

As at 31 December 2017	Operational: Property investments $million	Operational: Property and project management $million	Corporate $million	Total $million
Total segment assets	23,361.2	99.4	178.5	23,639.1
Total segment liabilities	1,098.4	4.5	11,657.2	12,760.1
Total segment net assets	22,262.8	94.9	(11,478.7)	10,879.0
Equity accounted associates included in – segment assets	11,544.3	–	–	11,544.3
Equity accounted associates included in – segment liabilities	204.6	–	2,180.2	2,384.8
Additions to segment non current assets during the period	1,376.6	–	–	1,376.6

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2017	Consolidated $million	Equity Accounted $million	Total $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,586.5	675.4	2,261.9
Payments in the course of operations (including sales tax)	(1,069.1)	(295.0)	(1,364.1)
Net payments of interest on borrowings and derivatives	(103.8)	(62.8)	(166.6)
Interest received	17.7	0.2	17.9
Income and withholding taxes paid	(14.0)	–	(14.0)
Sales tax paid	(4.1)	–	(4.1)
Net cash flows from operating activities	**413.2**	**317.8**	**731.0**
Cash flows from investing activities			
Expenditure on property investments, intangibles and plant and equipment – consolidated	(730.0)	–	(730.0)
Expenditure on property investments, intangibles and plant and equipment – equity accounted	–	(406.4)	(406.4)
Acquisition of property and investments – consolidated	(62.2)	–	(62.2)
Acquisition of property and investments – equity accounted	–	(98.5)	(98.5)
Proceeds from the disposition of property and investments and plant and equipment – consolidated	274.9	–	274.9
Tax paid on disposition of property investments	–	–	–
Financing costs capitalised to qualifying development projects and construction in progress of property investments	(86.9)	(25.7)	(112.6)
Net cash flows used in investing activities	**(604.2)**	**(530.6)**	**(1,134.8)**
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	1,124.3	–	1,124.3
Dividends/distributions paid	(525.8)	–	(525.8)
Net cash flows from financing activities	**598.5**	**–**	**598.5**
Net increase in cash and cash equivalents held			194.7
Add opening cash and cash equivalents brought forward			357.1
Effects of exchange rate changes on opening cash and cash equivalents brought forward			15.9
Cash and cash equivalents at the end of the period			**567.7**

Historical cash flow summary on proportionate format

	6 months to 31 Dec 15 $million	6 months to 30 Jun 16 $million	6 months to 31 Dec 16 $million	6 months to 30 Jun 17 $million	6 months to 31 Dec 17 $million
Net cash flows from operating activities	553.5	159.0	347.2	313.2	417.8
Net cash flows from/(used in) investing activities	226.4	(535.5)	(1,047.4)	(709.4)	(425.4)
Net cash flows from/(used in) financing activities (exclude distributions paid)	278.1	(5.6)	793.0	778.1	346.2
Dividends/distributions paid	(260.8)	(260.8)	(260.8)	(260.8)	(265.0)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(i) Income and expenses

31 December 2016	Operational Property investments $million	Operational Property and project management $million	Corporate $million	Total $million
Revenue [i]				
Property revenue	1,187.8	–	–	1,187.8
Property development and project management revenue	–	555.4	–	555.4
Property management income	–	55.2	–	55.2
	1,187.8	**610.6**	**–**	**1,798.4**
Expenses				
Property expenses, outgoings and other costs	(447.6)	–	–	(447.6)
Property development and project management costs	–	(462.4)	–	(462.4)
Property management costs	–	(22.1)	–	(22.1)
Overheads	–	–	(116.1)	(116.1)
	(447.6)	**(484.5)**	**(116.1)**	**(1,048.2)**
Segment result	**740.2**	**126.1**	**(116.1)**	**750.2**
Property revaluations				513.8
Equity accounted – property revaluations				491.2
Currency gain/(loss)				8.6
Gain/(loss) in respect of capital transactions				1.7
Interest income				18.8
Financing costs				(140.5)
Tax credit/(expense)				(277.7)
External non controlling interests				–
Net profit attributable to members of the Group				**1,366.1**

[i] Total revenue of $1,798.4 million comprises of revenue from United States of $1,249.2 million and United Kingdom of $549.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(ii) Net property income

	Flagship $million	Regional and other property investments $million	Total $million
Shopping centre base rent and other property income	857.7	385.0	1,242.7
Amortisation of leasing incentives and related leasing costs	(30.4)	(24.5)	(54.9)
Property revenue	827.3	360.5	1,187.8
Property expenses, outgoings and other costs	(280.6)	(167.0)	(447.6)
Net property income	**546.7**	**193.5**	**740.2**

(iii) Revaluation

	Flagship $million	Regional and other property investments $million	Total $million
Property revaluations	1,081.0	(76.0)	1,005.0
	1,081.0	**(76.0)**	**1,005.0**

(iv) Currency gain/(loss)

Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	8.6
	8.6

(v) Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(212.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(68.5)
Finance leases interest expense	(3.5)
Interest expense on other financial liabilities	(18.9)
Net fair value gain on other financial liabilities	29.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories	133.5
	(140.5)

(vi) Tax credit/(expense)

Current – underlying operations	(21.8)
Deferred tax	(255.9)
	(277.7)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(vii) Reconciliation of segmental results

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

31 December 2016	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	512.0	675.8	1,187.8
Property development and project management revenue	555.4	–	555.4
Property management income	55.2	–	55.2
	1,122.6	**675.8**	**1,798.4**
Expenses			
Property expenses, outgoings and other costs	(223.2)	(224.4)	(447.6)
Property development and project management costs	(462.4)	–	(462.4)
Property management costs	(22.1)	–	(22.1)
Overheads	(116.1)	–	(116.1)
	(823.8)	**(224.4)**	**(1,048.2)**
Segment result	**298.8**	**451.4**	**750.2**
Property revaluations	513.8	–	513.8
Equity accounted – property revaluations	–	491.2	491.2
Currency gain/(loss)	8.6	–	8.6
Gain/(loss) in respect of capital transactions	1.7	–	1.7
Interest income	18.8	–	18.8
Financing costs	(60.5)	(80.0)	(140.5)
Tax credit/(expense)	(277.2)	(0.5)	(277.7)
Net profit attributable to members of the Group	**504.0**	**862.1**	**1,366.1**
Assets and liabilities			
Cash	292.1	65.0	357.1
Shopping centre investments	7,008.0	9,830.1	16,838.1
Development projects and construction in progress	1,331.8	614.7	1,946.5
Other property investments	607.9	–	607.9
Inventories and development projects	326.8	5.7	332.5
Other assets	962.0	70.4	1,032.4
Total segment assets	**10,528.6**	**10,585.9**	**21,114.5**
Interest bearing liabilities	6,014.3	2,130.6	8,144.9
Other financial liabilities [(i)]	266.1	10.4	276.5
Deferred tax liabilities	1,967.2	–	1,967.2
Other liabilities	907.7	208.0	1,115.7
Total segment liabilities	**9,155.3**	**2,349.0**	**11,504.3**
Total segment net assets	**1,373.3**	**8,236.9**	**9,610.2**

[(i)] Other financial liabilities comprises $226.4 million convertible/redeemable preference shares and $50.1 million of finance leases.

(viii) Assets and liabilities

	Operational			
As at 31 December 2016	Property investments $million	Property and project management $million	Corporate $million	Total $million
Total segment assets	20,474.3	60.0	580.2	21,114.5
Total segment liabilities	998.7	2.9	10,502.7	11,504.3
Total segment net assets	19,475.6	57.1	(9,922.5)	9,610.2
Equity accounted associates included in – segment assets	10,585.9	–	–	10,585.9
Equity accounted associates included in – segment liabilities	208.0	–	2,141.0	2,349.0
Additions to segment non current assets during the period	1,403.1	–	–	1,403.1

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2016	Consolidated $million	Equity Accounted $million	Total $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,345.9	578.6	1,924.5
Payments in the course of operations (including sales tax)	(977.2)	(208.3)	(1,185.5)
Net payments of interest on borrowings and derivatives	(26.8)	(92.1)	(118.9)
Interest received	19.8	–	19.8
Income and withholding taxes paid	(53.9)	–	(53.9)
Sales tax paid	(79.8)	–	(79.8)
Net cash flows from operating activities	**228.0**	**278.2**	**506.2**
Cash flows used in investing activities			
Expenditure on property investments, intangibles and plant and equipment – consolidated	(855.0)	–	(855.0)
Expenditure on property investments, intangibles and plant and equipment – equity accounted	–	(290.3)	(290.3)
Acquisition of property and investments – consolidated	(351.0)	–	(351.0)
Acquisition of property and investments – equity accounted	–	(14.7)	(14.7)
Proceeds from the disposition of property and investments and plant and equipment – consolidated	54.9	–	54.9
Tax paid on disposition of property investments	(6.7)	–	(6.7)
Financing costs capitalised to qualifying development projects and construction in progress	(108.0)	(12.1)	(120.1)
Net cash flows used in investing activities	**(1,265.8)**	**(317.1)**	**(1,582.9)**
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	787.4	–	787.4
Dividends/distributions paid	(521.6)	–	(521.6)
Net cash flows from financing activities	**265.8**	**–**	**265.8**
Net decrease in cash and cash equivalents held			(810.9)
Add opening cash and cash equivalents brought forward			1,206.8
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(38.8)
Cash and cash equivalents at the end of the period			**357.1**

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**651.8**	534.1
Amortisation of leasing incentives and related leasing costs		**(21.7)**	(22.1)
		630.1	512.0
NOTE 5 CURRENCY GAIN/(LOSS)			
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	9	**(2.2)**	8.6
		(2.2)	8.6
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(183.8)**	(121.4)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	9	**(40.9)**	(68.5)
Finance leases interest expense		**(2.7)**	(2.8)
Interest expense on other financial liabilities		**(16.9)**	(18.9)
Net fair value gain on other financial liabilities	9	**4.0**	29.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**104.3**	121.4
		(136.0)	(60.5)

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Proceeds from asset dispositions		**274.9**	56.1
Less: carrying value of assets disposed and other capital costs		**(281.0)**	(54.4)
Deferred consideration and costs in respect of assets acquired		**(7.2)**	–
Cost in respect of the Transaction [i]		**(10.3)**	–
	9	**(23.6)**	1.7

[i] Cost incurred up to 31 December 2017 in respect of the implementation of the Transaction for Unibail-Rodamco to acquire the Group. Refer to Note 1(b).

NOTE 8 TAXATION

	Note	31 Dec 17 $million	31 Dec 16 $million
(a) Tax credit/(expense)			
Current – underlying operations		**(19.6)**	(21.3)
Deferred tax [i]	9	**137.3**	(255.9)
		117.7	(277.2)

[i] Includes a one time deferred tax credit of $82.6 million following confirmation of an increase to the taxable cost base of certain property investments in the United Kingdom and a one time deferred tax credit of $237.0 million following the reduction of United States corporate tax rate from 35% to 21%.

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

	Note	31 Dec 17 $million	31 Dec 16 $million
Profit before income tax		**1,433.5**	1,643.3
Prima facie tax expense at 30% (31 December 2016: Prima facie tax expense at 30%)		**(430.1)**	(493.0)
Trust income not taxable for the Group – tax payable by securityholders		**(22.1)**	10.6
Differential of effective tax rates on foreign income		**257.4**	204.7
Capital transactions not deductible		**(7.1)**	0.5
Change in taxable cost base of certain property investments in the United Kingdom		**82.6**	–
Deferred tax – change in tax rates		**237.0**	–
Tax credit/(expense)		**117.7**	(277.2)
(b) Deferred tax assets			
Provisions and accruals		**19.4**	16.7
		19.4	16.7
(c) Deferred tax liabilities			
Tax effect of book value in excess of the tax cost base of investment properties		**1,813.9**	1,945.3
Unrealised fair value gain on financial derivatives		**2.4**	4.4
Other timing differences		**19.5**	17.5
		1,835.8	1,967.2

NOTE 9 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	31 Dec 17 $million	31 Dec 16 $million
Property revaluations		**568.2**	513.8
Equity accounted property revaluations		**279.2**	491.2
Amortisation of leasing incentives and related leasing costs		**(21.7)**	(22.1)
Equity accounted amortisation of leasing incentives and related leasing costs		**(33.0)**	(32.8)
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	5	**(2.2)**	8.6
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(40.9)**	(68.5)
Net fair value gain on other financial liabilities	6	**4.0**	29.7
Gain/(loss) in respect of capital transactions	7	**(23.6)**	1.7
Intangible amortisation and impairment		**(22.9)**	–
Deferred tax	8	**137.3**	(255.9)

	31 Dec 17 $million	31 Dec 16 $million
NOTE 10 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**501.2**	292.1
Total cash and cash equivalents	**501.2**	292.1
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**1,551.2**	1,366.1
Property revaluations	**(568.2)**	(513.8)
Share of equity accounted profit in excess of dividend/distribution	**(381.0)**	(566.1)
Deferred tax	**(137.3)**	255.9
Net fair value (gain)/loss on currency derivatives	**2.2**	(8.6)
Financing costs capitalised to qualifying development projects and construction in progress	**86.9**	108.0
(Gain)/loss in respect of capital transactions	**23.6**	(1.7)
Decrease/(Increase) in working capital attributable to operating activities	**126.4**	(115.8)
Net cash flows from operating activities	**703.8**	524.0

	31 Dec 17 $million	31 Dec 16 $million
NOTE 11 DERIVATIVE ASSETS		
Current		
Receivables on interest rate derivatives	**–**	25.7
	–	25.7
Non Current		
Receivables on interest rate derivatives	**16.3**	29.6
Receivables on currency derivatives	**76.4**	129.3
	92.7	158.9
Total derivative assets	**92.7**	184.6

The Group presents the fair value mark to market 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 2017, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $92.7 million are reduced by $22.0 million to the net amount of $70.7 million (31 December 2016: derivative assets of $184.6 million are reduced by $23.8 million to the net amount of $160.8 million).

	31 Dec 17 $million	31 Dec 16 $million
NOTE 12 OTHER		
Current		
Prepayments and deposits	**27.2**	26.1
Deferred costs – other	**20.7**	25.1
	47.9	51.2
Non Current		
Intangibles [(i)]	**181.4**	131.8
Deferred costs – other	**30.1**	19.5
	211.5	151.3

(i) Comprises $57.3 million goodwill, $81.7 million management and development rights in respect of United Kingdom shopping centres and $42.4 million retail technology network and system development costs.

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 13 INVESTMENT PROPERTIES			
Shopping centre investments		**8,866.1**	7,008.0
Development projects and construction in progress		**1,112.2**	1,331.8
		9,978.3	8,339.8
Movement in total investment properties			
Balance at the beginning of the year		**8,339.8**	7,478.0
Acquisition of properties		**–**	68.2
Disposal of properties		**(0.8)**	(52.3)
Reclassification to inventories and development projects		**–**	(285.9)
Minority interest consolidated during the period		**–**	60.2
Redevelopment costs		**796.3**	1,026.4
Net revaluation increment		**603.8**	503.2
Retranslation of foreign operations		**239.2**	(458.0)
Balance at the end of the year [(i)]		**9,978.3**	8,339.8

(i) The fair value of investment properties at the end of the year of $9,978.3 million (31 December 2016: $8,339.8 million) comprises investment properties at market value of $9,939.2 million (31 December 2016: $8,300.1 million) and ground leases included as finance leases of $39.1 million (31 December 2016: $39.7 million).

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated shopping centres	13	**8,866.1**	7,008.0
Equity accounted shopping centres	15(c)	**10,622.3**	9,830.1
		19,488.4	16,838.1

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

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

United States shopping centres
- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres
- CBRE Limited
- GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 17 $million	Estimated Yield[(i)] 31 Dec 17 %	Carrying Amount 31 Dec 16 $million	Estimated Yield[(i)] 31 Dec 16 %
Flagship and Regional				
Flagship				
– United States	**12,610.7**	**4.34%**	10,340.7	4.44%
– United Kingdom	**3,959.9**	**4.47%**	3,530.6	4.45%
	16,570.6	**4.37%**	13,871.3	4.44%
Regional				
– United States	**2,917.8**	**5.63%**	2,966.8	5.55%
Total	**19,488.4**	**4.56%**	16,838.1	4.64%

(i) The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would result in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of $1,925.7 million (31 December 2016: $1,638.0 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of $2,400.0 million (31 December 2016: $2,033.6 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**565.5**	559.3	**120.1**	116.5	**685.6**	675.8
Share of after tax profit of equity accounted entities	**510.8**	628.5	**160.8**	233.6	**671.6**	862.1

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**510.8**	628.5	**160.8**	233.6	**671.6**	862.1
Other comprehensive income [i]	**–**	–	**130.4**	(230.3)	**130.4**	(230.3)
Share of total comprehensive income of equity accounted entities	**510.8**	628.5	**291.2**	3.3	**802.0**	631.8

[i] Relates to the net exchange difference on translation of equity accounted foreign operations.

	Note	United States		United Kingdom		Total	
		31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**35.8**	42.0	**30.7**	23.0	**66.5**	65.0
Shopping centre investments		**8,760.2**	8,227.1	**1,862.1**	1,603.0	**10,622.3**	9,830.1
Development projects and construction in progress		**467.1**	389.3	**298.1**	225.4	**765.2**	614.7
Inventories and other development projects		**4.6**	5.7	**–**	–	**4.6**	5.7
Other assets		**45.1**	40.9	**40.6**	29.5	**85.7**	70.4
Total assets		**9,312.8**	8,705.0	**2,231.5**	1,880.9	**11,544.3**	10,585.9
Payables		**(153.6)**	(173.0)	**(61.6)**	(45.4)	**(215.2)**	(218.4)
Interest bearing liabilities – current [i]	19(d)	**(34.3)**	(4.9)	**–**	–	**(34.3)**	(4.9)
Interest bearing liabilities – non current [i]	19(d)	**(1,628.6)**	(1,662.9)	**(506.7)**	(462.8)	**(2,135.3)**	(2,125.7)
Total liabilities		**(1,816.5)**	(1,840.8)	**(568.3)**	(508.2)	**(2,384.8)**	(2,349.0)
Net assets		**7,496.3**	6,864.2	**1,663.2**	1,372.7	**9,159.5**	8,236.9

[i] The fair value of interest bearing liabilities was $2,183.0 million compared to the book value of $2,169.6 million (31 December 2016: $2,167.9 million compared to the book value of $2,130.6 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 17	Economic interest 31 Dec 16
(d) Equity accounted entities economic interest				
United Kingdom investments [i]				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City [ii]	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments [i]				
Annapolis [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert [iii]	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita [iii]	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull [iii]	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton [iii]	Partnership units	31 Dec	**52.6%**	52.6%

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

(ii) Stratford is considered a material joint venture with Canneth Limited Partnership Inc. Summarised financial information are as follows: Revenue of $107.8 million (31 December 2016: $102.4 million), total assets of $1,891.3 million and total liabilities of $542.3 million (31 December 2016: total assets $1,644.4 million and total liabilities of $495.8 million).

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	–	297.8
Unlisted investments	287.6	310.1
	287.6	607.9
Movement in other property investments		
Balance at the beginning of the year	607.9	337.4
Additions	7.9	254.6
Disposals	(297.8)	–
Net revaluation (decrement)/increment to income statement	(30.4)	16.6
Retranslation of foreign operations	–	(0.7)
Balance at the end of the year	287.6	607.9
NOTE 17 PLANT AND EQUIPMENT		
Plant and equipment	149.2	144.1
Movement in plant and equipment		
Balance at the beginning of the year	144.1	69.2
Additions	41.2	129.0
Disposals	–	(35.1)
Depreciation expense	(37.7)	(17.0)
Retranslation of foreign operations and other differences	1.6	(2.0)
Balance at the end of the year	149.2	144.1
NOTE 18 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	815.6	680.7
Employee benefits	46.7	42.0
	862.3	722.7
Non current		
Sundry creditors and accruals	73.6	98.6
Employee benefits	4.6	4.2
	78.2	102.8

	31 Dec 17 $million	31 Dec 16 $million
NOTE 19 INTEREST BEARING LIABILITIES		
Interest bearing liabilities – consolidated		
Current		
Unsecured		
Notes payable		
– US$ denominated	**–**	750.0
Secured		
Bank loans and mortgages		
– US$ denominated	**3.5**	3.3
	3.5	753.3
Non current		
Unsecured		
Bank loans		
– € denominated	**267.7**	213.5
– £ denominated	**–**	222.1
– US$ denominated	**1,055.0**	500.0
Notes payable		
– US$ denominated	**4,250.0**	3,750.0
– £ denominated	**1,081.0**	–
Secured		
Bank loans and mortgages		
– US$ denominated	**571.9**	575.4
	7,225.6	5,261.0
Total interest bearing liabilities – consolidated	**7,229.1**	6,014.3

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

(a) Summary of financing facilities – consolidated

	31 Dec 17 $million	31 Dec 16 $million
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**9,306.4**	8,478.7
Total interest bearing liabilities	**(7,229.1)**	(6,014.3)
Total bank guarantees	**(47.7)**	(46.3)
Available financing facilities	**2,029.6**	2,418.1
Cash	**501.2**	292.1
Financing resources available at the end of the year	**2,530.8**	2,710.2

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

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 17 $million	Total interest bearing liabilities 31 Dec 17 $million	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2017	**–**	**–**	753.3	753.3
Year ending December 2018	**3.5**	**3.5**	3.5	3.5
Year ending December 2019	**4,503.8**	**2,576.5**	4,503.8	2,130.5
Year ending December 2020	**1,322.1**	**1,172.1**	1,322.1	1,231.0
Year ending December 2021	**–**	**–**	–	–
Year ending December 2022	**775.0**	**775.0**	275.0	275.0
Year ending December 2023	**–**	**–**	–	–
Year ending December 2024	**1,000.0**	**1,000.0**	1,000.0	1,000.0
Year ending December 2025	**405.4**	**405.4**	–	–
Year ending December 2026	**121.0**	**121.0**	121.0	121.0
Year ending December 2027	**–**	**–**	–	–
Due thereafter	**1,175.6**	**1,175.6**	500.0	500.0
	9,306.4	**7,229.1**	8,478.7	6,014.3

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 17 million	Total interest bearing liabilities (local currency) 31 Dec 17 million	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Unsecured notes payable – bonds	15-Sep-17	**–**	**–**	US$750.0	US$750.0
Unsecured bank loan – syndicated facility [(i)]	30-Jun-19	**US$3,250.0**	**US$1,055.0**	US$3,250.0	US$500.0
			€223.0		€147.0
			–		£180.0
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Old Orchard	1-Mar-20	**US$179.4**	**US$179.4**	US$182.7	US$182.7
Unsecured bank loan – bilateral facility	3-Jul-20	**US$150.0**	**–**	US$150.0	€56.0
Unsecured notes payable – bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable – bonds	5-Apr-22	**US$500.0**	**US$500.0**	–	–
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable – bonds	30-Mar-25	**£300.0**	**£300.0**	–	–
Secured mortgage – San Francisco Centre	1-Aug-26	**US$121.0**	**US$121.0**	US$121.0	US$121.0
Unsecured notes payable – bonds	30-Mar-29	**£500.0**	**£500.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the consolidated financing facilities and interest bearing liabilities		**9,306.4**	**7,229.1**	8,478.7	6,014.3

(i) Assumes options have been exercised to extend the facility from 2018 to 2019.

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

Total secured liabilities are $575.4 million (31 December 2016: $578.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of $1,977.8 million (31 December 2016: $1,884.3 million). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 17 $million	**Total interest bearing liabilities 31 Dec 17 $million**	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Interest bearing liabilities – current	**34.3**	**34.3**	4.9	4.9
Interest bearing liabilities – non current	**2,135.3**	**2,135.3**	2,125.7	2,125.7
	2,169.6	**2,169.6**	2,130.6	2,130.6
(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2017	**–**	**–**	4.9	4.9
Year ending December 2018	**34.3**	**34.3**	34.3	34.3
Year ending December 2019	**513.6**	**513.6**	469.7	469.7
Year ending December 2020	**188.6**	**188.6**	188.6	188.6
Year ending December 2021	**3.2**	**3.2**	3.2	3.2
Year ending December 2022	**3.3**	**3.3**	3.3	3.3
Year ending December 2023	**501.4**	**501.4**	501.4	501.4
Year ending December 2024	**437.5**	**437.5**	437.5	437.5
Year ending December 2025	**269.2**	**269.2**	269.2	269.2
Year ending December 2026	**218.5**	**218.5**	218.5	218.5
	2,169.6	**2,169.6**	2,130.6	2,130.6

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 17 million**	**Total interest bearing liabilities (local currency) 31 Dec 17 million**	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million
(f) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – Southgate [(i)]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage – Southcenter	11-Jan-20	**US$123.7**	**US$123.7**	US$125.9	US$125.9
Secured mortgage – Brandon	01-Mar-20	**US$69.6**	**US$69.6**	US$70.9	US$70.9
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$67.6**	**US$67.6**	US$69.0	US$69.0
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage – Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage – Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage – Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage – San Francisco Emporium	01-Aug-26	**US$218.5**	**US$218.5**	US$218.5	US$218.5
Total US$ equivalent of the equity accounted financing facilities and interest bearing liabilities		**2,169.6**	**2,169.6**	2,130.6	2,130.6

(i) The third option has been exercised to extend the loan from 2017 to 2018.

Total equity accounted secured liabilities are $2,169.6 million (31 December 2016: $2,130.6 million). The aggregate net asset value of equity accounted entities with secured borrowings is $4,093.9 million (31 December 2016: $3,780.0 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.0**	2.2
Finance leases		**0.6**	0.6
		2.6	2.8
Non current			
Convertible redeemable preference shares/units	(a)	**71.1**	70.3
Other redeemable preference shares/units	(b)	**149.4**	153.9
Finance leases		**38.5**	39.1
		259.0	263.3
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Due within one year		**2.6**	2.8
Due between one and five years		**2.9**	2.7
Due after five years		**256.1**	260.6
		261.6	266.1

(a) Convertible redeemable preference shares/units

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

(i) As at 31 December 2017, the Jacobs Group holds 1,456,574 (31 December 2016: 1,493,574) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2017, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2016: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2017, 1,538,481 (31 December 2016: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

(v) As at 31 December 2017, 734,739 (31 December 2016: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

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

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

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 21 DERIVATIVE LIABILITIES			
Current			
Payables on interest rate derivatives		**–**	2.6
		–	2.6
Non current			
Payables on interest rate derivatives		**22.0**	21.2
		22.0	21.2
Total derivatives liabilities		**22.0**	23.8

The Group presents the fair value mark to market 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 2017, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $22.0 million are reduced by $22.0 million to the net amount of nil (31 December 2016: derivative liabilities of $23.8 million are reduced by $23.8 million to the net amount of nil).

	31 Dec 17 Securities	31 Dec 16 Securities
NOTE 22 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

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

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

	$million	$million
(b) Amount of contributed equity		
of WCL	**843.7**	853.1
of WFDT	**5,613.5**	5,613.5
of WAT	**4,957.5**	4,957.5
of the Group	**11,414.7**	11,424.1
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,424.1**	11,440.7
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(9.4)**	(16.6)
Balance at the end of the year	**11,414.7**	11,424.1
NOTE 23 RESERVES		
of WCL	**(120.4)**	(36.3)
of WFDT	**(1,224.3)**	(1,650.6)
of WAT	**639.9**	742.6
of the Group	**(704.8)**	(944.3)
Total reserves of the Group		
Foreign currency translation reserve	**(752.4)**	(978.1)
Employee share plan benefits reserve	**47.6**	33.8
Balance at the end of the year	**(704.8)**	(944.3)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(978.1)**	(401.3)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**225.7**	(576.8)
Balance at the end of the year	**(752.4)**	(978.1)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**33.8**	34.7
– movement in equity settled share based payment	**13.8**	(0.9)
Balance at the end of the year	**47.6**	33.8
NOTE 24 RETAINED PROFITS		
of WCL	**1,589.5**	1,092.0
of WFDT	**560.0**	425.9
of WAT	**(2,053.9)**	(2,447.7)
of the Group	**95.6**	(929.8)
Movement in retained profits		
Balance at the beginning of the year	**(929.8)**	(1,774.3)
Profit after tax for the period	**1,551.2**	1,366.1
Dividend/distribution paid	**(525.8)**	(521.6)
Balance at the end of the year	**95.6**	(929.8)

	Note	Number of rights 31 Dec 17	Weighted average exercise price $ 31 Dec 17	Number of rights 31 Dec 16	Weighted average exercise price $ 31 Dec 16
NOTE 25 SHARE BASED PAYMENTS					
(a) Rights over Westfield Corporation stapled securities					
– Executive performance rights	(b)(i)	**6,172,536**	**–**	5,187,061	–
– Partnership incentive rights	(b)(ii)	**7,475,214**	**–**	6,945,086	–
– Target incentive rights	(b)(iii)	**4,589,571**	**–**	1,165,142	–
		18,237,321	**–**	13,297,289	–

Since 31 December 2017, 4,144,166 rights over Westfield Corporation stapled securities were issued. At 22 February 2018 there were 22,381,487 rights outstanding.

(b) Executive Performance Rights, Partnership Incentive Rights Plans and Target Incentive Rights Plans

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

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Executive Performance Rights		
Balance at the beginning of the year	**5,187,061**	7,971,200
Rights issued	**4,027,654**	2,542,056
Rights exercised	**(2,526,433)**	(4,053,886)
Rights forfeited	**(515,746)**	(1,272,309)
Balance at the end of the year	**6,172,536**	5,187,061

Vesting profile	Fair value granted $million 31 Dec 17	Number of rights[i] 31 Dec 17	Fair value granted $million 31 Dec 16	Number of rights[i] 31 Dec 16
2017	**–**	**–**	14.1	2,603,499
2018	**18.4**	**2,238,291**	13.6	2,268,290
2019	**24.2**	**3,032,131**	0.8	120,664
2020	**5.8**	**745,757**	0.6	95,906
2021	**1.3**	**156,357**	0.6	98,702
	49.7	**6,172,536**	29.7	5,187,061

[i] The exercise price for the EPR Plan is nil.

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

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

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,945,086**	6,786,586
Rights issued [i]	**2,964,653**	2,496,651
Rights exercised	**(1,835,404)**	(1,832,947)
Rights forfeited	**(599,121)**	(505,204)
Balance at the end of the year	**7,475,214**	6,945,086

[i] As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2017 the rights were issued subject to two performance hurdles: FFO measured over one year (2017) and development hurdle measured over four years. In 2017, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

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

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

Vesting profile	**Fair value granted $million 31 Dec 17**	**Number of rights[i] 31 Dec 17**	Fair value granted $million 31 Dec 16	Number of rights[i] 31 Dec 16
2017	**–**	**–**	7.4	1,889,081
2018	**10.6**	**1,680,663**	8.1	1,780,602
2019	**15.1**	**1,926,706**	11.8	2,081,431
2020	**19.4**	**2,491,204**	6.9	1,193,972
2021	**10.1**	**1,376,641**	–	–
	55.2	**7,475,214**	34.2	6,945,086

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

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2017 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Target Incentive Rights		
Balance at the beginning of the year	**1,165,142**	–
Rights issued [i]	**4,221,560**	1,165,142
Rights forfeited	**(797,131)**	–
Balance at the end of the year	**4,589,571**	1,165,142

[i] As outlined in section 8.4(c) of the Remuneration Report, a limited number of Target Incentive Rights have been issued to the key executives in 2017. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	**Fair value granted $million 31 Dec 17**	**Number of rights[i] 31 Dec 17**	Fair value granted $million 31 Dec 16	Number of rights[i] 31 Dec 16
2018	**–**	**–**	1.6	266,242
2019	**14.7**	**1,671,136**	5.6	798,723
2020	**4.0**	**500,888**	0.6	100,177
2021	**17.7**	**2,417,547**	–	–
	36.4	**4,589,571**	7.8	1,165,142

[i] The exercise price for the TIR Plan is nil.

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying 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 TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $32.8 million (31 December 2016: $21.7 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

	31 Dec 17 cents	31 Dec 16 cents

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

	31 Dec 17 cents	31 Dec 16 cents
Basic earnings per stapled security attributable to members of Westfield Corporation	**74.65**	65.74
Diluted earnings per stapled security attributable to members of Westfield Corporation	**73.84**	64.87

(b) Income and security data

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

	31 Dec 17 $million	31 Dec 16 $million
Earnings used in calculating basic earnings per stapled security	**1,551.2**	1,366.1
Adjustment to earnings on options which are considered dilutive	**–**	(5.5)
Earnings used in calculating diluted earnings per stapled security	**1,551.2**	1,360.6

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security (i)	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme security options which, if issued would be dilutive (ii)	**22,801,493**	19,189,668
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security (iii)	**2,100,891,179**	2,097,279,354

(i) 2,078.1 million (31 December 2016: 2,078.1 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(ii) At 31 December 2017, 18,237,321 actual employee award scheme security options were on hand (31 December 2016: 13,297,289).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 4,868,595 (31 December 2016: 6,575,131).

(c) Conversions, calls, subscription or issues after 31 December 2017

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

	31 Dec 17 $million	31 Dec 16 $million
NOTE 27 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2017		
– to be paid on 28 February 2018		
WFDT: 10.2 cents per unit	**212.0**	–
WAT: 2.55 cents per unit	**53.0**	–
Dividend/distribution in respect of the 6 months to 31 December 2016		
WFDT: 1.90 cents per unit	**–**	39.5
WAT: 10.65 cents per unit	**–**	221.3
	265.0	260.8

Interim dividend/distributions of 12.75 cents were paid on 31 August 2017. Final dividend/distributions will be paid on 28 February 2018. The record date for the final dividends/distributions was 5pm, 14 February 2018. No distribution reinvestment plan is operational for the distribution.

(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2017		
WFDT: 2.55 cents per unit	**53.0**	–
WAT: 10.20 cents per unit	**212.0**	–
Dividend/distribution in respect of the 6 months to 30 June 2016		
WFDT: 1.20 cents per unit	**–**	24.9
WAT: 11.35 cents per unit	**–**	235.9
	265.0	260.8

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**4.3**	3.9
Franking credits available for future distributions	**4.3**	3.9
	$	$
NOTE 28 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**5.11**	4.53

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group excluding intangibles by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2016: 2,078,089,686).

NOTE 29 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

	31 Dec 17 $million	31 Dec 16 $million
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**779.5**	710.0
Due between one and five years	**2,582.3**	2,291.2
Due after five years	**2,969.9**	2,256.0
	6,331.7	5,257.2

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 any recovery of outgoings.

Total operating lease receivables of $6,331.7 million (31 December 2016: $5,257.2 million) comprises $3,591.0 million (31 December 2016: $2,619.4 million) of consolidated and $2,740.7 million (31 December 2016: $2,637.8 million) of equity account operating lease receivables.

Operating lease payable

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease payable.

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**46.7**	34.3
Due between one and five years	**205.2**	146.4
Due after five years	**482.9**	386.7
	734.8	567.4

Total operating lease payables of $734.8 million (31 December 2016: $567.4 million) comprises $729.8 million (31 December 2016: $562.2 million) of consolidated and $5.0 million (31 December 2016: $5.2 million) of equity accounted operating lease payables.

NOTE 30 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**486.7**	818.4
Due between one and five years	**398.0**	567.1
Due after five years	**–**	–
	884.7	1,385.5

Total capital expenditure commitment of $884.7 million (31 December 2016: $1,385.5 million) comprises $492.5 million (31 December 2016: $818.7 million) of consolidated and $392.2 million (31 December 2016: $566.8 million) of equity accounted capital expenditure commitments.

NOTE 31 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 17 $million	31 Dec 16 $million
Performance guarantees	**67.6**	83.0
	67.6	83.0

Total contingent liabilities of $67.6 million (31 December 2016: $83.0 million) comprises $37.2 million (31 December 2016: $51.9 million) of consolidated and $30.4 million (31 December 2016: $31.1 million) of equity accounted contingent liabilities.

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

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

NOTE 32 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 33 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 34 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	**31 Dec 17 $million**	31 Dec 16 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	19	**3.5**	753.3
Non current interest bearing liabilities	19	**7,225.6**	5,261.0
Share of equity accounted entities interest bearing liabilities	19(d)	**2,169.6**	2,130.6
Cross currency swaps			
– £461.1 million (31 December 2016: £461.1 million)	35(i)	**623.1**	569.0
Principal amounts subject to interest rate payable exposure		**10,021.8**	8,713.9
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– US$	35(i)	**700.0**	700.0
Cash	10(a)	**501.2**	292.1
Share of equity accounted entities cash	15(c)	**66.5**	65.0
Principal amounts subject to interest rate receivable exposure		**1,267.7**	1,057.1
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**8,754.1**	7,656.8
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £1,175.0 million (31 December 2016: £375.0 million)	34(ii)	**1,587.7**	462.8
– US$	34(ii)	**6,459.8**	6,718.0
Fixed rate derivatives			
– £461.1 million (31 December 2016: £461.1 million)	34(ii)	**623.1**	569.0
– US$	34(ii)	**–**	1,350.0
Interest rate options			
– US$	34(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**8,699.1**	9,128.3
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	34(ii)	**1,200.0**	3,950.0
Principal amounts on which interest rate receivable exposure has been hedged		**1,200.0**	3,950.0
Principal amounts on which net interest rate payable exposure has been hedged		**7,499.1**	5,178.3

At 31 December 2017, the Group has hedged 86% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 14% is exposed to floating rates on a principal payable of $1,255.0 million, at an average interest rate of 2.4%, including margin (31 December 2016: 68% hedged with floating exposure of $2,478.5 million at an average rate of 1.9 %). Changes to derivatives due to interest rate movements are set out in Notes 34(ii).

Interest rate sensitivity		**31 Dec 17 $million**	31 Dec 16 $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%	**25.1**	49.6
	-1.0%	**12.6**	24.8
	-0.5%	**6.3**	12.4
	0.5%	**(6.3)**	(12.4)
	1.0%	**(12.6)**	(24.8)
	2.0%	**(25.1)**	(49.6)

NOTE 34 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 and contracted rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**Interest rate swaps** 31 Dec 17 Notional principal amount million	**Interest rate swaps** 31 Dec 17 Average rate	**Fixed rate borrowings** 31 Dec 17 Principal amount million	**Fixed rate borrowings** 31 Dec 17 Average rate including margin	Interest rate swaps 31 Dec 16 Notional principal amount million	Interest rate swaps 31 Dec 16 Average rate	Fixed rate borrowings 31 Dec 16 Principal amount million	Fixed rate borrowings 31 Dec 16 Average rate including margin
US$ payable								
31 December 2016	–	–	–	–	US$(1,350.0)	1.39%	US$(6,718.0)	3.52%
31 December 2017	–	–	**US$(6,459.8)**	**3.70%**	–	–	US$(5,959.8)	3.74%
31 December 2018	–	–	**US$(6,450.4)**	**3.69%**	–	–	US$(5,950.4)	3.74%
31 December 2019	–	–	**US$(5,189.8)**	**3.93%**	–	–	US$(4,689.8)	4.01%
31 December 2020	–	–	**US$(3,829.1)**	**3.84%**	–	–	US$(3,329.1)	3.94%
31 December 2021	–	–	**US$(3,825.9)**	**3.84%**	–	–	US$(3,325.9)	3.94%
31 December 2022	–	–	**US$(3,047.6)**	**3.91%**	–	–	US$(3,047.6)	3.91%
31 December 2023	–	–	**US$(2,546.2)**	**3.92%**	–	–	US$(2,546.2)	3.92%
31 December 2024	–	–	**US$(1,108.7)**	**4.11%**	–	–	US$(1,108.7)	4.11%
31 December 2025	–	–	**US$(839.5)**	**4.20%**	–	–	US$(839.5)	4.20%
32 December 2026	–	–	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
31 December 2027-43	–	–	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
£ payable								
31 December 2016	–	–	–	–	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2017	**£(461.1)**	**3.26%**	**£(1,175.0)**	**2.52%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2018	**£(461.1)**	**3.26%**	**£(1,175.0)**	**2.52%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2019	**£(461.1)**	**3.26%**	**£(800.0)**	**2.44%**	£(461.1)	3.26%	–	–
31 December 2020	–	–	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2021	–	–	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2022	–	–	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2023	–	–	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2024	–	–	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2025	–	–	**£(500.0)**	**2.63%**	–	–	–	–
31 December 2026	–	–	**£(500.0)**	**2.63%**	–	–	–	–
31 December 2027-28	–	–	**£(500.0)**	**2.63%**	–	–	–	–
US$ receivable								
31 December 2016	–	–	–	–	US$3,950.0	2.89%	–	–
31 December 2017	**US$1,200.0**	**3.43%**	–	–	US$1,200.0	3.43%	–	–
31 December 2018	**US$1,200.0**	**3.43%**	–	–	US$1,200.0	3.43%	–	–
31 December 2019	**US$1,200.0**	**3.43%**	–	–	US$1,200.0	3.43%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment, refer Note 33. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a payable of $5.7 million (31 December 2016: a receivable of $31.6 million). The change in fair value for the year ended 31 December 2017 was $37.3 million (31 December 2016: $61.0 million).

Fair value sensitivity		**31 Dec 17 $million**	31 Dec 16 $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%	**58.5**	100.9
	-1.0%	**28.6**	49.2
	-0.5%	**14.2**	24.3
	0.5%	**(13.9)**	(23.8)
	1.0%	**(27.7)**	(47.2)
	2.0%	**(54.5)**	(92.6)

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

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 17 Notional principal amount million**	**31 Dec 17 Average strike rates**	31 Dec 16 Notional principal amount million	31 Dec 16 Average strike rate
US$ payable caps				
31 December 2016	**–**	**–**	US$(28.5)	3.50%
31 December 2017	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a payable of $3,835.4 million (31 December 2016: $3,049.7 million). The change in fair value for the year ended 31 December 2017 was $785.7 million (31 December 2016: $1,045.9 million).

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 17 million	31 Dec 16 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,682.7**	£3,622.1
£ borrowings	**£(1,175.0)**	£(555.0)
£ cross currency swaps	**£(461.1)**	£(461.1)
£ denominated net assets	**£2,046.6**	£2,606.0
Euro		
€ net assets	**€345.1**	€298.7
€ borrowings	**€(223.0)**	€(203.0)
€ denominated net assets	**€122.1**	€95.7
Australian Dollar		
A$ net liabilities	**A$(18.9)**	A$(28.7)
A$ denominated net liabilities	**A$(18.9)**	A$(28.7)

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

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

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

Foreign currency sensitivity		31 Dec 17 $million	31 Dec 16 $million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.7400 rate (31 December 2016: 0.8103) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,024.2**	1,053.8
	- 10 pence	**432.1**	452.7
	- 5 pence	**200.4**	211.5
	+ 5 pence	**(175.0)**	(186.9)
	+ 10 pence	**(329.2)**	(353.3)
	+ 20 pence	**(588.4)**	(636.6)
The sensitivity of € denominated net assets to changes in the year end US$/€0.8830 rate (31 December 2016: 0.9509) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**46.3**	26.8
	- 10 cents	**20.0**	11.8
	- 5 cents	**9.4**	5.6
	+ 5 cents	**(8.3)**	(5.0)
	+ 10 cents	**(15.7)**	(9.6)
	+ 20 cents	**(28.4)**	(17.5)
The sensitivity of A$ denominated net liabilities to changes in the year end US$/A$1.2806 rate (31 December 2016: 1.3873) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(2.7)**	(3.5)
	- 10 cents	**(1.3)**	(1.6)
	- 5 cents	**(0.6)**	(0.8)
	+ 5 cents	**0.6**	0.7
	+ 10 cents	**1.1**	1.4
	+ 20 cents	**2.0**	2.6

(i) Hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable)			
	31 Dec 17	31 Dec 16	**31 Dec 17 million**	**31 Dec 17 million**	31 Dec 16 million	31 Dec 16 million
£						
Contracts to buy US$[(i)] and sell £						
31 December 2016	**–**	0.6587	**–**	**–**	US$700.0	£(461.1)
31 December 2017	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2018	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2019	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)

(i) The receive US$ exposure is matched with a pay US$ exposure in the income statement.

The pay £ exposure is held by a self-sustaining foreign operation, hence gains or losses are recorded directly in the foreign currency translation reserve.
At 31 December 2017, the aggregate fair value is a receivable of $76.4 million (31 December 2016: $129.3 million). The change in fair value for the year ended 31 December 2017 was $52.9 million (31 December 2016: $109.2 million).

Foreign currency sensitivity		31 Dec 17 $million	31 Dec 16 $million
The sensitivity of £ denominated exposures to changes in the year end US$/£0.7400 rate (31 December 2016: 0.8103) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**(230.7)**	(186.5)
	- 10 pence	**(97.3)**	(80.1)
	- 5 pence	**(45.1)**	(37.4)
	+ 5 pence	**39.4**	33.1
	+ 10 pence	**74.2**	62.5
	+ 20 pence	**132.6**	112.6

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2017, the aggregate credit risk in respect of cash and cash equivalents is $567.7 million (31 December 2016: $357.1 million).

At 31 December 2017, the aggregate credit risk in respect of derivative financial instruments is $70.7 million (31 December 2016: $160.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 91% (31 December 2016: 80%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of AA- or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

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

a) Leverage ratio (net debt to net assets)

- shall not exceed 65%

b) Secured debt ratio (secured debt to total assets)

- shall not exceed 40% (and not exceed 45% on certain facilities)

c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)

- at least 1.5 times

d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)

- at least 150% (and at least 125% on certain facilities)

At and during the years ended 31 December 2017 and 2016, the Group was in compliance with all the above financial covenants.

NOTE 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVES CASH FLOW MATURITY PROFILE

	31 Dec 17 $million	31 Dec 16 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(224.0)**	(926.9)
Due between one and five years	**(5,093.9)**	(3,869.2)
Due after five years	**(3,426.9)**	(2,560.8)
	(8,744.8)	(7,356.9)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(7,229.1)**	(6,014.3)
– aggregate future estimated nominal interest	**(1,515.7)**	(1,342.6)
	(8,744.8)	(7,356.9)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**12.4**	41.6
Due between one and five years	**92.3**	171.0
Due after five years	**–**	–
	104.7	212.6

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
Consolidated assets				
Cash	**501.2**	292.1	**501.2**	292.1
Trade debtors (i)	**35.6**	22.6	**35.6**	22.6
Receivables (i)	**349.7**	391.5	**349.7**	391.5
Other property investments (ii)	**287.6**	607.9	**287.6**	607.9
Derivative assets (ii)	**92.7**	184.6	**92.7**	184.6
Consolidated liabilities				
Payables (i)	**985.1**	854.7	**985.1**	854.7
Interest bearing liabilities (ii)				
– Fixed rate debt	**6,044.1**	5,140.9	**5,906.4**	5,078.7
– Floating rate debt	**1,322.6**	935.5	**1,322.7**	935.6
Other financial liabilities (ii)	**261.6**	266.1	**261.6**	266.1
Derivative liabilities (ii)	**22.0**	23.8	**22.0**	23.8

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

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

Determination of fair value

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

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 17 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**–**	–	–	–
– Unlisted investments	**287.6**	–	–	287.6
Derivative assets				
– Interest rate derivatives	**16.3**	–	16.3	–
– Currency derivatives	**76.4**	–	76.4	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**6,044.1**	–	6,044.1	–
– Floating rate debt	**1,322.6**	–	1,322.6	–
Other financial liabilities				
– Redeemable preference shares/units	**222.5**	–	–	222.5
– Finance Leases	**39.1**	–	39.1	–
Derivative liabilities				
– Interest rate derivatives	**22.0**	–	22.0	–

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 16 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	297.8	297.8	–	–
– Unlisted investments	310.1	–	–	310.1
Derivative assets				
– Interest rate derivatives	55.3	–	55.3	–
– Currency derivatives	129.3	–	129.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	5,140.9	–	5,140.9	–
– Floating rate debt	935.5	–	935.5	–
Other financial liabilities				
– Redeemable preference shares/units	226.4	–	–	226.4
– Finance Leases	39.7	–	39.7	–
Derivative liabilities				
– Interest rate derivatives	23.8	–	23.8	–

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

	Unlisted investments[i] 31 Dec 17 $million	**Redeemable preference shares/units[ii] 31 Dec 17 $million**	Unlisted investments[i] 31 Dec 16 $million	Redeemable preference shares/units[ii] 31 Dec 16 $million
Level 3 fair value movement				
Balance at the beginning of the year	**310.1**	**226.4**	268.4	256.9
Additions	**7.9**	**–**	18.2	–
Disposals	**–**	**–**	–	(0.8)
Net fair value gain/loss to income statement	**(30.4)**	**(3.9)**	23.5	(29.7)
Balance at the end of the year	**287.6**	**222.5**	310.1	226.4

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

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2017, an increment of 1% to the earnings yield would result in an additional gain of $35.4 million (31 December 2016: $37.6 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $52.0 million (31 December 2016: $57.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 17 $million	31 Dec 16 $million

NOTE 40 PARENT COMPANY

The Parent Company, Westfield Corporation Limited, financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Company (not consolidated) is disclosed as follows:

	31 Dec 17 $million	31 Dec 16 $million
(a) Assets		
Current assets	**35.5**	20.3
Non current assets (primarily investment in subsidiaries)	**2,271.0**	1,556.2
Total assets	**2,306.5**	1,576.5
(b) Liabilities		
Current liabilities	**802.8**	413.7
Non current liabilities	**–**	–
Total liabilities	**802.8**	413.7
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**61.6**	(255.4)
Retained profits	**572.8**	548.9
Total equity	**1,503.7**	1,162.8
(d) Comprehensive income		
Profit after tax for the period[(i)]	**23.9**	208.9
Other comprehensive income	**317.0**	(16.9)
Total comprehensive income for the period	**340.9**	192.0
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**6,653.7**	5,435.6
	6,653.7	5,435.6

[(i)] Comprise principally dividends/distributions from investments and subsidiaries and revaluations of investments and subsidiaries.

NOTE 41 SUBSIDIARIES

Summarised financial information of the WFDT Group and WAT Group, extracted from the two standalone groups' consolidated financial statements, are provided below:

WFD Trust

As at 31 December 2017, WFDT held current assets of $2.4 billion, non current assets of $3.7 billion and liabilities of $1.1 billion (31 December 2016: current assets of $2.1 billion, non current assets of $2.6 billion and liabilities of $0.2 billion).

As at 31 December 2017, the total equity held by WFDT was $5.0 billion (31 December 2016: $4.5 billion).

The profit after tax for the period was $224.2 million and total comprehensive income was $581.3 million. The revenue for the period was $40.6 million (31 December 2016: loss after tax of $135.4 million and total comprehensive loss of $182.6 million and revenue of $19.2 million).

Westfield America Trust

As at 31 December 2017, WAT held current assets of $0.2 billion, non current assets of $15.3 billion, current liabilities of $1.7 billion and non current liabilities of $9.6 billion (31 December 2016: current assets of $0.3 billion, non current assets of $13.7 billion, current liabilities of $2.4 billion and non current liabilities of $7.8 billion).

As at 31 December 2017, the total equity held by WAT was $4.2 billion (31 December 2016: $3.8 billion).

The profit after tax for the period was $1,000.8 million and total comprehensive income was $898.0 million. The revenue for the period was $577.2 million (31 December 2016: profit after tax of $1,053.6 million and total comprehensive income of $1,055.5 million and revenue of $513.6 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 17 $000	31 Dec 16 $000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,385**	1,157
– Assurance and compliance services	**288**	–
– Technical accounting advice and services	**165**	1,234
	1,838	2,391
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,439**	3,601
– Assurance and compliance services	**115**	116
– Taxation advice and compliance	**706**	875
– Technical accounting advice and services	**160**	208
	4,420	4,800
	6,258	7,191

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

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

Other Related Parties

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

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

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

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

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 98.6 hours (31 December 2016: 107.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm's length. During the year ended 31 December 2017 $1,106,141 was charged by the Group to LFG (31 December 2016: no charge to or from either party) for use in excess of the interchange agreement.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG $439,253 (31 December 2016: $657,152) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms. Additionally, LFG charged the Group $126,539 (31 December 2016: nil) in relation to the provision of aircraft services and use of the hangar facility.

During the financial year, the Group charged LFG $1,729,653 (31 December 2016: $1,493,493) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2017** **$**	2016 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute $17,059 (31 December 2016: $7,687) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2017.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2017 to 31 December 2017 are set out below:

– Sir Frank Lowy AC	Chairman	
– Brian Schwartz AM	Deputy Chairman / Lead Independent Director	
– Ilana Atlas	Non-Executive Director	
– Roy Furman	Non-Executive Director	
– Peter Goldsmith QC PC	Non-Executive Director	retired 7 April 2017
– Jeffrey Goldstein	Non-Executive Director	
– Michael Gutman OBE	President / Chief Operating Officer	
– Mark G. Johnson	Non-Executive Director	
– Mark R. Johnson AO	Non-Executive Director	
– Donald Kingsborough	Chief Executive Officer, OneMarket	
– Peter Lowy	Co-Chief Executive Officer	
– Steven Lowy AM	Co-Chief Executive Officer	
– John McFarlane	Non-Executive Director	
– Dawn Ostroff	Non-Executive Director	
– Elliott Rusanow	Chief Financial Officer	

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2017 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits[(i)] $	Other post employment benefits $	Amortisation of equity settled share based payments[(ii)] $	$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2017	**9,993,423**	**7,750,175**	**209,487**	**67,896**	**29,626**	**13,756,291**	**31,806,898**
31 December 2016	9,037,167	6,961,500	131,732	67,849	96,109	8,767,622	25,061,979
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2017	**980,000**	**812,500**	**1,074,871**	**16,083**	**–**	**948,481**	**3,831,935**
31 December 2016	980,000	812,500	225,977	16,333	–	1,032,733	3,067,543
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2017	**10,973,423**	**8,562,675**	**1,284,358**	**83,979**	**29,626**	**14,704,772**	**33,638,833**
31 December 2016	10,017,167	7,774,000	357,709	84,182	96,109	9,800,355	28,129,522

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR, PIR and TIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 17 – Interest Beneficial[(i)] Parent Company %	31 Dec 17 – Interest Westfield Corporation %	31 Dec 17 – Interest Consolidated or Equity accounted %	31 Dec 16 – Interest Beneficial[(i)] Parent Company %	31 Dec 16 – Interest Westfield Corporation %	31 Dec 16 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Europe Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
White City Acquisitions Limited	51.0	100.0	100.0	51.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
New WTC Retail Member LLC	17.5	100.0	100.0	17.5	100.0	100.0
WEA Finance, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield America, LP	17.5	100.0	100.0	17.5	100.0	100.0
Westfield DDC, LLC	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

NOTE 46 SUPERANNUATION COMMITMENTS

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

B. Westfield Consolidated Financial Statements 2016

Westfield

Westfield Corporation
Annual Financial Report
31 December2016

Building a better working world

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Independent Auditor's Report To the Shareholders of Westfield Corporation Limited
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westfield Corporation Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2016, 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.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group has interests in shopping centre investment properties which are carried at a fair value of $16.8 billion at 31 December 2016 (from both consolidated shopping centres and equity accounted investments) and represents 89.7% of total assets. Fair values are determined each reporting period by reference to valuations, with changes in fair value recognised in the consolidated income statement. Valuations contain a number of assumptions which are based on direct market comparisons, or where comparable transactions are not available, estimates. Minor changes in certain assumptions can lead to significant changes in the valuation. Note 14 of the financial report discloses the sensitivity of these valuations to changes in key assumptions. As out lined in note 14, the Group's basis for determining the carrying value of shopping centre Investment Properties is underpinned by external valuations sourced from qualified valuation experts. Refer to note 2(b) of the financial report for a description of the accounting policy treatment for these assets.	We assessed the extent to which we could rely on the work of the valuation experts by considering, for a sample of the valuers, their competence and independence. We also evaluated the suitability of their valuation scope and methodology for the financial report. On a sample basis, we agreed data used in the valuation to the actual and budgeted financial performance of the specific properties. We assessed the key inputs and assumptions used by the valuers by comparing this information to external market data obtained by our Real Estate valuation specialists.

Property Development and Project Management Costs and Revenues

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group recognised $555.4 million of property development and project management revenue and $462.4 million of property development and project management costs for the year ended 31 December 2016. Revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete. The determination of the cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment. Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report. Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report. Note 2(e) of the financial report discloses the accounting policy for recognition of such amounts.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls for accumulating property development and project management costs and for estimating costs to complete of major development projects. We evaluated the Group's history of budget and forecasting accuracy associated with project management costs and estimating costs to complete. We enquired with management for a selection of major projects to gain an understanding of the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports. We assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks. We inspected project feasibility reports, on a sample basis, and assessed the assumptions used in forecasting revenues and costs to complete. We also agreed a sample of costs incurred to invoice and/ or payment, including testing that they were allocated to the appropriate development. We also evaluated subsequent payments made after the reporting date to assess whether costs were accrued in the correct reporting period. We assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards – AASB 111 *Construction Contracts*.

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Interest Bearing Liabilities and Financing Costs

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group has interest bearing liabilities of $6.1 billion at 31 December 2016. During the year the Group incurred $181.9 million in financing and interest costs of which $60.5 million has been recognised in the consolidated income statement and $121.4 million capitalised to assets under construction. The Group has established a range of finance facilities with various terms, counterparties and currencies. The Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 19 of the financial report discloses the Group's interest bearing liabilities. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these liabilities.	We understood the Group's processes and assessed the design and operating effectiveness of controls for recording and reporting the terms and conditions of interest bearing liabilities and the associated interest costs. We confirmed a selection of interest bearing liabilities directly with counterparties. We tested the calculation of interest recognised in the consolidated income statement and interest capitalised during the period to assess whether these were calculated in accordance with the Group's accounting policy detailed in Note 2(h). We assessed the maturity profile of the Group's interest bearing liabilities to check that loans maturing within the next twelve months were classified in current liabilities.

Derivative Financial Instruments

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group manages interest and currency risks through the use of derivative financial instruments ("Derivatives") which have been set out in notes 11 and 21 of the financial report. Fair value movements in Derivatives are driven by movements in financial markets. These complex transactions may have a significant financial effect and have extensive accounting and reporting obligations. Note 39 of the financial report discloses the fair value of the Group's Derivative assets and liabilities outstanding at balance date. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these instruments.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls for recording, reviewing and reporting the terms and conditions of its Derivatives. We involved our treasury specialists to evaluate the accuracy with which the Group revalues Derivatives, including periodic reviews of position reports by senior executives. We confirmed a selection of Derivatives directly with counterparties. We tested the calculation of fair value movements on Derivatives during the period to check these movements were recognised in the consolidated income statement or deferred in accordance with the Group's accounting policy detailed in note 2(k).

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Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a t rue and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit 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 control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

– Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 34 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001* .

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Graham Ezzy
Engagement Partner

Sydney, 23 February 2017

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Revenue			
Property revenue	4	**512.0**	620.3
Property development and project management revenue		**555.4**	595.7
Property management income		**55.2**	61.4
		1,122.6	1,277.4
Share of after tax profits of equity accounted entities			
Property revenue		**675.8**	661.7
Property revaluations	9	**491.2**	426.3
Property expenses, outgoings and other costs		**(224.4)**	(210.0)
Net interest expense		**(80.0)**	(86.5)
Tax expense		**(0.5)**	(0.3)
	15(a)	**862.1**	791.2
Expenses			
Property expenses, outgoings and other costs		**(223.2)**	(247.6)
Property development and project management costs		**(462.4)**	(471.5)
Property management costs		**(22.1)**	(24.6)
Overheads		**(116.1)**	(116.8)
		(823.8)	(860.5)
Interest income		**18.8**	5.3
Currency gain/(loss)	5	**8.6**	11.4
Financing costs	6	**(60.5)**	(103.0)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	**1.7**	(97.3)
Property revaluations	9	**513.8**	205.7
Profit before tax for the period		**1,643.3**	1,230.2
Tax credit/(expense)	8	**(277.2)**	1,093.3
Profit after tax for the period		**1,366.1**	2,323.5
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		**1,366.1**	2,323.5
– External non controlling interests		**–**	–
Profit after tax for the period		**1,366.1**	2,323.5

Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:			
Westfield Corporation Limited (WCL) members		**331.8**	599.3
WFD Trust (WFDT) and Westfield America Trust (WAT) members		**1,034.3**	1,724.2
Net profit attributable to members of Westfield Corporation		**1,366.1**	2,323.5

		US cents	US cents
Basic earnings per WCL share		**15.97**	28.84
Diluted earnings per WCL share		**15.82**	28.55
Basic earnings per stapled security	26(a)	**65.74**	111.81
Diluted earnings per stapled security	26(a)	**64.87**	110.68

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 US$million	31 Dec 15 US$million
Profit after tax for the period	**1,366.1**	2,323.5
Other comprehensive income		
Movement in foreign currency translation reserve (i)		
– Net exchange difference on translation of foreign operations	**(517.9)**	(206.5)
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(58.9)**	(11.6)
Total other comprehensive income	**(576.8)**	(218.1)
Total comprehensive income for the period	**789.3**	2,105.4
Total comprehensive income attributable to:		
– Members of Westfield Corporation	**789.3**	2,105.4
– External non controlling interests	**–**	–
Total comprehensive income for the period	**789.3**	2,105.4

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**254.4**	652.7
WFDT and WAT members (ii)	**534.9**	1,452.7
Total comprehensive income attributable to members of Westfield Corporation	**789.3**	2,105.4

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of US$1,034.3 million (31 December 2015: US$1,724.2 million) and the net exchange loss on translation of foreign operations of US$499.4 million (31 December 2015: US$271.5 million).

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Current assets			
Cash and cash equivalents	10(a)	**292.1**	1,106.8
Trade debtors		**22.6**	14.2
Derivative assets	11	**25.7**	–
Receivables		**185.0**	231.0
Inventories		**40.9**	21.5
Other	12	**51.2**	125.2
Total current assets		**617.5**	1,498.7
Non current assets			
Investment properties	13	**8,625.7**	7,478.0
Equity accounted investments	15(c)	**8,236.9**	7,728.9
Other property investments	16	**607.9**	337.4
Derivative assets	11	**158.9**	131.8
Receivables		**206.5**	214.0
Plant and equipment	17	**144.1**	69.2
Deferred tax assets	8(b)	**16.7**	10.1
Other	12	**151.3**	114.3
Total non current assets		**18,148.0**	16,083.7
Total assets		**18,765.5**	17,582.4
Current liabilities			
Trade creditors		**29.2**	36.9
Payables and other creditors	18	**722.7**	729.4
Interest bearing liabilities	19	**753.9**	3.6
Other financial liabilities	20	**2.2**	3.0
Tax payable		**29.2**	59.5
Derivative liabilities	21	**2.6**	–
Total current liabilities		**1,539.8**	832.4
Non current liabilities			
Payables and other creditors	18	**102.8**	148.1
Interest bearing liabilities	19	**5,300.1**	5,267.8
Other financial liabilities	20	**224.2**	253.9
Deferred tax liabilities	8(c)	**1,967.2**	1,761.3
Derivative liabilities	21	**21.2**	19.1
Total non current liabilities		**7,615.5**	7,450.2
Total liabilities		**9,155.3**	8,282.6
Net assets		**9,610.2**	9,299.8
Equity attributable to members of WCL			
Contributed equity	22(b)	**853.1**	869.7
Reserves	23	**(36.3)**	42.0
Retained profits	24	**1,092.0**	760.2
Total equity attributable to members of WCL		**1,908.8**	1,671.9
Equity attributable to WFDT and WAT members			
Contributed equity	22(b)	**10,571.0**	10,571.0
Reserves	23	**(908.0)**	(408.6)
Retained profits	24	**(2,021.8)**	(2,534.5)
Total equity attributable to WFDT and WAT members		**7,641.2**	7,627.9
Equity attributable to external non controlling interests			
Contributed equity		**60.2**	–
Reserves		**–**	–
Retained profits		**–**	–
Total equity attributable to external non controlling interests		**60.2**	–
Total equity		**9,610.2**	9,299.8
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**1,908.8**	1,671.9
WFDT and WAT members		**7,641.2**	7,627.9
Total equity attributable to members of Westfield Corporation		**9,550.0**	9,299.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Comprehensive Income 31 Dec 16 US$million	Equity and Reserves 31 Dec 16 US$million	**Total 31 Dec 16 US$million**	Total 31 Dec 15 US$million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,440.7	**11,440.7**	11,459.3
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(16.6)	**(16.6)**	(18.6)
Closing balance of contributed equity	–	11,424.1	**11,424.1**	11,440.7
Opening balance of reserves	–	(366.6)	**(366.6)**	(144.1)
– Movement in foreign currency translation reserve (i)(ii)	(576.8)	–	**(576.8)**	(218.1)
– Movement in employee share plan benefits reserve (i)	–	(0.9)	**(0.9)**	(4.4)
Closing balance of reserves	(576.8)	(367.5)	**(944.3)**	(366.6)
Opening balance of retained profits/(accumulated losses)	–	(1,774.3)	**(1,774.3)**	(3,581.4)
– Profit after tax for the period (ii)	1,366.1	–	**1,366.1**	2,323.5
– Dividend/distribution paid	–	(521.6)	**(521.6)**	(516.4)
Closing balance of retained profits/(accumulated losses)	1,366.1	(2,295.9)	**(929.8)**	(1,774.3)
Closing balance of equity attributable to members of Westfield Corporation	789.3	8,760.7	**9,550.0**	9,299.8
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	–	**–**	–
– External non controlling interests consolidated during the period	–	60.2	**60.2**	–
Closing balance of equity attributable to non controlling interests	–	60.2	**60.2**	–
Total equity	789.3	8,820.9	**9,610.2**	9,299.8
Closing balance of equity attributable to:				
– WCL members	254.4	1,654.4	**1,908.8**	1,671.9
– WFDT and WAT members	534.9	7,106.3	**7,641.2**	7,627.9
Closing balance of equity attributable to members of Westfield Corporation	789.3	8,760.7	**9,550.0**	9,299.8

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US$499.4 million (31 December 2015: US$271.5 million) and net credit to the employee share plan benefits reserve of nil (31 December 2015: nil).

(ii) Total comprehensive income for the period amounts to a gain of US$789.3 million (31 December 2015: US$2,105.4 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,345.9**	1,511.0
Payments in the course of operations (including sales tax)		**(961.2)**	(869.7)
Dividends/distributions received from equity accounted associates		**296.0**	313.2
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(13.4)**	(19.1)
Interest received		**19.8**	4.9
Financing costs capitalised to inventories and work in progress		**(0.6)**	(3.6)
Income and withholding taxes paid		**(53.9)**	(45.4)
Sales tax paid		**(79.8)**	(37.7)
Net cash flows from operating activities	10(b)	**552.8**	853.6
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated		**(871.0)**	(623.4)
Capital expenditure on property investments and plant and equipment – equity accounted		**(290.3)**	(330.7)
Acquisition of property investments – consolidated		**(351.0)**	(24.3)
Acquisition of property investments – equity accounted		**(14.7)**	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated		**54.9**	1,257.8
Tax paid on disposition of property investments		**(6.7)**	(37.0)
Capital distribution and advances from equity accounted associates		**–**	268.7
Financing costs capitalised to qualifying development projects and construction in progress		**(120.8)**	(96.1)
Net cash flows (used in)/from investing activities		**(1,599.6)**	354.2
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**787.4**	109.2
Dividends/distributions paid		**(521.6)**	(516.4)
Net cash flows from/(used in) financing activities		**265.8**	(407.2)
Net (decrease)/increase in cash and cash equivalents held		**(781.0)**	800.6
Add opening cash and cash equivalents brought forward		**1,106.8**	308.5
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(33.7)**	(2.3)
Cash and cash equivalents at the end of the period	10(a)	**292.1**	1,106.8

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2016 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 23 February 2017.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2015 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2016.

– AASB 2014-3 Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interest in Joint Operations. (AASB 1 & AASB 11);

– AASB 2014-4 Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation;

– AASB 2014-9 Amendments to Australian Accounting Standards-Equity Method in Separate Financial Statements;

– AASB 2015-1 Amendments to Australian Accounting Standards-Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;

– AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101; and

– AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2016. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– IFRS 16 Leases (effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);

– AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);

– AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018); and

– AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2018).

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

(c) Basis of Accounting

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

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

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

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

i) Joint arrangements

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

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

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

ii) 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.

(b) Investment properties

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

i) Shopping centre investments

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

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

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

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

The 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.

ii) Development projects and construction in progress

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

Refer to Note 14 for further details on investment properties.

(c) Other property investments

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

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

(d) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

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

ii) WFDT

Under current Australian income tax legislation, WFDT 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 WFDT's constitution.

iii) WAT

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

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

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

iv) Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date on the differences between the tax bases of assets (principally investment properties) 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 substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

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

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

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

(h) Financing costs

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

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

(i) Inventories and work in progress

Property development projects for third parties are carried at the lower of cost or net realisable value. The gross amount of work in progress consists of costs attributable to work performed, including property development profit. Work in progress is presented as part of inventories for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented in payables and other creditors. Profit on property development is recognised on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(j) Contributed equity

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derivative and other financial instruments

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.

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

– Fair value of quoted notes and bonds is based on price quotations at the reporting date.
– 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 Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

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

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(l) Earnings per security

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

(m) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 SEGMENTAL REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of US$450 million, specialty annual sales in excess of US$500 per square foot and anchored by premium department stores.

(ii) Property and project management

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

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

The proportionate format is used by Management in assessing and understanding the performance and results of operations of the Group as it allows Management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers that, the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States and United Kingdom shopping centres), and most of the centres are under common management, therefore the drivers of their results are considered to be similar. As such, the proportionate format 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 shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(i) Income and expenses

	Operational			
31 December 2016	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,187.8	–	–	1,187.8
Property development and project management revenue	–	555.4	–	555.4
Property management income	–	55.2	–	55.2
	1,187.8	**610.6**	**–**	**1,798.4**
Expenses				
Property expenses, outgoings and other costs	(447.6)	–	–	(447.6)
Property development and project management costs	–	(462.4)	–	(462.4)
Property management costs	–	(22.1)	–	(22.1)
Overheads	–	–	(116.1)	(116.1)
	(447.6)	**(484.5)**	**(116.1)**	**(1,048.2)**
Segment result	**740.2**	**126.1**	**(116.1)**	**750.2**
Revaluation of properties and development projects				513.8
Equity accounted-revaluation of properties and development projects				491.2
Currency gain/(loss)				8.6
Gain/(loss) in respect of capital transactions				
– asset dispositions				1.7
Interest income				18.8
Financing costs				(140.5)
Tax expense				(277.7)
External non controlling interests				–
Net profit attributable to members of the Group				**1,366.1**

[i] Total revenue of US$1,798.4 million comprises of revenue from United States of US$1,249.2 million and United Kingdom of US$549.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(ii) Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	857.7	385.0	1,242.7
Amortisation of leasing incentives and related leasing costs	(30.4)	(24.5)	(54.9)
Property revenue	827.3	360.5	1,187.8
Property expenses, outgoings and other costs	(280.6)	(167.0)	(447.6)
Net property income	**546.7**	**193.5**	**740.2**

(iii) Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	1,081.0	(76.0)	1,005.0
	1,081.0	**(76.0)**	**1,005.0**

(iv) Currency gain/(loss)

Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	8.6
	8.6

(v) Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(212.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(68.5)
Finance leases interest expense	(3.5)
Interest expense on other financial liabilities	(18.9)
Net fair value gain on other financial liabilities	29.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories	133.5
	(140.5)

(vi) Tax expense

Current – underlying operations	(21.8)
Deferred tax	(255.9)
	(277.7)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(vii) Reconciliation of segmental results

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

31 December 2016	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	512.0	675.8	1,187.8
Property development and project management revenue	555.4	–	555.4
Property management income	55.2	–	55.2
	1,122.6	675.8	1,798.4
Expenses			
Property expenses, outgoings and other costs	(223.2)	(224.4)	(447.6)
Property development and project management costs	(462.4)	–	(462.4)
Property management costs	(22.1)	–	(22.1)
Overheads	(116.1)	–	(116.1)
	(823.8)	**(224.4)**	**(1,048.2)**
Segment result	**298.8**	**451.4**	**750.2**
Revaluation of properties and development projects	513.8	–	513.8
Equity accounted-revaluation of properties and development projects	–	491.2	491.2
Currency gain/(loss)	8.6	–	8.6
Gain/(loss) in respect of capital transactions			
– asset dispositions	1.7	–	1.7
Interest income	18.8	–	18.8
Financing costs	(60.5)	(80.0)	(140.5)
Tax expense	(277.2)	(0.5)	(277.7)
Net profit attributable to members of the Group	**504.0**	**862.1**	**1,366.1**
Assets and liabilities			
Cash	292.1	65.0	357.1
Shopping centre investments	7,008.0	9,830.1	16,838.1
Development projects and construction in progress	1,617.7	620.4	2,238.1
Other property investments	607.9	–	607.9
Inventories	40.9	–	40.9
Other assets	962.0	70.4	1,032.4
Total segment assets	**10,528.6**	**10,585.9**	**21,114.5**
Interest bearing liabilities	6,054.0	2,141.0	8,195.0
Other financial liabilities	226.4	–	226.4
Deferred tax liabilities	1,967.2	–	1,967.2
Other liabilities	907.7	208.0	1,115.7
Total segment liabilities	**9,155.3**	**2,349.0**	**11,504.3**
Total segment net assets	**1,373.3**	**8,236.9**	**9,610.2**

(viii) Assets and liabilities

As at 31 December 2016	Operational: Property investment US$million	Operational: Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	20,474.3	60.0	580.2	21,114.5
Total segment liabilities	998.7	2.9	10,502.7	11,504.3
Total segment net assets	19,475.6	57.1	(9,922.5)	9,610.2
Equity accounted associates included in – segment assets	10,585.9	–	–	10,585.9
Equity accounted associates included in – segment liabilities	208.0	–	2,141.0	2,349.0
Additions to segment non current assets during the period	1,403.1	–	–	1,403.1

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2016	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,345.9	578.6	1,924.5
Payments in the course of operations (including sales tax)	(961.2)	(208.3)	(1,169.5)
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(13.4)	(92.1)	(105.5)
Interest received	19.8	–	19.8
Financing costs capitalised to inventories and work in progress	(0.6)	–	(0.6)
Income and withholding taxes paid	(53.9)	–	(53.9)
Sales tax paid	(79.8)	–	(79.8)
Net cash flows from operating activities	**256.8**	**278.2**	**535.0**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated	(871.0)	–	(871.0)
Capital expenditure on property investments and plant and equipment – equity accounted	–	(290.3)	(290.3)
Acquisition of property investments – consolidated	(351.0)	–	(351.0)
Acquisition of property investments – equity accounted	–	(14.7)	(14.7)
Proceeds from the disposition of property investments and plant and equipment – consolidated	54.9	–	54.9
Tax paid on disposition of property investments	(6.7)	–	(6.7)
Financing costs capitalised to qualifying development projects and construction in progress	(120.8)	(12.1)	(132.9)
Net cash flows used in investing activities	**(1,294.6)**	**(317.1)**	**(1,611.7)**
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	787.4	–	787.4
Dividends/distributions paid	(521.6)	–	(521.6)
Net cash flow from financing activities	**265.8**	**–**	**265.8**
Net decrease in cash and cash equivalents held			(810.9)
Add opening cash and cash equivalents brought forward			1,206.8
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(38.8)
Cash and cash equivalents at the end of the period			**357.1**

Historical cash flow summary on proportionate format

	6 months to 31 Dec 14 US$million	6 months to 30 Jun 15 US$million	6 months to 31 Dec 15 US$million	6 months to 30 Jun 16 US$million	6 months to 31 Dec 16 US$million
Net cash flows from operating activities	358.9	317.7	612.7	176.0	359.0
Net cash flows from/(used in) investing activities	(439.5)	(91.5)	167.2	(552.5)	(1,059.2)
Net cash flow from/(used in) financing activities (exclude distributions paid)	477.0	40.8	278.1	(5.6)	793.0
Dividends/distributions paid	(408.0)	(255.6)	(260.8)	(260.8)	(260.8)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(i) Income and expenses

	Operational			
31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,282.0	–	–	1,282.0
Property development and project management revenue	–	595.7	–	595.7
Property management income	–	61.4	–	61.4
	1,282.0	**657.1**	**–**	**1,939.1**
Expenses				
Property expenses, outgoings and other costs	(457.6)	–	–	(457.6)
Property development and project management costs	–	(471.5)	–	(471.5)
Property management costs	–	(24.6)	–	(24.6)
Overheads	–	–	(116.8)	(116.8)
	(457.6)	**(496.1)**	**(116.8)**	**(1,070.5)**
Segment result	**824.4**	**161.0**	**(116.8)**	**868.6**
Revaluation of properties and development projects				205.7
Equity accounted-revaluation of properties and development projects				426.3
Currency gain/(loss)				11.4
Gain/(loss) in respect of capital transactions				
– asset dispositions				(97.3)
Interest income				5.3
Financing costs				(189.5)
Tax expense				1,093.0
Net profit attributable to members of the Group				**2,323.5**

[i] Total revenue of US$1,939.1 million comprises of revenue from United States of US$1,251.9 million and United Kingdom of US$687.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(ii) Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	824.1	501.9	1,326.0
Amortisation of leasing incentives and related leasing costs	(19.0)	(25.0)	(44.0)
Property revenue	805.1	476.9	1,282.0
Property expenses, outgoings and other costs	(251.1)	(206.5)	(457.6)
Net property income	**554.0**	**270.4**	**824.4**

(iii) Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	649.9	(17.9)	632.0
	649.9	**(17.9)**	**632.0**

(iv) Currency gain/(loss)

Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	11.4
	11.4

(v) Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(179.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(64.3)
Finance leases interest expense	(2.9)
Interest expense on other financial liabilities	(22.2)
Net fair value loss on other financial liabilities	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	109.5
	(189.5)

(vi) Tax expense

Current – underlying operations	(39.3)
Deferred tax	1,132.3
	1,093.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(vii) Reconciliation of segmental results

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

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	620.3	661.7	1,282.0
Property development and project management revenue	595.7	–	595.7
Property management income	61.4	–	61.4
	1,277.4	**661.7**	**1,939.1**
Expenses			
Property expenses, outgoings and other costs	(247.6)	(210.0)	(457.6)
Property development and project management costs	(471.5)	–	(471.5)
Property management costs	(24.6)	–	(24.6)
Overheads	(116.8)	–	(116.8)
	(860.5)	**(210.0)**	**(1,070.5)**
Segment result	**416.9**	**451.7**	**868.6**
Revaluation of properties and development projects	205.7	–	205.7
Equity accounted-revaluation of properties and development projects	–	426.3	426.3
Currency gain/(loss)	11.4	–	11.4
Gain/(loss) in respect of capital transactions			
– asset dispositions	(97.3)	–	(97.3)
Interest income	5.3	–	5.3
Financing costs	(103.0)	(86.5)	(189.5)
Tax expense	1,093.3	(0.3)	1,093.0
Net profit attributable to members of the Group	**1,532.3**	**791.2**	**2,323.5**
Assets and liabilities			
Cash	1,106.8	100.0	1,206.8
Shopping centre investments	5,502.3	9,531.2	15,033.5
Development projects and construction in progress	1,975.7	475.6	2,451.3
Other property investments	337.4	–	337.4
Inventories	21.5	–	21.5
Other assets	909.8	53.1	962.9
Total segment assets	**9,853.5**	**10,159.9**	**20,013.4**
Interest bearing liabilities	5,271.4	2,230.9	7,502.3
Other financial liabilities	256.9	–	256.9
Deferred tax liabilities	1,761.3	–	1,761.3
Other liabilities	993.0	200.1	1,193.1
Total segment liabilities	**8,282.6**	**2,431.0**	**10,713.6**
Total segment net assets	**1,570.9**	**7,728.9**	**9,299.8**

(viii) Assets and liabilities

	Operational			
As at 31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	19,677.5	31.5	304.4	20,013.4
Total segment liabilities	1,051.2	3.7	9,658.7	10,713.6
Total segment net assets	18,626.3	27.8	(9,354.3)	9,299.8
Equity accounted associates included in – segment assets	10,159.9	–	–	10,159.9
Equity accounted associates included in – segment liabilities	200.1	–	2,230.9	2,431.0
Additions to segment non current assets during the period	1,022.0	–	–	1,022.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,511.0	682.0	2,193.0
Payments in the course of operations (including sales tax)	(869.7)	(205.5)	(1,075.2)
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(19.1)	(86.5)	(105.6)
Interest received	4.9	–	4.9
Financing costs capitalised to inventories and work in progress	(3.6)	–	(3.6)
Income and withholding taxes paid	(45.4)	–	(45.4)
Sales tax paid	(37.7)	–	(37.7)
Net cash flows from operating activities	**540.4**	**390.0**	**930.4**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated	(623.4)	–	(623.4)
Capital expenditure on property investments and plant and equipment – equity accounted	–	(330.7)	(330.7)
Acquisition of property investments – consolidated	(24.3)	–	(24.3)
Acquisition of property investments – equity accounted	–	(60.8)	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated	1,257.8	–	1,257.8
Tax paid on disposition of property investments	(37.0)	–	(37.0)
Financing costs capitalised to qualifying development projects and construction in progress	(96.1)	(9.8)	(105.9)
Net cash flows from/(used in) investing activities	**477.0**	**(401.3)**	**75.7**
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	109.2	209.7	318.9
Dividends/distributions paid	(516.4)	–	(516.4)
Net cash flow (used in)/from financing activities	**(407.2)**	**209.7**	**(197.5)**
Net increase in cash and cash equivalents held			808.6
Add opening cash and cash equivalents brought forward			400.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(2.7)
Cash and cash equivalents at the end of the period			**1,206.8**

	Note	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**534.1**	641.9
Amortisation of leasing incentives and related leasing costs		**(22.1)**	(21.6)
		512.0	620.3
NOTE 5 CURRENCY GAIN/(LOSS)			
Net fair value gain on currency derivatives that do not qualify for hedge accounting	9	**8.6**	11.4
		8.6	11.4
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(121.4)**	(83.3)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	9	**(68.5)**	(64.3)
Finance leases interest expense		**(2.8)**	(2.9)
Interest expense on other financial liabilities		**(18.9)**	(22.2)
Net fair value gain/(loss) on other financial liabilities	9	**29.7**	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**121.4**	99.7
		(60.5)	(103.0)
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**56.1**	1,790.8
– less: carrying value of assets disposed and other capital costs		**(54.4)**	(1,888.1)
Gain/(loss) in respect of asset dispositions	9	**1.7**	(97.3)
NOTE 8 TAXATION			
(a) Tax expense			
Current – underlying operations		**(21.3)**	(39.0)
Deferred tax	9	**(255.9)**	(234.9)
Deferred tax – change in United States tax rules [(i)]	9	**–**	1,367.2
		(277.2)	1,093.3

[(i)] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

	31 Dec 16 US$million	31 Dec 15 US$million
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	**1,643.3**	1,230.2
Prima facie tax expense at 30% (31 December 2015: Prima facie tax expense at 30%)	**(493.0)**	(369.1)
Trust income not taxable for the Group – tax payable by securityholders	**10.6**	40.2
Differential of effective tax rates on foreign income	**204.7**	84.2
Capital transactions not deductible	**0.5**	(29.2)
Deferred tax – change in tax rates	**–**	1,367.2
Tax expense	**(277.2)**	1,093.3
(b) Deferred tax assets		
Provisions and accruals	**16.7**	10.1
	16.7	10.1
(c) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**1,945.3**	1,737.9
Unrealised fair value gain on financial derivatives	**4.4**	6.0
Other timing differences	**17.5**	17.4
	1,967.2	1,761.3

	Note	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 9 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Property revaluations		**513.8**	205.7
Equity accounted property revaluations		**491.2**	426.3
Amortisation of leasing incentives and related leasing costs		**(22.1)**	(21.6)
Equity accounted amortisation of leasing incentives and related leasing costs		**(32.8)**	(22.4)
Net fair value gain on currency derivatives that do not qualify for hedge accounting	5	**8.6**	11.4
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(68.5)**	(64.3)
Net fair value gain/(loss) on other financial liabilities	6	**29.7**	(30.0)
Gain/(loss) in respect of asset dispositions	7	**1.7**	(97.3)
Deferred tax	8	**(255.9)**	1,132.3

NOTE 10 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

	31 Dec 16 US$million	31 Dec 15 US$million
Cash	**292.1**	1,106.8
Total cash and cash equivalents	**292.1**	1,106.8

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

	31 Dec 16 US$million	31 Dec 15 US$million
Profit after tax	**1,366.1**	2,323.5
Property revaluations	**(513.8)**	(205.7)
Share of equity accounted profit in excess of dividend/distribution	**(566.1)**	(478.0)
Deferred tax	**255.9**	(1,132.3)
Net fair value gain on currency derivatives	**(8.6)**	(11.4)
Financing costs capitalised to qualifying development projects and construction in progress	**120.8**	96.1
Gain/(loss) in respect of capital transactions	**(1.7)**	97.3
(Increase)/decrease in working capital attributable to operating activities	**(99.8)**	164.1
Net cash flows from operating activities	**552.8**	853.6

NOTE 11 DERIVATIVE ASSETS

	31 Dec 16 US$million	31 Dec 15 US$million
Current		
Receivables on interest rate derivatives	**25.7**	–
	25.7	–
Non Current		
Receivables on interest rate derivatives	**29.6**	111.7
Receivables on currency derivatives	**129.3**	20.1
	158.9	131.8
Total derivative assets	**184.6**	131.8

The Group presents the fair value mark to market 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 2016, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$184.6 million are reduced by US$23.8 million to the net amount of US$160.8 million (31 December 2015: derivative assets of US$131.8 million are reduced by US$19.1 million to the net amount of US$112.7 million).

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 12 OTHER		
Current		
Prepayments and deposits	**26.1**	112.8
Deferred costs – other	**25.1**	12.4
	51.2	125.2
Non Current		
Intangibles	**131.8**	85.2
Deferred costs – other	**19.5**	29.1
	151.3	114.3

Intangible assets with finite lives are amortised over their useful economic lives. At each reporting date, intangible assets are assessed for impairment and written down to their expected recoverable amount as required.

NOTE 13 INVESTMENT PROPERTIES

	31 Dec 16 US$million	31 Dec 15 US$million
Shopping centre investments	**7,008.0**	5,502.3
Development projects and construction in progress	**1,617.7**	1,975.7
	8,625.7	7,478.0
Movement in total investment properties		
Balance at the beginning of the year	**7,478.0**	9,288.3
Acquisition of properties	**68.2**	24.3
Disposal of properties	**(52.3)**	(1,756.6)
Transfer to equity accounted investment properties	**–**	(486.7)
Minority interest consolidated during the period	**60.2**	–
Redevelopment costs	**1,026.4**	483.0
Net revaluation increment	**503.2**	83.9
Retranslation of foreign operations	**(458.0)**	(158.2)
Balance at the end of the year [(i)]	**8,625.7**	7,478.0

[(i)] The fair value of investment properties at the end of the year of US$8,625.7 million (31 December 2015: US$7,478.0 million) comprises investment properties at market value of US$8,586.0 million (31 December 2015: US$7,437.8 million) and ground leases included as finance leases of US$39.7 million (31 December 2015: US$40.2 million).

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated shopping centres	13	**7,008.0**	5,502.3
Equity accounted shopping centres	15(c)	**9,830.1**	9,531.2
		16,838.1	15,033.5

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

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

United States shopping centres

- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 16 US$million	**Estimated Yield[i] 31 Dec 16 %**	Carrying Amount 31 Dec 15 US$million	Estimated Yield[i] 31 Dec 15 %
Flagship and Regional				
Flagship				
– United States	**10,340.7**	**4.44%**	8,085.6	4.83%
– United Kingdom	**3,530.6**	**4.45%**	3,996.6	4.40%
	13,871.3	**4.44%**	12,082.2	4.69%
Regional				
– United States	**2,966.8**	**5.55%**	2,951.3	5.74%
Total	**16,838.1**	**4.64%**	15,033.5	4.89%

(i) The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would results in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of US$1,638.0 million (31 December 2015: US$1,394.6 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of US$2,033.6 million (31 December 2015: US$1,712.2 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**559.3**	549.0	**116.5**	112.7	**675.8**	661.7
Share of after tax profit of equity accounted entities	**628.5**	512.6	**233.6**	278.6	**862.1**	791.2

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**628.5**	512.6	**233.6**	278.6	**862.1**	791.2
Other comprehensive income [(i)]	**–**	–	**(230.3)**	(67.9)	**(230.3)**	(67.9)
Share of total comprehensive income of equity accounted entities	**628.5**	512.6	**3.3**	210.7	**631.8**	723.3

[(i)] Relates to the net exchange difference on translation of equity accounted foreign operations.

	Note	United States		United Kingdom		Total	
		31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**42.0**	64.9	**23.0**	35.1	**65.0**	100.0
Shopping centre investments		**8,227.1**	7,818.8	**1,603.0**	1,712.4	**9,830.1**	9,531.2
Development projects and construction in progress		**395.0**	234.8	**225.4**	240.8	**620.4**	475.6
Other assets		**40.9**	19.9	**29.5**	33.2	**70.4**	53.1
Total assets		**8,705.0**	8,138.4	**1,880.9**	2,021.5	**10,585.9**	10,159.9
Payables		**(162.6)**	(148.3)	**(45.4)**	(51.8)	**(208.0)**	(200.1)
Interest bearing liabilities – current [(i)]	19(d)	**(4.9)**	(4.7)	**–**	–	**(4.9)**	(4.7)
Interest bearing liabilities – non current [(i)]	19(d)	**(1,673.3)**	(1,673.6)	**(462.8)**	(552.6)	**(2,136.1)**	(2,226.2)
Total liabilities		**(1,840.8)**	(1,826.6)	**(508.2)**	(604.4)	**(2,349.0)**	(2,431.0)
Net assets		**6,864.2**	6,311.8	**1,372.7**	1,417.1	**8,236.9**	7,728.9

[(i)] The fair value of interest bearing liabilities was US$2,178.3 million compared to the book value of US$2,141.0 million (31 December 2015: US$2,269.8 million compared to the book value of US$2,230.9 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 16	Economic interest 31 Dec 15
(d) Equity accounted entities economic interest				
United Kingdom investments (i)				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City (ii)	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments (i)				
Annapolis (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert (iii)	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita (iii)	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull (iii)	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton (iii)	Partnership units	31 Dec	**52.6%**	52.6%

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

(ii) Stratford is considered a material joint venture with Canneth Limited Partnership Inc. Summarised financial information are as follows: Revenue of US$102.4 million (31 December 2015: US$106.6 million), total assets of US$1,644.4 million and total liabilities of US$495.8 million (31 December 2015: total assets US$1,762.6 million and total liabilities of US$585.0 million).

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**297.8**	69.0
Unlisted investments	**310.1**	268.4
	607.9	337.4
Movement in other property investments		
Balance at the beginning of the year	**337.4**	257.9
Additions	**254.6**	113.8
Disposals	**–**	(60.5)
Net revaluation increment to income statement	**16.6**	39.6
Retranslation of foreign operations	**(0.7)**	(13.4)
Balance at the end of the year	**607.9**	337.4
NOTE 17 PLANT AND EQUIPMENT		
Plant and equipment	**144.1**	69.2
Movement in plant and equipment		
Balance at the beginning of the year	**69.2**	77.4
Additions	**129.0**	10.7
Disposals	**(35.1)**	–
Depreciation expense	**(17.0)**	(14.1)
Retranslation of foreign operations and other differences	**(2.0)**	(4.8)
Balance at the end of the year	**144.1**	69.2
NOTE 18 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	**680.7**	691.2
Employee benefits	**42.0**	38.2
	722.7	729.4
Non current		
Sundry creditors and accruals	**98.6**	138.5
Employee benefits	**4.2**	9.6
	102.8	148.1

NOTE 19 INTEREST BEARING LIABILITIES

	31 Dec 16 US$million	31 Dec 15 US$million
Interest bearing liabilities – consolidated		
Current		
Unsecured		
Notes payable		
– US$ denominated	**750.0**	–
Finance leases	**0.6**	0.5
Secured		
Bank loans and mortgages		
– US$ denominated	**3.3**	3.1
	753.9	3.6
Non current		
Unsecured		
Bank loans		
– € denominated	**213.5**	149.9
– £ denominated	**222.1**	–
– US$ denominated	**500.0**	–
Notes payable		
– US$ denominated	**3,750.0**	4,500.0
Finance leases	**39.1**	39.7
Secured		
Bank loans and mortgages		
– US$ denominated	**575.4**	578.2
	5,300.1	5,267.8
Total interest bearing liabilities – consolidated	**6,054.0**	5,271.4

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

(a) Summary of financing facilities – consolidated

	31 Dec 16 US$million	31 Dec 15 US$million
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**8,518.4**	8,571.5
Total interest bearing liabilities	**(6,054.0)**	(5,271.4)
Total bank guarantees	**(46.3)**	(22.5)
Available financing facilities	**2,418.1**	3,277.6
Cash	**292.1**	1,106.8
Financing resources available at the end of the year	**2,710.2**	4,384.4

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

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 16 US$million	**Total interest bearing liabilities 31 Dec 16 US$million**	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2016	**–**	**–**	3.6	3.6
Year ending December 2017	**753.9**	**753.9**	953.9	903.8
Year ending December 2018	**4.2**	**4.2**	124.6	124.6
Year ending December 2019	**4,504.4**	**2,131.1**	4,504.4	1,254.4
Year ending December 2020	**1,322.8**	**1,231.7**	1,172.8	1,172.8
Year ending December 2021	**0.7**	**0.7**	0.7	0.7
Year ending December 2022	**275.8**	**275.8**	275.8	275.8
Year ending December 2023	**0.9**	**0.9**	0.9	0.9
Year ending December 2024	**1,000.9**	**1,000.9**	1,000.9	1,000.9
Year ending December 2025	**1.0**	**1.0**	1.0	1.0
Year ending December 2026	**122.0**	**122.0**	1.0	1.0
Due thereafter	**531.8**	**531.8**	531.9	531.9
	8,518.4	**6,054.0**	8,571.5	5,271.4

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 16 million**	**Total interest bearing liabilities (local currency) 31 Dec 16 million**	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Unsecured bank loan – bilateral facility [(i)]	3-Jul-17	**–**	**–**	US$200.0	€138.0
Unsecured notes payable – bonds	15-Sep-17	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage – San Francisco Centre [(ii)]	6-Mar-18	**–**	**–**	US$120.5	US$120.5
Unsecured bank loan – syndicated facility [(iii)]	30-Jun-19	**US$3,250.0**	**US$500.0**	US$3,250.0	–
			€147.0		–
			£180.0		–
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Old Orchard	1-Mar-20	**US$182.7**	**US$182.7**	US$185.8	US$185.8
Unsecured bank loan – bilateral facility [(i)]	3-Jul-20	**US$150.0**	**€56.0**	–	–
Unsecured notes payable – bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – San Francisco Centre [(ii)]	1-Aug-26	**US$121.0**	**US$121.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the above		**8,478.7**	**6,014.3**	8,531.3	5,231.2
Add:					
Finance leases		**39.7**	**39.7**	40.2	40.2
Consolidated financing facilities and interest bearing liabilities		**8,518.4**	**6,054.0**	8,571.5	5,271.4

(i) The bilateral facility was extended from July 2017 to July 2020.
(ii) The mortgage was refinanced in July 2016 to 1 August 2026.
(iii) Assumes options have been exercised to extend the facility from 2018 to 2019.

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

Total secured liabilities are US$578.7 million (31 December 2015: US$581.3million). Secured liabilities are borrowings secured by mortgages over properties that have an aggregate fair value of US$1,884.3 million (31 December 2015: US$1,839.8 million). These properties are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 16 US$million	**Total interest bearing liabilities 31 Dec 16 US$million**	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	**2,130.6**	**2,130.6**	2,223.9	2,223.9
Finance leases	**10.4**	**10.4**	7.0	7.0
	2,141.0	**2,141.0**	2,230.9	2,230.9
Interest bearing liabilities – current	**4.9**	**4.9**	4.7	4.7
Interest bearing liabilities – non current	**2,136.1**	**2,136.1**	2,226.2	2,226.2
	2,141.0	**2,141.0**	2,230.9	2,230.9
(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2016	**–**	**–**	4.7	4.7
Year ending December 2017	**4.9**	**4.9**	222.5	222.5
Year ending December 2018	**34.4**	**34.4**	34.5	34.5
Year ending December 2019	**469.7**	**469.7**	559.6	559.6
Year ending December 2020	**188.6**	**188.6**	188.7	188.7
Year ending December 2021	**3.2**	**3.2**	3.3	3.3
Year ending December 2022	**3.4**	**3.4**	3.4	3.4
Year ending December 2023	**501.4**	**501.4**	501.5	501.5
Year ending December 2024	**437.6**	**437.6**	437.7	437.7
Year ending December 2025	**269.3**	**269.3**	269.4	269.4
Year ending December 2026	**218.6**	**218.6**	0.2	0.2
Due thereafter	**9.9**	**9.9**	5.4	5.4
	2,141.0	**2,141.0**	2,230.9	2,230.9

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 16 million**	**Total interest bearing liabilities (local currency) 31 Dec 16 million**	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(f) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – San Francisco Emporium [(i)]	11-Jan-17	**–**	**–**	US$217.5	US$217.5
Secured mortgage – Southgate [(ii)]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage – Southcenter	11-Jan-20	**US$125.9**	**US$125.9**	US$127.9	US$127.9
Secured mortgage – Brandon	01-Mar-20	**US$70.9**	**US$70.9**	US$72.0	US$72.0
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$69.0**	**US$69.0**	US$70.4	US$70.4
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage – Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage – Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage – Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage – San Francisco Emporium [(i)]	01-Aug-26	**US$218.5**	**US$218.5**	–	–
Total US$ equivalent of the above		**2,130.6**	**2,130.6**	2,223.9	2,223.9
Add:					
Finance leases		**10.4**	**10.4**	7.0	7.0
		2,141.0	**2,141.0**	2,230.9	2,230.9

(i) The mortgage was refinanced in July 2016 to 1 August 2026.

(ii) The first and second options have been exercised to extend the loan from 2015 to 2017 and assumes third option has been exercised to extend the loan from 2017 to 2018.

Total equity accounted secured liabilities are US$2,141.0 million (31 December 2015: US$2,230.9 million). The aggregate net asset value of equity accounted entities with secured borrowings is US$3,780.0 million (31 December 2015: US$3,706.3 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.2**	3.0
		2.2	3.0
Non current			
Convertible redeemable preference shares/units	(a)	**70.3**	95.8
Other redeemable preference shares/units	(b)	**153.9**	158.1
		224.2	253.9
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**2.2**	3.0
Non current – after one year		**224.2**	253.9
		226.4	256.9

(a) Convertible redeemable preference shares/units

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

(i) As at 31 December 2016, the Jacobs Group holds 1,493,574 (31 December 2015: 1,503,567) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2016, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2015: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2016, 1,538,481 (31 December 2015: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

(v) As at 31 December 2016, 764,205 (31 December 2015: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

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

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

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 21 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**2.6**	–
	2.6	–
Non current		
Payables on interest rate derivatives	**21.2**	19.1
	21.2	19.1
Total derivative liabilities	**23.8**	19.1

The Group presents the fair value mark to market 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 2016, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$23.8 million are reduced by US$23.8 million to the net amount of nil (31 December 2015: derivative liabilities of US$19.1 million are reduced by US$19.1 million to the net amount of nil).

	Securities	Securities
NOTE 22 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

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

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

	US$million	US$million
(b) Amount of contributed equity		
of WCL	**853.1**	869.7
of WFDT and WAT	**10,571.0**	10,571.0
of the Group	**11,424.1**	11,440.7
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,440.7**	11,459.3
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(16.6)**	(18.6)
Balance at the end of the year	**11,424.1**	11,440.7

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 23 RESERVES		
of WCL	**(36.3)**	42.0
of WFDT and WAT	**(908.0)**	(408.6)
of the Group	**(944.3)**	(366.6)
Total reserves of the Group		
Foreign currency translation reserve	**(978.1)**	(401.3)
Employee share plan benefits reserve	**33.8**	34.7
Balance at the end of the year	**(944.3)**	(366.6)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(401.3)**	(183.2)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(576.8)**	(218.1)
Balance at the end of the year	**(978.1)**	(401.3)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**34.7**	39.1
– movement in equity settled share based payment	**(0.9)**	(4.4)
Balance at the end of the year	**33.8**	34.7
NOTE 24 RETAINED PROFITS		
of WCL	**1,092.0**	760.2
of WFDT and WAT	**(2,021.8)**	(2,534.5)
of the Group	**(929.8)**	(1,774.3)
Movement in retained profits		
Balance at the beginning of the year	**(1,774.3)**	(3,581.4)
Profit after tax for the period	**1,366.1**	2,323.5
Dividend/distribution paid	**(521.6)**	(516.4)
Balance at the end of the year	**(929.8)**	(1,774.3)

	Note	Number of rights 31 Dec 16	Weighted average exercise price US$ 31 Dec 16	Number of rights 31 Dec 15	Weighted average exercise price US$ 31 Dec 15
NOTE 25 SHARE BASED PAYMENTS					
(a) Rights over Westfield Corporation stapled securities					
– Executive performance rights	(b)(i)	**5,187,061**	**–**	7,971,200	–
– Partnership incentive rights	(b)(ii)	**6,945,086**	**–**	6,786,586	–
– Target incentive rights	(b)(iii)	**1,165,142**	**–**	–	–
		13,297,289	**–**	14,757,786	–

(b) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights Plans

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

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Executive Performance Rights		
Balance at the beginning of the year	**7,971,200**	11,143,275
Rights issued	**2,542,056**	2,723,604
Rights exercised	**(4,053,886)**	(5,046,484)
Rights forfeited	**(1,272,309)**	(849,195)
Balance at the end of the year	**5,187,061**	7,971,200

Vesting profile	Fair value granted US$million 31 Dec 16	Number of rights(i) 31 Dec 16	Fair value granted US$million 31 Dec 15	Number of rights(i) 31 Dec 15
2016	**–**	**–**	15.9	4,101,771
2017	**14.1**	**2,603,499**	16.0	2,986,284
2018	**13.6**	**2,268,290**	3.5	803,982
2019	**0.8**	**120,664**	0.5	79,163
2020	**0.6**	**95,906**	–	–
2021	**0.6**	**98,702**	–	–
	29.7	**5,187,061**	35.9	7,971,200

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

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

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

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,786,586**	6,226,538
Rights issued (i)	**2,496,651**	1,909,028
Rights exercised	**(1,832,947)**	(1,100,979)
Rights forfeited	**(505,204)**	(248,001)
Balance at the end of the year	**6,945,086**	6,786,586

(i) As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2016 the rights were issued subject to two performance hurdles: FFO measured over one year (2016) and development hurdle measured over four years. In 2016, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

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

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

Vesting profile	Fair value granted US$million 31 Dec 16	Number of rights[(i)] 31 Dec 16	Fair value granted US$million 31 Dec 15	Number of rights[(i)] 31 Dec 15
2016	**–**	**–**	6.2	1,870,066
2017	**7.4**	**1,889,081**	8.1	2,036,809
2018	**8.1**	**1,780,602**	8.9	1,937,886
2019	**11.8**	**2,081,431**	5.0	941,825
2020	**6.9**	**1,193,972**	–	–
	34.2	**6,945,086**	28.2	6,786,586

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

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2016 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Target Incentive Rights		
Balance at the beginning of the year	**–**	–
Rights issued [(i)]	**1,165,142**	–
Balance at the end of the year	**1,165,142**	–

(i) As outlined in section 8.4(c) of the Remuneration Report, the Group introduced a new category of long term incentives known as Target Incentive Rights. A limited number of Target Incentive Rights have been issued to the key executives in 2016. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	Fair value granted US$million 31 Dec 16	Number of rights[(i)] 31 Dec 16	Fair value granted US$million 31 Dec 15	Number of rights[(i)] 31 Dec 15
2018	**1.6**	**266,242**	–	–
2019	**5.6**	**798,723**	–	–
2020	**0.6**	**100,177**	–	–
	7.8	**1,165,142**	–	–

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

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying 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 TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$21.7 million (31 December 2015: US$22.9 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**–**	1,203,506
Awards exercised	**–**	(1,004,931)
Awards lapsed	**–**	(198,575)
Balance at the end of the year	**–**	–

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

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**–**	829,338
Awards exercised	**–**	(810,272)
Awards lapsed	**–**	(19,066)
Balance at the end of the year	**–**	–

Accounting for cash settled Share Based Payments

During the year, nil (31 December 2015: US$1.5 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

	31 Dec 16 US cents	31 Dec 15 US cents
Basic earnings per stapled security attributable to members of Westfield Corporation	**65.74**	111.81
Diluted earnings per stapled security attributable to members of Westfield Corporation	**64.87**	110.68

(b) Income and security data

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

	31 Dec 16 US$million	31 Dec 15 US$million
Earnings used in calculating basic earnings per stapled security	**1,366.1**	2,323.5
Adjustment to earnings on options which are considered dilutive	**(5.5)**	–
Earnings used in calculating diluted earnings per stapled security	**1,360.6**	2,323.5

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security (i)	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme security options which, if issued would be dilutive (ii)	**19,189,668**	21,235,219
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security (iii)	**2,097,279,354**	2,099,324,905

(i) 2,078.1 million (31 December 2015: 2,078.1 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(ii) At 31 December 2016, 13,297,289 actual employee award scheme security options were on hand (31 December 2015: 14,757,786).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 6,575,131 (31 December 2015: 6,477,433).

(c) Conversions, calls, subscription or issues after 31 December 2016

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

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 27 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2016		
– to be paid on 28 February 2017		
WFDT: 1.90 US cents per unit	**39.5**	–
WAT: 10.65 US cents per unit	**221.3**	–
Dividend/distribution in respect of the 6 months to 31 December 2015		
WFDT: 0.10 US cents per unit	**–**	2.1
WAT: 12.45 US cents per unit	**–**	258.7
	260.8	260.8

Interim dividend/distributions of 12.55 US cents were paid on 31 August 2016. Final dividend/distributions will be paid on 28 February 2017. The record date for the final dividends/distributions was 5pm, 14 February 2017. No distribution reinvestment plan is operational for the distribution.

	31 Dec 16 US$million	31 Dec 15 US$million
(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2016		
WFDT: 1.20 US cents per unit	**24.9**	–
WAT: 11.35 US cents per unit	**235.9**	–
Dividend/distribution in respect of the 6 months to 30 June 2015		
WFDT: 3.55 US cents per unit	**–**	73.8
WAT: 9.00 US cents per unit	**–**	187.0
	260.8	260.8

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

	31 Dec 16 US$million	31 Dec 15 US$million
(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**3.9**	2.7
Franking credits available for future distributions	**3.9**	2.7

	US$	US$
NOTE 28 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**4.60**	4.48

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2015: 2,078,089,686).

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 29 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

Future minimum rental revenues under non cancellable operating retail property leases	**31 Dec 16 US$million**	31 Dec 15 US$million
Due within one year	**710.0**	653.0
Due between one and five years	**2,291.2**	2,037.5
Due after five years	**2,256.0**	1,841.3
	5,257.2	4,531.8

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 any recovery of outgoings.

Total operating lease receivables of US$5,257.2 million (31 December 2015: US$4,531.8 million) comprises US$2,619.4 million (31 December 2015: US$1,796.6 million) of consolidated and US$2,637.8 million (31 December 2015: US$2,735.2 million) of equity account operating lease receivables.

Operating lease payable

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease payable.

	31 Dec 16 US$million	31 Dec 15 US$million
Due within one year	**34.3**	32.6
Due between one and five years	**146.4**	141.8
Due after five years	**386.7**	421.0
	567.4	595.4

Total operating lease payables of US$567.4 million (31 December 2015: US$595.4 million) comprises US$562.2 million (31 December 2015: US$593.5 million) of consolidated and US$5.2 million (31 December 2015: US$1.9 million) of equity accounted operating lease payables.

NOTE 30 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Estimated capital expenditure committed at balance date but not provided for in relation to development projects.	**31 Dec 16 US$million**	31 Dec 15 US$million
Due within one year	**818.4**	675.2
Due between one and five years	**567.1**	1,058.4
Due after five years	**–**	–
	1,385.5	1,733.6

Total capital expenditure commitment of US$1,385.5 million (31 December 2015: US$1,733.6 million) comprises US$818.7 million (31 December 2015: US$1,531.5 million) of consolidated and US$566.8 million (31 December 2015: US$202.1 million) of equity accounted capital expenditure commitments.

NOTE 31 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 16 US$million	31 Dec 15 US$million
Performance guarantees	**83.0**	127.5
	83.0	127.5

Total contingent liabilities of US$83.0 million (31 December 2015: US$127.5 million) comprises US$51.9 million (31 December 2015: US$113.6 million) of consolidated and US$31.1 million (31 December 2015: US$13.9 million) of equity accounted contingent liabilities.

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

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

NOTE 32 CAPITAL RISK MANAGEMENT

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

– comply with capital and distribution requirements of their constitutions and/or trust deeds;

– comply with capital requirements of relevant regulatory authorities;

– maintain strong investment grade credit ratings; and

– continue to operate as going concerns.

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

– sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;

– financing facilities for unforeseen contingencies are maintained; and

– distributions to members are maintained within the stated distribution policy.

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

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

NOTE 33 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 34 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	19	**753.9**	3.6
Non current interest bearing liabilities	19	**5,300.1**	5,267.8
Share of equity accounted entities interest bearing liabilities	19(d)	**2,141.0**	2,230.9
Cross currency swaps			
– £461.1 million (31 December 2015: £461.1 million)	35(i)	**569.0**	679.5
Principal amounts subject to interest rate payable exposure		**8,764.0**	8,181.8
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– US$	35(i)	**700.0**	700.0
Cash	10(a)	**292.1**	1,106.8
Share of equity accounted entities cash	15(c)	**65.0**	100.0
Principal amounts subject to interest rate receivable exposure		**1,057.1**	1,906.8
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**7,706.9**	6,275.0
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £375.0 million (31 December 2015: £375.0 million)	34(ii)	**462.8**	552.6
– US$	34(ii)	**6,718.0**	6,603.6
Fixed rate derivatives			
– £461.1 million (31 December 2015: £461.1 million)	34(ii)	**569.0**	679.5
– US$	34(ii)	**1,350.0**	–
Interest rate options			
– US$	34(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**9,128.3**	7,864.2
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	34(ii)	**3,950.0**	3,950.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,950.0**	3,950.0
Principal amounts on which net interest rate payable exposure has been hedged		**5,178.3**	3,914.2

At 31 December 2016, the Group has hedged 67% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 33% is exposed to floating rates on a principal payable of US$2,528.6 million, at an average interest rate of 1.9%, including margin (31 December 2015: 62% hedged with floating exposure of US$2,360.8 million at an average rate of 2.4 %). Changes to derivatives due to interest rate movements are set out in Note 34(ii).

Interest rate sensitivity		31 Dec 16 US$million	31 Dec 15 US$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%	**50.6**	47.2
	-1.0%	**25.3**	23.6
	-0.5%	**12.6**	11.8
	0.5%	**(12.6)**	(11.8)
	1.0%	**(25.3)**	(23.6)
	2.0%	**(50.6)**	(47.2)

NOTE 34 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 and contracted rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average rate**	**31 Dec 16 Principal amount million**	**31 Dec 16 Average rate including margin**	31 Dec 15 Notional principal amount million	31 Dec 15 Average rate	31 Dec 15 Principal amount million	31 Dec 15 Average rate including margin
US$ payable								
31 December 2015	**–**	**–**	**–**	**–**	–	–	US$(6,603.6)	3.61%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(6,718.0)**	**3.52%**	US$(1,350.0)	1.39%	US$(6,596.0)	3.61%
31 December 2017	**–**	**–**	**US$(5,959.8)**	**3.74%**	–	–	US$(5,620.3)	3.76%
31 December 2018	**–**	**–**	**US$(5,950.4)**	**3.74%**	–	–	US$(5,610.9)	3.76%
31 December 2019	**–**	**–**	**US$(4,689.8)**	**4.01%**	–	–	US$(4,350.3)	4.06%
31 December 2020	**–**	**–**	**US$(3,329.1)**	**3.94%**	–	–	US$(2,989.6)	4.00%
31 December 2021	**–**	**–**	**US$(3,325.9)**	**3.94%**	–	–	US$(2,986.4)	4.00%
31 December 2022	**–**	**–**	**US$(3,047.6)**	**3.91%**	–	–	US$(2,708.1)	3.98%
31 December 2023	**–**	**–**	**US$(2,546.2)**	**3.92%**	–	–	US$(2,206.7)	4.00%
31 December 2024	**–**	**–**	**US$(1,108.7)**	**4.11%**	–	–	US$(769.2)	4.42%
31 December 2025	**–**	**–**	**US$(839.5)**	**4.20%**	–	–	US$(500.0)	4.75%
31 December 2026-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
£ payable								
31 December 2015	**–**	**–**	**–**	**–**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2016	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2017	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2018	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2019	**£(461.1)**	**3.26%**	**–**	**–**	£(461.1)	3.26%	–	–
US$ receivable								
31 December 2015	**–**	**–**	**–**	**–**	US$3,950.0	2.89%	–	–
31 December 2016	**US$3,950.0**	**2.89%**	**–**	**–**	US$3,950.0	2.89%	–	–
31 December 2017	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–
31 December 2018	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–
31 December 2019	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment, refer Note 33. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a receivable of US$31.6 million (31 December 2015: US$92.6 million). The change in fair value for the year ended 31 December 2016 was US$61.0 million (31 December 2015: US$70.0 million).

Fair value sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$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%	**100.9**	154.8
	-1.0%	**49.2**	75.6
	-0.5%	**24.3**	37.2
	0.5%	**(23.8)**	(36.3)
	1.0%	**(47.2)**	(71.5)
	2.0%	**(92.6)**	(140.2)

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

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average strike rates**	31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rate
US$ payable caps				
31 December 2015	**–**	**–**	US$(28.5)	3.50%
31 December 2016	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a payable of US$3,050 (31 December 2015: US$2,004). The change in fair value for the year ended 31 December 2016 was US$1,046 (31 December 2015: US$0.1 million).

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 16 million	31 Dec 15 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,622.1**	£3,196.5
£ borrowings	**£(555.0)**	£(375.0)
£ cross currency swaps	**£(461.1)**	£(461.1)
£ denominated net assets	**£2,606.0**	£2,360.4
Euro		
€ net assets	**€298.7**	€140.8
€ borrowings	**€(203.0)**	€(138.0)
€ denominated net assets	**€95.7**	€2.8
Australian Dollar		
A$ net assets	**A$(28.7)**	A$(68.9)
A$ denominated net assets	**A$(28.7)**	A$(68.9)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

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

Foreign currency sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.8103 rate (31 December 2015: 0.6786) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,053.8**	1,453.7
	- 10 pence	**452.7**	601.2
	- 5 pence	**211.5**	276.7
	+ 5 pence	**(186.9)**	(238.7)
	+ 10 pence	**(353.3)**	(446.8)
	+ 20 pence	**(636.6)**	(791.9)
The sensitivity of € denominated net assets to changes in the year end US$/€0.9509 rate (31 December 2015: 0.9205) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**26.8**	0.8
	- 10 cents	**11.8**	0.4
	- 5 cents	**5.6**	0.2
	+ 5 cents	**(5.0)**	(0.2)
	+ 10 cents	**(9.6)**	(0.3)
	+ 20 cents	**(17.5)**	(0.5)
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.3873 rate (31 December 2015: 1.3725) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(3.5)**	(8.6)
	- 10 cents	**(1.6)**	(3.9)
	- 5 cents	**(0.8)**	(1.9)
	+ 5 cents	**0.7**	1.8
	+ 10 cents	**1.4**	3.4
	+ 20 cents	**2.6**	6.4

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate **31 Dec 16**	Weighted average exchange rate 31 Dec 15	Amount receivable/(payable) **31 Dec 16 million**	Amount receivable/(payable) **31 Dec 16 million**	Amount receivable/(payable) 31 Dec 15 million	Amount receivable/(payable) 31 Dec 15 million
£						
Contracts to buy US$[i] and sell £						
31 December 2015	–	0.6587	–	–	US$700.0	£(461.1)
31 December 2016	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2017	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2018	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2019	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)

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

The pay £ exposure is held by a self-sustaining foreign operation, hence gains or losses are recorded directly in the foreign currency translation reserve.
At 31 December 2016, the aggregate fair value is a receivable of US$129.3 million (31 December 2015: US$20.1 million). The change in fair value for the year ended 31 December 2016 was US$109.2 million (31 December 2015: US$20.1 million).

Foreign currency sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of £ denominated exposures to changes in the year end US$/£0.8103 rate (31 December 2015: 0.6786) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**(186.5)**	(284.0)
	- 10 pence	**(80.1)**	(117.5)
	- 5 pence	**(37.4)**	(54.1)
	+ 5 pence	**33.1**	46.6
	+ 10 pence	**62.5**	87.3
	+ 20 pence	**112.6**	154.7

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2016, the aggregate credit risk in respect of cash and cash equivalents is US$357.1 million (31 December 2015: US$1,206.8 million).

At 31 December 2016, the aggregate credit risk in respect of derivative financial instruments is US$160.8 million (31 December 2015: US$112.7 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 80% (31 December 2015: 49%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

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

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

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

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

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

At and during the years ended 31 December 2016 and 2015, the Group was in compliance with all the above financial covenants.

NOTE 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVES CASH FLOW MATURITY PROFILE

	31 Dec 16 US$million	31 Dec 15 US$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(926.9)**	(167.8)
Due between one and five years	**(3,869.2)**	(4,012.3)
Due after five years	**(2,560.8)**	(2,493.9)
	(7,356.9)	(6,674.0)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(6,054.0)**	(5,271.4)
– aggregate future estimated nominal interest	**(1,302.9)**	(1,402.6)
	(7,356.9)	(6,674.0)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**41.6**	61.8
Due between one and five years	**171.0**	97.5
Due after five years	**–**	–
	212.6	159.3

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
Consolidated assets				
Cash	**292.1**	1,106.8	**292.1**	1,106.8
Trade receivables [i]	**22.6**	14.2	**22.6**	14.2
Receivables [i]	**391.5**	445.0	**391.5**	445.0
Other property investments [ii]	**607.9**	337.4	**607.9**	337.4
Derivative assets [ii]	**184.6**	131.8	**184.6**	131.8
Consolidated liabilities				
Payables [i]	**854.7**	914.4	**854.7**	914.4
Interest bearing liabilities [ii]				
– Fixed rate debt	**5,140.9**	4,988.0	**5,078.7**	4,960.8
– Floating rate debt	**975.2**	315.2	**975.3**	310.6
Other financial liabilities [ii]	**226.4**	256.9	**226.4**	256.9
Derivative liabilities [ii]	**23.8**	19.1	**23.8**	19.1

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

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

Determination of fair value

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

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 16 US$million	**Level 1 US$million**	**Level 2 US$million**	**Level 3 US$million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**297.8**	297.8	–	–
– Unlisted investments	**310.1**	–	–	310.1
Derivative assets				
– Interest rate derivatives	**55.3**	–	55.3	–
– currency derivatives	**129.3**	–	129.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**5,140.9**	–	5,140.9	–
– Floating rate debt	**975.2**	–	975.2	–
Other financial liabilities				
– Redeemable preference shares/units	**226.4**	–	–	226.4
Derivative liabilities				
– Interest rate derivatives	**23.8**	–	23.8	–

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 15 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	69.0	69.0	–	–
– Unlisted investments	268.4	–	–	268.4
Derivative assets				
– Interest rate derivatives	111.7	–	111.7	–
– currency derivatives	20.1	–	20.1	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,988.0	–	4,988.0	–
– Floating rate debt	315.2	–	315.2	–
Other financial liabilities				
– Redeemable preference shares/units	256.9	–	–	256.9
Derivative liabilities				
– Interest rate derivatives	19.1	–	19.1	–

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

	Unlisted investments[i] 31 Dec 16 US$million	**Redeemable preference shares/units[ii] 31 Dec 16 US$million**	Unlisted investments[i] 31 Dec 15 US$million	Redeemable preference shares/units[ii] 31 Dec 15 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**268.4**	**256.9**	114.7	234.6
Additions	**18.2**	**–**	114.9	–
Disposals	**–**	**(0.8)**	–	(7.7)
Net fair value (gain)/loss to income statement	**23.5**	**(29.7)**	38.8	30.0
Balance at the end of the year	**310.1**	**226.4**	268.4	256.9

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

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2016, an increment of 1% to the earnings yield would result in an additional gain of US$37.6 million (31 December 2015: US$41.8 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$57.0 million (31 December 2015: US$64.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 40 PARENT COMPANY

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

	31 Dec 16 US$million	31 Dec 15 US$million
(a) Assets		
Current assets	**20.3**	43.3
Non current assets	**1,556.2**	1,407.1
Total assets	**1,576.5**	1,450.4
(b) Liabilities		
Current liabilities	**413.7**	447.6
Non current liabilities	**–**	32.0
Total liabilities	**413.7**	479.6
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**(255.4)**	(238.5)
Retained profits	**548.9**	340.0
Total equity	**1,162.8**	970.8
(d) Comprehensive income		
Profit/(loss) after tax for the period	**208.9**	33.0
Other comprehensive income	**(16.9)**	(104.3)
Total comprehensive income for the period	**192.0**	(71.3)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**5,435.6**	4,649.9
	5,435.6	4,649.9

NOTE 41 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2016, WFDT held current assets of US$2.6 billion, non current assets of US$2.1 billion and liabilities of US$0.2 billion (31 December 2015: current assets of US$2.9 billion, non current assets of US$2.1 billion and liabilities of US$0.3 billion).

As at 31 December 2016, the total equity held by WFDT was US$4.5 billion (31 December 2015: US$4.7 billion).

The loss after tax for the period was US$135.4 million and total comprehensive loss was US$182.6 million. The revenue for the period was US$19.2 million (31 December 2015: profit after tax of US$360.3 million and total comprehensive loss of US$221.0 and revenue of US$83.3 million).

Westfield America Trust

As at 31 December 2016, WAT held current assets of US$0.3 billion, non current assets of US$13.7 billion, current liabilities of US$2.4 billion and non current liabilities of US$7.8 billion (31 December 2015: current assets of US$1.4 billion, non current assets of US$11.8 billion, current liabilities of US$2.7 billion and non current liabilities of US$7.3 billion).

As at 31 December 2016, the total equity held by WAT was US$3.8 billion (31 December 2015: US$3.2 billion).

The profit after tax for the period was US$1,053.6 million and total comprehensive income was US$1,055.5 million. The revenue for the period was US$513.6 million (31 December 2015: profit after tax of US$1,875.2 million and total comprehensive income of US$2,103.4 million and revenue of US$622.9 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 16 US$000	31 Dec 15 US$000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,157**	1,336
– Assurance and compliance services	**–**	117
– Technical accounting advice and services	**1,234**	789
	2,391	2,242
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,601**	3,337
– Assurance and compliance services	**116**	132
– Taxation advice and compliance	**875**	310
– Technical accounting advice and services	**208**	827
	4,800	4,606
	7,191	6,848

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

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

Other Related Parties

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

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

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

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

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 107.8 hours (31 December 2015: 37.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm’s length. During the year ended 31 December 2016 there was no charge to or from either party (31 December 2015: US$1,341,419 billed to LFG by the Group) for use in excess of the interchange agreement.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG US$657,152 (31 December 2015: US$819,038) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, the Group charged LFG US$1,493,493 (31 December 2015: US$1,028,197) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2016 US$**	2015 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute US$7,687 (31 December 2015 US$7,477) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2016.

(c) Other

During the financial year, the Group purchased all of the equity in Scott Sanders Theatrical Productions (SSTP) for US$12.4 million. Mr Roy Furman, a non-executive director, held a 15.5% shareholding in SSTP which was purchased as part of the transaction. Mr Furman played no part in the negotiation or approval of the transaction. The Board was satisfied that the transaction was negotiated on arm’s length terms. In reaching that conclusion the Board considered all material facts. The Board also considered the outcome of an independent review by an investment bank which concluded that based on their review of the transaction documents and on responses received from management to a detailed questionnaire, they were satisfied that the evidence was consistent with a transaction negotiated on arm’s length terms.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2016 to 31 December 2016 are set out below:

– Frank Lowy AC	Chairman	
– Brian Schwartz AM	Deputy Chairman / Lead Independent Director	
– Ilana Atlas	Non-Executive Director	
– Roy Furman	Non-Executive Director	
– Peter Goldsmith QC PC	Non-Executive Director	
– Jeffrey Goldstein	Non-Executive Director	appointed 28 November 2016
– Michael Gutman OBE	President / Chief Operating Officer	
– Mark G. Johnson	Non-Executive Director	
– Mark R. Johnson AO	Non-Executive Director	
– Donald Kingsborough	Executive Director	
– Peter Lowy	Co-Chief Executive Officer	
– Steven Lowy AM	Co-Chief Executive Officer	
– John McFarlane	Non-Executive Director	
– Dawn Ostroff	Non-Executive Director	appointed 28 November 2016
– Elliott Rusanow	Chief Financial Officer	

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2016 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits[(i)] US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments[(ii)] US$	US$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2016	**9,037,167**	**6,961,500**	**131,732**	**67,849**	**96,109**	**8,767,622**	**25,061,979**
31 December 2015	8,614,751	6,380,000	139,787	318,300	93,411	8,529,027	24,075,276
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2016	**980,000**	**812,500**	**225,977**	**16,333**	**–**	**1,032,733**	**3,067,543**
31 December 2015	980,000	815,000	–	27,869	–	904,531	2,727,400
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2016	**10,017,167**	**7,774,000**	**357,709**	**84,182**	**96,109**	**9,800,355**	**28,129,522**
31 December 2015	9,594,751	7,195,000	139,787	346,169	93,411	9,433,558	26,802,676

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 16 – Interest Beneficial[(i)] Parent Company %	31 Dec 16 – Interest Westfield Corporation %	31 Dec 16 – Interest Consolidated or Equity accounted %	31 Dec 15 – Interest Beneficial[(i)] Parent Company %	31 Dec 15 – Interest Westfield Corporation %	31 Dec 15 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN IRELAND						
Consolidated Controlled Entities						
Westfield Europe Finance PLC [(ii)]	–	–	–	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Europe Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
White City Acquisitions Limited	51.0	100.0	100.0	51.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
New WTC Retail Member LLC [(iii)]	17.5	100.0	100.0	–	–	–
WCI Finance, LLC [(ii)]	–	–	–	17.4	100.0	100.0
WEA Finance, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield America, LP	17.5	100.0	100.0	17.5	100.0	100.0
Westfield DDC, LLC	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

(ii) Entity dissolved/deregistered during the financial year.

(iii) Entity became a material and significant entity during the financial year.

C. Westfield Consolidated Financial Statements 2015

Westfield

Westfield Corporation
Annual Financial Report
31 December 2015

Independent Audit Report

TO MEMBERS OF WESTFIELD CORPORATION LIMITED

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

Report on the financial report

We have audited the accompanying financial report of Westfield Corporation Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2015, 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 Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

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

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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(c).

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 31 of the directors' report for the year ended 31 December 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300 A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 24 February 2016

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

Westfield Corporation was established on 30 June 2014 as a result of the Restructure as described in Note 1(b). The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Revenue			
Property revenue	4	**562.5**	572.5
Property development and project management revenue		**595.7**	185.3
Property management income		**74.7**	60.8
		1,232.9	818.6
Share of after tax profits of equity accounted entities			
Property revenue		**661.7**	564.0
Property revaluations	10	**426.3**	418.0
Property expenses, outgoings and other costs		**(210.0)**	(168.9)
Net interest expense		**(86.5)**	(67.7)
Tax expense		**(0.3)**	(0.3)
	15(a)	**791.2**	745.1
Expenses			
Property expenses, outgoings and other costs		**(196.8)**	(209.7)
Property development and project management costs		**(471.5)**	(136.1)
Property management costs		**(30.9)**	(29.8)
Overheads		**(116.8)**	(105.5)
		(816.0)	(481.1)
Interest income		**5.3**	7.9
Currency gain/(loss)	5	**11.4**	(117.5)
Financing costs	6	**(103.0)**	(326.8)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	**(97.3)**	(7.6)
Property revaluations	10	**205.7**	152.3
Charges and credits in respect of the Restructure and Merger	8	**–**	(800.8)
Profit before tax for the period		**1,230.2**	(9.9)
Tax credit/(expense)	9	**1,093.3**	(205.1)
Profit after tax for the period		**2,323.5**	(215.0)

Net profit after tax comprising:		
Profit after tax for the six months ended 31 December 2015 [(i)]	**1,857.6**	582.3
Profit after tax for the six months ended 30 June 2015 [(ii)]	**465.9**	(797.3)
Profit after tax for the period	**2,323.5**	(215.0)

Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:

WFD Trust (WFDT) and Westfield America Trust (WAT) members	**1,724.2**	(375.9)
Net profit attributable to members of Westfield Corporation	**2,323.5**	(215.0)

		US cents	US cents
Basic earnings per WCL share		**28.84**	8.70
Diluted earnings per WCL share		**28.55**	8.61
Basic earnings per stapled security	26(a)	**111.81**	(11.63)
Diluted earnings per stapled security	26(a)	**110.68**	(11.63)

(i) Comprise the results of Westfield Corporation (including WAT, WCL and WFDT) following the Restructure.

(ii) Comprise the results of Westfield Corporation (including WAT, WCL and WFDT) for the 6 months ended 30 June 2015 following the Restructure. The results for the 6 months ended 30 June 2014 comprises only the earnings of WAT prior to the Restructure.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

Westfield Corporation was established on 30 June 2014 as a result of the Restructure as described in Note 1(b). The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

	31 Dec 15 US$million	31 Dec 14 US$million
Profit after tax for the period	**2,323.5**	(215.0)
Other comprehensive income		
Movement in foreign currency translation reserve [i]		
– Net exchange difference on translation of foreign operations	**(206.5)**	(212.1)
– Realised and unrealised gain/(loss) on currency loans and asset hedging derivatives which qualify for hedge accounting	**(11.6)**	(7.6)
Total comprehensive income for the period	**2,105.4**	(434.7)

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**652.7**	114.9
WFDT and WAT members [ii]	**1,452.7**	(549.6)
Total comprehensive income attributable to members of Westfield Corporation	**2,105.4**	(434.7)

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of US$1,724.2 million (31 December 2014: loss of US$375.9 million) and the net exchange loss on translation of foreign operations of US$271.5 million (31 December 2014: US$173.7 million).

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Current assets			
Cash and cash equivalents	11(a)	**1,106.8**	308.6
Trade debtors		**14.2**	17.2
Investment properties	13	**–**	438.7
Derivative assets	12	**–**	5.7
Receivables		**231.0**	164.2
Inventories		**21.5**	152.1
Other		**125.2**	33.0
Total current assets		**1,498.7**	1,119.5
Non current assets			
Investment properties	13	**7,478.0**	8,849.6
Equity accounted investments	15(c)	**7,728.9**	6,814.6
Other property investments	16	**337.4**	257.9
Derivative assets	12	**131.8**	159.3
Receivables		**214.0**	69.7
Plant and equipment	17	**69.2**	77.4
Deferred tax assets	9(b)	**10.1**	10.3
Other		**114.3**	129.0
Total non current assets		**16,083.7**	16,367.8
Total assets		**17,582.4**	17,487.3
Current liabilities			
Trade creditors		**36.9**	38.9
Payables and other creditors	18	**729.4**	895.6
Interest bearing liabilities	19	**3.6**	123.4
Other financial liabilities	20	**3.0**	2.7
Tax payable		**59.5**	96.7
Derivative liabilities	21	**–**	0.5
Total current liabilities		**832.4**	1,157.8
Non current liabilities			
Payables and other creditors	18	**148.1**	134.8
Interest bearing liabilities	19	**5,267.8**	5,306.8
Other financial liabilities	20	**253.9**	231.9
Deferred tax liabilities	9(c)	**1,761.3**	2,922.2
Derivative liabilities	21	**19.1**	–
Total non current liabilities		**7,450.2**	8,595.7
Total liabilities		**8,282.6**	9,753.5
Net assets		**9,299.8**	7,733.8
Equity attributable to members of WCL			
Contributed equity	22(b)	**869.7**	888.3
Reserves	23	**42.0**	(6.9)
Retained profits	24	**760.2**	160.9
Total equity attributable to members of WCL		**1,671.9**	1,042.3
Equity attributable to WFDT and WAT members			
Contributed equity	22(b)	**10,571.0**	10,571.0
Reserves	23	**(408.6)**	(137.2)
Retained profits	24	**(2,534.5)**	(3,742.3)
Total equity attributable to WFDT and WAT members		**7,627.9**	6,691.5
Total equity		**9,299.8**	7,733.8
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**1,671.9**	1,042.3
WFDT and WAT members		**7,627.9**	6,691.5
Total equity attributable to members of Westfield Corporation		**9,299.8**	7,733.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Comprehensive Income 31 Dec 15 US$million	Equity and Reserves 31 Dec 15 US$million	**Total 31 Dec 15 US$million**	Total 31 Dec 14 US$million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,459.3	**11,459.3**	4,957.5
– Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation	–	–	**–**	901.8
– Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	–	–	**–**	5,613.5
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(18.6)	**(18.6)**	(13.5)
Closing balance of contributed equity	–	11,440.7	**11,440.7**	11,459.3
Opening balance of reserves	–	(144.1)	**(144.1)**	39.7
– Movement in foreign currency translation reserve (i) (ii)	(218.1)	–	**(218.1)**	(219.7)
– Movement in employee share plan benefits reserve (i)	–	(4.4)	**(4.4)**	(6.8)
– Employee share plan benefits reserve contributed for WCL pursuant to the establishment of Westfield Corporation	–	–	**–**	42.7
Closing balance of reserves	(218.1)	(148.5)	**(366.6)**	(144.1)
Opening balance of retained profits/(accumulated losses)	–	(3,581.4)	**(3,581.4)**	(2,966.2)
– Profit after tax for the period (ii)	2,323.5	–	**2,323.5**	(215.0)
– Dividend/distribution paid	–	(516.4)	**(516.4)**	(553.7)
– Amounts previously included in non controlling interest	–	–	**–**	153.5
Closing balance of retained profits/(accumulated losses)	2,323.5	(4,097.8)	**(1,774.3)**	(3,581.4)
Closing balance of equity attributable to members of Westfield Corporation	2,105.4	7,194.4	**9,299.8**	7,733.8
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	–	**–**	203.8
Total comprehensive income attributable to non controlling interests (ii)	–	–	**–**	(50.3)
Amounts previously included in non controlling interest	–	–	**–**	(153.5)
Closing balance of equity attributable to non controlling interests	–	–	**–**	–
Total equity	2,105.4	7,194.4	**9,299.8**	7,733.8

Closing balance of equity attributable to:				
– WCL members	652.7	1,019.2	**1,671.9**	1,042.3
– WFDT and WAT members	1,452.7	6,175.2	**7,627.9**	6,691.5
Closing balance of equity attributable to members of Westfield Corporation	2,105.4	7,194.4	**9,299.8**	7,733.8

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US$271.5 million (31 December 2014: US$173.7 million) and net credit to the employee share plan benefits reserve of nil (31 December 2014: nil).

(ii) Total comprehensive income for the period amounts to a gain of US$2,105.4 million (31 December 2014: loss of US$434.7 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

Westfield Corporation was established on 30 June 2014 as a result of the Restructure as described in Note 1(b). The cash flows for the year ended 31 December 2014 comprise the cash flows of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the cash flows of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,511.0**	816.8
Payments in the course of operations (including sales tax)		**(869.7)**	(523.6)
Settlement of income hedging currency derivatives		**–**	20.7
Dividends/distributions received from equity accounted associates		**313.2**	279.6
Income and withholding taxes paid		**(45.4)**	(30.7)
Sales tax paid		**(37.7)**	(7.1)
Net cash flows from operating activities	11(b)	**871.4**	555.7
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment - consolidated		**(623.4)**	(429.9)
Capital expenditure on property investments and plant and equipment - equity accounted		**(330.7)**	(152.4)
Acquisition of property investments - consolidated		**(24.3)**	(626.5)
Acquisition of property investments - equity accounted		**(60.8)**	–
Proceeds from the disposition of property investments - consolidated		**1,257.8**	252.0
Tax paid on disposition of property investments		**(37.0)**	(77.2)
Capital distribution and advances from equity accounted associates		**268.7**	324.0
Financing costs capitalised to qualifying development projects and construction in progress		**(96.1)**	(60.2)
Cash held by entities of WCL and WFDT consolidated during the period		**–**	146.5
Net cash flows from/(used in) investing activities		**354.2**	(623.7)
Cash flows used in financing activities			
Net proceeds/(repayment) from interest bearing liabilities and other financial liabilities		**109.2**	(10.6)
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(19.1)**	(123.4)
– accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		**–**	(61.1)
Interest received		**4.9**	9.7
Financing costs capitalised to inventories and work in progress		**(3.6)**	(5.2)
Dividends/distributions paid		**(516.4)**	(553.7)
Dividends/distributions paid to non controlling interests		**–**	(41.7)
Loans received from Westfield Group related entities prior to the Restructure and Merger		**–**	404.3
Charges and credits in respect of the Restructure and Merger			
– Drawdown from bridging facilities		**–**	3,000.0
– Loans received from related entities		**–**	2,286.4
– Repayment of bonds and banking facilities		**–**	(4,584.6)
– Refinancing costs		**–**	(744.9)
– Settlement of amount due from Scentre Group as at 30 June 2014		**–**	61.2
Net cash flows used in financing activities		**(425.0)**	(363.6)
Net increase/(decrease) in cash and cash equivalents held		**800.6**	(431.6)
Add opening cash and cash equivalents brought forward		**308.5**	749.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(2.3)**	(9.8)
Cash and cash equivalents at the end of the period	11(a)	**1,106.8**	308.5

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2015 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 24 February 2016.

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

(b) Detail on the Restructure and Merger

Background

On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

– Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

– Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

– A restructure stage (Restructure), where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;

– A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and

– A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Accounting for the establishment of Westfield Corporation

The Group was established by the stapling of securities of each of the Parent Company, WFDT and WAT. The securities trade as one security on the Australian Securities Exchange (ASX) under the code WFD. The stapling transaction is referred to as the Merger.

The Merger has been accounted for as a business combination by contract alone in accordance with AASB 3 Business Combinations. WAT has been identified as the acquirer for accounting purposes as WAT is the stapled entity whose relative size is the largest.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL has been deemed to be the parent entity of the Group as it has legal control of WFDT and WAT due to its subsidiary, Westfield America Management Limited, being the responsible entity of both WFDT and WAT.

However, as WAT is the deemed acquirer in accordance with AASB 3, the consolidated financial statements are issued under the name of Westfield Corporation but are a continuation of the financial statements of WAT. Accordingly, the comparative balances in these financial statements present the results of WAT for the year ended 31 December 2014 and also include the results of the Parent Company and WFDT from the date of stapling, being 30 June 2014. The results and equity attributable to WFDT and WAT are shown separately in the financial statements as non controlling interests.

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

(c) 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 used in the annual financial report for the year ended 31 December 2014 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2015.

– AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and

– AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Group is currently assessing the impact of this standard.

– AASB 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group is currently assessing the impact of this standard.

– IFRS 16 Leases (expected to be effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);

– AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);

– AASB 2014-1 Amendments to Australian Accounting Standards - Part E: Financial Instruments (effective from 1 January 2018);

– AASB 2014-3 Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations. (AASB 1 & AASB 11) (effective from 1 January 2016);

– AASB 2014-10 Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2016);

– AASB 2015-1 Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012-2014 Cycle. (effective from 1 January 2016);

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

(c) Statement of Compliance (continued)

– AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016); and
– AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015).

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.

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

(e) 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 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

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

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

i) Joint arrangements

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

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

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

ii) 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.

(b) Investment properties

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

i) Shopping centre investments

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

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties together with related shopping centre leasing costs 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 and receivables on rental income that have been recorded on a straight line basis.

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

The 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.

ii) Development projects and construction in progress

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

Refer to Note 14 for further details on investment properties.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Other property investments

Listed and unlisted investments

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

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

(d) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

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

ii) WFDT

Under current Australian income tax legislation, WFDT 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 WFDT's constitution.

iii) WAT

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation (continued)

iv) Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date on the differences between the tax bases of assets (principally investment properties) 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 substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

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

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

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

(h) Financing costs

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

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

(i) Inventories and work in progress

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

(j) Contributed equity

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

(k) Derivative and other financial instruments

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.

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

- Fair value of quoted notes and bonds is based on price quotations at the reporting date.
- 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 Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

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

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(l) Earnings per security

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

(m) Rounding

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

NOTE 3 SEGMENTAL REPORTING

Westfield Corporation was established on 30 June 2014 as a results of the Restructure. The segmental results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

Operating segments

The Group's operating segments are as follows:

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

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of US$450 million, specialty annual sales in excess of US$500 per square foot and anchored by a premium department store.

(ii) Property and project management

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

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

The proportionate format is used by Management in assessing and understanding the performance and results of operations of the Group as it allows Management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers that, the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States and United Kingdom shopping centres), and most of the centres are under common management, therefore the drivers of their results are considered to be similar. As such, the proportionate format 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 shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(i)_Income and expenses

	Operational			
31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,224.2	–	–	1,224.2
Property development and project management revenue	–	595.7	–	595.7
Property management income	–	74.7	–	74.7
	1,224.2	**670.4**	**–**	**1,894.6**
Expenses				
Property expenses, outgoings and other costs	(406.8)	–	–	(406.8)
Property development and project management costs	–	(471.5)	–	(471.5)
Property management costs	–	(30.9)	–	(30.9)
Overheads	–	–	(116.8)	(116.8)
	(406.8)	**(502.4)**	**(116.8)**	**(1,026.0)**
Segment result	**817.4**	**168.0**	**(116.8)**	**868.6**
Revaluation of properties and development projects				205.7
Equity accounted-revaluation of properties and development projects				426.3
Currency gain/(loss)				11.4
Gain/(loss) in respect of capital transactions				
– asset dispositions				(97.3)
Interest income				5.3
Financing costs				(189.5)
Tax expense				1,093.0
Net profit attributable to members of the Group				**2,323.5**

(i) Total revenue of US$1,894.6 million comprises of revenue from United States of US$1,207.4 million and United Kingdom of US$687.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(ii)_Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	824.1	444.1	1,268.2
Amortisation of tenant allowances	(19.0)	(25.0)	(44.0)
Property revenue	805.1	419.1	1,224.2
Property expenses, outgoings and other costs	(251.1)	(155.7)	(406.8)
Net property income	**554.0**	**263.4**	**817.4**

(iii)_Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	649.9	(17.9)	632.0
	649.9	**(17.9)**	**632.0**

(iv)_Currency gain/(loss)

Realised gain on income hedging currency derivatives	–
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	11.4
	11.4

(v)_Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(179.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(64.3)
Finance leases interest expense	(2.9)
Interest expense on other financial liabilities	(22.2)
Net fair value loss on other financial liabilities	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	109.5
	(189.5)

(vi)_Tax expense

Current - underlying operations	(39.3)
Deferred tax	1,132.3
	1,093.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(vii)_Reconciliation of segmental results

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

Income and expenses

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	562.5	661.7	1,224.2
Property development and project management revenue	595.7	–	595.7
Property management income	74.7	–	74.7
	1,232.9	**661.7**	**1,894.6**
Expenses			
Property expenses, outgoings and other costs	(196.8)	(210.0)	(406.8)
Property development and project management costs	(471.5)	–	(471.5)
Property management costs	(30.9)	–	(30.9)
Overheads	(116.8)	–	(116.8)
	(816.0)	**(210.0)**	**(1,026.0)**
Segment result	**416.9**	**451.7**	**868.6**
Revaluation of properties and development projects	205.7	–	205.7
Equity accounted-revaluation of properties and development projects	–	426.3	426.3
Currency gain/(loss)	11.4	–	11.4
Gain/(loss) in respect of capital transactions			
– asset dispositions	(97.3)	–	(97.3)
Interest income	5.3	–	5.3
Financing costs	(103.0)	(86.5)	(189.5)
Tax expense	1,093.3	(0.3)	1,093.0
Net profit attributable to members of the Group	**1,532.3**	**791.2**	**2,323.5**
Assets and liabilities			
Cash	1,106.8	100.0	1,206.8
Shopping centre investments	5,502.3	9,531.2	15,033.5
Development projects and construction in progress	1,975.7	475.6	2,451.3
Inventories	21.5	–	21.5
Other assets	1,247.2	53.1	1,300.3
Total segment assets	**9,853.5**	**10,159.9**	**20,013.4**
Interest bearing liabilities	5,271.4	2,230.9	7,502.3
Other financial liabilities	256.9	–	256.9
Deferred tax liabilities	1,761.3	–	1,761.3
Other liabilities	993.0	200.1	1,193.1
Total segment liabilities	**8,282.6**	**2,431.0**	**10,713.6**
Total segment net assets	**1,570.9**	**7,728.9**	**9,299.8**

(viii)_Assets and liabilities

	Operational			
As at 31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	19,677.5	31.5	304.4	20,013.4
Total segment liabilities	1,051.2	3.7	9,658.7	10,713.6
Total segment net assets	18,626.3	27.8	(9,354.3)	9,299.8
Equity accounted associates included in - segment assets	10,159.9	–	–	10,159.9
Equity accounted associates included in - segment liabilities	200.1	–	2,230.9	2,431.0
Additions to segment non current assets during the period	1,022.0	–	–	1,022.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(ix)_Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,511.0	682.0	2,193.0
Payments in the course of operations (including sales tax)	(869.7)	(205.5)	(1,075.2)
Income and withholding taxes paid	(45.4)	–	(45.4)
Sales tax paid	(37.7)	–	(37.7)
Net cash flows from operating activities	**558.2**	**476.5**	**1,034.7**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment - consolidated	(623.4)	–	(623.4)
Capital expenditure on property investments and plant and equipment - equity accounted	–	(330.7)	(330.7)
Acquisition of property investments - consolidated	(24.3)	–	(24.3)
Acquisition of property investments - equity accounted	–	(60.8)	(60.8)
Proceeds from the disposition of property investments - consolidated	1,257.8	–	1,257.8
Tax paid on disposition of property investments	(37.0)	–	(37.0)
Financing costs capitalised to qualifying development projects and construction in progress	(96.1)	(9.8)	(105.9)
Net cash flows from/(used in) investing activities	**477.0**	**(401.3)**	**75.7**
Cash flows used in financing activities			
Net proceeds/(repayment) from interest bearing liabilities and other financial liabilities	109.2	209.7	318.9
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(19.1)	(86.5)	(105.6)
Interest received	4.9	–	4.9
Financing costs capitalised to inventories and work in progress	(3.6)	–	(3.6)
Dividends/distributions paid	(516.4)	–	(516.4)
Net cash flow (used in)/from financing activities	**(425.0)**	**123.2**	**(301.8)**
Net increase in cash and cash equivalents held			808.6
Add opening cash and cash equivalents brought forward			400.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(2.7)
Cash and cash equivalents at the end of the period			**1,206.8**

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments for the year ended 31 December 2014

The operating segments of Westfield Corporation for the year ended 31 December 2014 comprise the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(i)_Income and expenses

	Operational			
31 December 2014	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [(i)]				
Property revenue	1,136.5	–	–	1,136.5
Property development and project management revenue	–	185.3	–	185.3
Property management income	–	60.8	–	60.8
	1,136.5	**246.1**	**–**	**1,382.6**
Expenses				
Property expenses, outgoings and other costs	(378.6)	–	–	(378.6)
Property development and project management costs	–	(136.1)	–	(136.1)
Property management costs	–	(29.8)	–	(29.8)
Overheads	–	–	(105.5)	(105.5)
	(378.6)	**(165.9)**	**(105.5)**	**(650.0)**
Segment result	**757.9**	**80.2**	**(105.5)**	**732.6**
Revaluation of properties and development projects				152.3
Equity accounted-revaluation of properties and development projects				418.0
Currency gain/(loss)				(117.5)
Gain/(loss) in respect of capital transactions				
– asset dispositions				(7.6)
Interest income				7.9
Financing costs				(394.5)
Tax expense				(205.4)
Charges and credits in respect of the Restructure and Merger				(800.8)
Net profit attributable to members of the Group				**(215.0)**

(i) Total revenue of US$1,382.6 million comprises of revenue from United States of US$1,197.8 million and United Kingdom of US$184.8 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments for the year ended 31 December 2014

(ii)_Net property income

	Flagship US$million	**Regional and other property investments** US$million	**Total** US$million
Shopping centre base rent and other property income	698.3	481.6	1,179.9
Amortisation of tenant allowances	(18.6)	(24.8)	(43.4)
Property revenue	679.7	456.8	1,136.5
Property expenses, outgoings and other costs	(209.2)	(169.4)	(378.6)
Net property income	**470.5**	**287.4**	**757.9**

(iii)_Revaluation

	Flagship US$million	**Regional and other property investments** US$million	**Total** US$million
Revaluation of properties and development projects	624.0	(53.7)	570.3
	624.0	**(53.7)**	**570.3**

(iv)_Currency gain/(loss)

Realised gain on income hedging currency derivatives	11.7
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	(129.2)
	(117.5)

(v)_Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(224.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(37.2)
Finance leases interest expense	(3.0)
Interest expense on other financial liabilities	(19.3)
Net fair value loss on other financial liabilities	(181.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	70.9
	(394.5)

(vi)_Tax expense

Current - underlying operations	(31.9)
Deferred tax	(173.5)
	(205.4)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments for the year ended 31 December 2014

(vii)_Reconciliation of segmental results

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

Income and expenses

31 December 2014	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	572.5	564.0	1,136.5
Property development and project management revenue	185.3	–	185.3
Property management income	60.8	–	60.8
	818.6	**564.0**	**1,382.6**
Expenses			
Property expenses, outgoings and other costs	(209.7)	(168.9)	(378.6)
Property development and project management costs	(136.1)	–	(136.1)
Property management costs	(29.8)	–	(29.8)
Overheads	(105.5)	–	(105.5)
	(481.1)	**(168.9)**	**(650.0)**
Segment result	**337.5**	**395.1**	**732.6**
Revaluation of properties and development projects	152.3	–	152.3
Equity accounted-revaluation of properties and development projects	–	418.0	418.0
Currency gain/(loss)	(117.5)	–	(117.5)
Gain/(loss) in respect of capital transactions			
– asset dispositions	(7.6)	–	(7.6)
Interest income	7.9	–	7.9
Financing costs	(326.8)	(67.7)	(394.5)
Tax expense	(205.1)	(0.3)	(205.4)
Charges and credits in respect of the Restructure and Merger	(800.8)	–	(800.8)
Net profit attributable to members of the Group	**(960.1)**	**745.1**	**(215.0)**
Assets and liabilities			
Cash	308.6	92.4	401.0
Shopping centre investments	7,396.6	8,437.4	15,834.0
Development projects and construction in progress	1,891.7	378.9	2,270.6
Inventories	152.1	–	152.1
Other assets	923.7	52.8	976.5
Total segment assets	**10,672.7**	**8,961.5**	**19,634.2**
Interest bearing liabilities	5,430.2	1,998.7	7,428.9
Other financial liabilities	234.6	–	234.6
Deferred tax liabilities	2,922.2	–	2,922.2
Other liabilities	1,166.5	148.2	1,314.7
Total segment liabilities	**9,753.5**	**2,146.9**	**11,900.4**
Total segment net assets	**919.2**	**6,814.6**	**7,733.8**

(viii)_Assets and liabilities

	Operational			
As at 31 December 2014	Property investment US$million	Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	19,088.1	157.9	388.2	19,634.2
Total segment liabilities	1,145.1	3.9	10,751.4	11,900.4
Total segment net assets	17,943.0	154.0	(10,363.2)	7,733.8
Equity accounted associates included in - segment assets	8,961.5	–	–	8,961.5
Equity accounted associates included in - segment liabilities	148.2	–	1,998.7	2,146.9
Additions to segment non current assets during the period	1,278.0	–	–	1,278.0

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**584.1**	600.5
Amortisation of tenant allowances		**(21.6)**	(28.0)
		562.5	572.5
NOTE 5 CURRENCY GAIN/(LOSS)			
Realised gain on income hedging currency derivatives		**–**	11.7
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	10	**11.4**	(129.2)
		11.4	(117.5)
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(83.3)**	(151.7)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	10	**(64.3)**	(37.2)
Finance leases interest expense		**(2.9)**	(3.0)
Interest expense on other financial liabilities [(i)]		**(22.2)**	(19.3)
Net fair value loss on other financial liabilities [(i)]	10	**(30.0)**	(181.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**99.7**	65.4
		(103.0)	(326.8)

(i) Interest expense on other financial liabilities and net fair value loss on other financial liabilities include amounts in respect of Westfield Group entities up to 30 June 2014.

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**1,790.8**	–
– less: carrying value of assets disposed and other capital costs		**(1,888.1)**	(7.6)
Gain/(loss) in respect of asset dispositions	10	**(97.3)**	(7.6)
NOTE 8 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER			
Refinancing costs in respect of the Restructure and Merger	10	**–**	(770.8)
Transaction costs in respect of the Restructure and Merger	10	**–**	(30.0)
		–	(800.8)

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 9 TAXATION			
(a) Tax expense			
Current - underlying operations		**(39.0)**	(31.6)
Deferred tax	10	**(234.9)**	(173.5)
Deferred tax - change in applicable tax rates [i]	10	**1,367.2**	–
		1,093.3	(205.1)

[i] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

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

		31 Dec 15 US$million	31 Dec 14 US$million
Profit before income tax		**1,230.2**	(9.9)
Prima facie tax expense at 30% (31 December 2014: Prima facie tax expense at 30%)		**(369.1)**	3.0
Trust income not taxable for the Group - tax payable by securityholders		**40.2**	(11.6)
Differential of effective tax rates on foreign income		**84.2**	46.2
Capital transactions not deductible		**(29.2)**	(242.7)
Deferred tax - change in applicable tax rates [i]		**1,367.2**	–
Tax expense		**1,093.3**	(205.1)

		31 Dec 15 US$million	31 Dec 14 US$million
(b) Deferred tax assets			
Provisions and accruals		**10.1**	10.3
		10.1	10.3
(c) Deferred tax liabilities			
Tax effect of book value in excess of the tax cost base of investment properties		**1,737.9**	2,893.7
Unrealised fair value gain on financial derivatives		**6.0**	6.9
Other timing differences		**17.4**	21.6
		1,761.3	2,922.2

NOTE 10 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Property revaluations		**205.7**	152.3
Equity accounted property revaluations		**426.3**	418.0
Amortisation of tenant allowances		**(21.6)**	(28.0)
Equity accounted amortisation of tenant allowances		**(22.4)**	(15.4)
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	5	**11.4**	(129.2)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(64.3)**	(37.2)
Net fair value loss on other financial liabilities	6	**(30.0)**	(181.0)
Gain/(loss) in respect of asset dispositions	7	**(97.3)**	(7.6)
Refinancing costs in respect of the Restructure and Merger	8	**–**	(770.8)
Transaction costs in respect of the Restructure and Merger	8	**–**	(30.0)
Deferred tax	9	**1,132.3**	(173.5)

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 11 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		**1,106.8**	308.6
Bank overdrafts	19	**–**	(0.1)
Total cash and cash equivalents		**1,106.8**	308.5
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**2,323.5**	(215.0)
Property revaluations		**(205.7)**	(152.3)
Share of equity accounted profit in excess of dividend/distribution		**(478.0)**	(465.5)
Deferred tax		**(1,132.3)**	173.5
Net fair value (gain)/loss on currency derivatives		**(11.4)**	129.2
Financing costs		**103.0**	326.8
Interest income		**(5.3)**	(7.9)
Gain/(loss) in respect of capital transactions		**97.3**	7.6
Charges and credits in respect of the Restructure and Merger		**–**	800.8
Decrease/(Increase) in working capital attributable to operating activities		**180.3**	(41.5)
Net cash flows from operating activities		**871.4**	555.7

NOTE 12 DERIVATIVE ASSETS			
Current			
Receivables on interest rate derivatives		**–**	5.7
		–	5.7
Non Current			
Receivables on interest rate derivatives		**111.7**	159.3
Receivables on currency derivatives		**20.1**	–
		131.8	159.3

The Group presents the fair value mark to market 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 2015, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$131.8 million are reduced by US$19.1 million to the net amount of US$112.7 million (31 December 2014: derivative assets of US$165.0 million are reduced by US$0.5 million to the net amount of US$164.5 million).

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 13 INVESTMENT PROPERTIES			
Current			
Shopping centre investments		–	409.3
Development projects and construction in progress		–	29.4
		–	438.7
Non current			
Shopping centre investments		**5,502.3**	6,987.3
Development projects and construction in progress		**1,975.7**	1,862.3
		7,478.0	8,849.6
Total investment properties		**7,478.0**	9,288.3
Total investment properties comprised of:			
Shopping centre investments	14	**5,502.3**	7,396.6
Development projects and construction in progress		**1,975.7**	1,891.7
		7,478.0	9,288.3
Movement in total investment properties			
Balance at the beginning of the year		**9,288.3**	5,424.2
Acquisition of properties		**24.3**	611.0
Disposal of properties		**(1,756.6)**	–
Transfer from/(to) equity accounted investment properties		**(486.7)**	152.1
Redevelopment costs		**483.0**	509.7
Additions from the Restructure		–	2,596.6
Net revaluation increment		**83.9**	226.2
Retranslation of foreign operations		**(158.2)**	(231.5)
Balance at the end of the year [(i)]		**7,478.0**	9,288.3

(i) The fair value of investment properties at the end of the year of US$7,478.0 million (31 December 2014: US$9,288.3 million) comprises investment properties at market value of US$7,437.8 million (31 December 2014: US$9,255.2 million) and ground leases included as finance leases of US$40.2 million (31 December 2014: US$33.1 million).

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated shopping centres	13	**5,502.3**	7,396.6
Equity accounted shopping centres	15(c)	**9,531.2**	8,437.4
		15,033.5	15,834.0

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

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

United States shopping centres

– Altus Group U.S. Inc.
– Cushman & Wakefield, Inc.
– Cushman & Wakefield of Connecticut, Inc.
– Cushman & Wakefield Western, Inc.
– Duff & Phelps, LLC

United Kingdom shopping centres

– CBRE Limited
– GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 15 US$million	**Estimated Yield[i] 31 Dec 15 %**	Carrying Amount 31 Dec 14 US$million	Estimated Yield[i] 31 Dec 14 %
Flagship and Regional				
Flagship				
– United States	**8,085.6**	**4.83%**	7,569.6	5.01%
– United Kingdom	**3,996.6**	**4.40%**	3,770.0	4.76%
	12,082.2	**4.69%**	11,339.6	4.92%
Regional				
– United States	**2,951.3**	**5.74%**	4,494.4	6.37%
Total	**15,033.5**	**4.89%**	15,834.0	5.34%

[i] The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would results in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of US$1,394.6 million (31 December 2014: US$1,355.7 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of US$1,712.2 million (31 December 2014: US$1,635.8 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 15 US$million	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**549.0**	504.3	**112.7**	59.7	**661.7**	564.0
Share of after tax profit of equity accounted entities	**512.6**	695.2	**278.6**	49.9	**791.2**	745.1

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**512.6**	695.2	**278.6**	49.9	**791.2**	745.1
Other comprehensive income (i)	**–**	–	**(67.9)**	(117.1)	**(67.9)**	(117.1)
Share of total comprehensive income of equity accounted entities	**512.6**	695.2	**210.7**	(67.2)	**723.3**	628.0

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

		United States		United Kingdom		Total	
	Note	**31 Dec 15 US$million**	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**64.9**	59.3	**35.1**	33.1	**100.0**	92.4
Shopping centre investments		**7,818.8**	6,825.5	**1,712.4**	1,611.9	**9,531.2**	8,437.4
Development projects and construction in progress		**234.8**	203.4	**240.8**	175.5	**475.6**	378.9
Other assets		**19.9**	21.7	**33.2**	31.1	**53.1**	52.8
Total assets		**8,138.4**	7,109.9	**2,021.5**	1,851.6	**10,159.9**	8,961.5
Payables		**(148.3)**	(103.9)	**(51.8)**	(44.3)	**(200.1)**	(148.2)
Interest bearing liabilities - current (i)	19(d)	**(4.7)**	(4.4)	**–**	–	**(4.7)**	(4.4)
Interest bearing liabilities - non current (i)	19(d)	**(1,673.6)**	(1,409.1)	**(552.6)**	(585.2)	**(2,226.2)**	(1,994.3)
Total liabilities		**(1,826.6)**	(1,517.4)	**(604.4)**	(629.5)	**(2,431.0)**	(2,146.9)
Net assets		**6,311.8**	5,592.5	**1,417.1**	1,222.1	**7,728.9**	6,814.6

(i) The fair value of interest bearing liabilities was US$2,269.8 million compared to the book value of US$2,230.9 million (31 December 2014: US$2,061.9 million compared to the book value of US$1,998.7 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 15	Economic interest 31 Dec 14
(d) Equity accounted entities economic interest				
United Kingdom investments [(i)]				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City [(ii)]	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments [(i)]				
Annapolis [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert [(iii)(iv)]	Partnership units	31 Dec	**52.6%**	–
Plaza Bonita [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga [(iii)]	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull [(iii)(iv)]	Partnership units	31 Dec	**52.6%**	–
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton [(iii)(iv)]	Partnership units	31 Dec	**52.6%**	–

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

(ii) Stratford is considered a material joint venture. Summarised financial information are as follows: Revenue of US$106.6 million, total assets of US$1,762.6 million and total liabilities of US$585.0 million.

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

(iv) During the year, the Group entered into transactions which culminated in a joint venture with O'Connor Capital Partners (O'Connor) in respect of 3 properties in United States. (Group ownership: 52.6%, O'Connor's ownership 47.4%). As a result, these previously consolidated investments are now equity accounted.

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**69.0**	143.2
Unlisted investments	**268.4**	114.7
	337.4	257.9
Movement in other property investments		
Balance at the beginning of the year	**257.9**	101.6
Additions	**113.8**	16.2
Disposals	**(60.5)**	(0.5)
Net revaluation increment to income statement	**39.6**	19.8
Additions from the Restructure	**–**	140.6
Retranslation of foreign operations	**(13.4)**	(19.8)
Balance at the end of the year	**337.4**	257.9

NOTE 17 PLANT AND EQUIPMENT

Plant and equipment	**69.2**	77.4

Plant and equipment of US$69.2 million (31 December 2014: US$77.4 million) comprises the following: aircraft US$31.5 million (31 December 2014: US$40.3 million) and other plant and equipment US$37.7 million (31 December 2014: US$37.1 million).

NOTE 18 PAYABLES AND OTHER CREDITORS

Current		
Payables and other creditors	**691.2**	849.9
Employee benefits	**38.2**	45.7
	729.4	895.6
Non current		
Sundry creditors and accruals	**138.5**	120.5
Employee benefits	**9.6**	14.3
	148.1	134.8

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 19 INTEREST BEARING LIABILITIES			
Interest bearing liabilities - consolidated			
Current			
Unsecured			
Bank overdraft	11(a)	**–**	0.1
Finance leases		**0.5**	0.4
Secured			
Bank loans and mortgages			
– US$ denominated		**3.1**	122.9
		3.6	123.4
Non current			
Unsecured			
Bank loans			
– € denominated		**149.9**	100.2
– £ denominated		**–**	873.1
– US$ denominated		**–**	50.0
Notes payable			
– US$ denominated		**4,500.0**	3,500.0
Finance leases		**39.7**	32.7
Secured			
Bank loans and mortgages			
– US$ denominated		**578.2**	750.8
		5,267.8	5,306.8
Total interest bearing liabilities - consolidated		**5,271.4**	5,430.2

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

(a) Summary of financing facilities

Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**8,571.5**	8,675.3
Total interest bearing liabilities	**(5,271.4)**	(5,430.2)
Total bank guarantees	**(22.5)**	(13.7)
Available financing facilities	**3,277.6**	3,231.4
Cash	**1,106.8**	308.6
Financing resources available at the end of the year	**4,384.4**	3,540.0

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

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 15 US$million	**Total interest bearing liabilities 31 Dec 15 US$million**	Committed financing facilities 31 Dec 14 US$million	Total interest bearing liabilities 31 Dec 14 US$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2015	**–**	**–**	123.4	123.4
Year ending December 2016	**3.6**	**3.6**	153.5	153.5
Year ending December 2017	**953.9**	**903.8**	1,772.2	1,727.1
Year ending December 2018	**124.6**	**124.6**	4.0	4.0
Year ending December 2019	**4,504.4**	**1,254.4**	4,504.3	1,304.3
Year ending December 2020	**1,172.8**	**1,172.8**	172.7	172.7
Year ending December 2021	**0.7**	**0.7**	0.6	0.6
Year ending December 2022	**275.8**	**275.8**	415.7	415.7
Year ending December 2023	**0.9**	**0.9**	0.7	0.7
Year ending December 2024	**1,000.9**	**1,000.9**	1,000.7	1,000.7
Year ending December 2025	**1.0**	**1.0**	0.8	0.8
Due thereafter	**532.9**	**532.9**	526.7	526.7
	8,571.5	**5,271.4**	8,675.3	5,430.2

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 15 US$million**	**Total interest bearing liabilities (local currency) 31 Dec 15 US$million**	Committed financing facilities (local currency) 31 Dec 14 US$million	Total interest bearing liabilities (local currency) 31 Dec 14 US$million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Secured mortgage - San Francisco Centre [i]	6-Jul-15	**–**	**–**	US$120.0	US$120.0
Secured mortgage - Fox Valley	11-Nov-16	**–**	**–**	US$150.0	US$150.0
Unsecured bank loan - bridge facility [ii]	20-Mar-17	**–**	**–**	£524.5	£524.5
Unsecured bank loan - bilateral facility	3-Jul-17	**US$200.0**	**€138.0**	US$200.0	€82.5 / £35.0
Unsecured notes payable - bonds	15-Sep-17	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage - San Francisco Centre [i]	6-Mar-18	**US$120.5**	**US$120.5**	–	–
Unsecured bank loan - syndicated facility [iii]	30-Jun-19	**US$3,250.0**	**–**	US$3,250.0	US$50.0
Unsecured notes payable - bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage - Old Orchard	1-Mar-20	**US$185.8**	**US$185.8**	US$188.7	US$188.7
Unsecured notes payable - bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	–	–
Secured mortgage - Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Secured mortgage - Mainplace	1-Jun-22	**–**	**–**	US$140.0	US$140.0
Unsecured notes payable - bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable - bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the above		**8,531.3**	**5,231.2**	8,642.1	5,397.0
Add:					
Finance leases		**40.2**	**40.2**	33.1	33.1
Bank overdraft		**–**	**–**	0.1	0.1
Consolidated financing facilities and interest bearing liabilities		**8,571.5**	**5,271.4**	8,675.3	5,430.2

(i) Mortgage has been refinanced and assumes one year option has been exercised to extend the mortgage from 2017 to 2018.

(ii) Bridge loans have been repaid.

(iii) Assumes option has been exercised to extend the facility from 2018 to 2019.

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

Total secured liabilities are US$581.3 million (31 December 2014: US$873.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of US$1,839.8 million (31 December 2014: US$2,299.2 million). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 15 US$million	**Total interest bearing liabilities 31 Dec 15 US$million**	Committed financing facilities 31 Dec 14 US$million	Total interest bearing liabilities 31 Dec 14 US$million
(d)_Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	**2,223.9**	**2,223.9**	1,991.6	1,991.6
Finance leases	**7.0**	**7.0**	7.1	7.1
	2,230.9	**2,230.9**	1,998.7	1,998.7
Interest bearing liabilities - current	**4.7**	**4.7**	4.4	4.4
Interest bearing liabilities - non current	**2,226.2**	**2,226.2**	1,994.3	1,994.3
	2,230.9	**2,230.9**	1,998.7	1,998.7
(e)_Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2015	**–**	**–**	4.4	4.4
Year ending December 2016	**4.7**	**4.7**	4.6	4.6
Year ending December 2017	**222.5**	**222.5**	222.5	222.5
Year ending December 2018	**34.5**	**34.5**	34.5	34.5
Year ending December 2019	**559.6**	**559.6**	592.1	592.1
Year ending December 2020	**188.7**	**188.7**	188.7	188.7
Year ending December 2021	**3.3**	**3.3**	3.3	3.3
Year ending December 2022	**3.4**	**3.4**	3.4	3.4
Year ending December 2023	**501.5**	**501.5**	501.6	501.6
Year ending December 2024	**437.7**	**437.7**	437.7	437.7
Year ending December 2025	**269.4**	**269.4**	0.2	0.2
Due thereafter	**5.6**	**5.6**	5.7	5.7
	2,230.9	**2,230.9**	1,998.7	1,998.7

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 15 US$million**	**Total interest bearing liabilities (local currency) 31 Dec 15 US$million**	Committed financing facilities (local currency) 31 Dec 14 US$million	Total interest bearing liabilities (local currency) 31 Dec 14 US$million
(f)_Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage - San Francisco Emporium	11-Jan-17	**US$217.5**	**US$217.5**	US$217.5	US$217.5
Secured mortgage - Southgate [i]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage - Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage - Southcenter	11-Jan-20	**US$127.9**	**US$127.9**	US$129.8	US$129.8
Secured mortgage - Brandon	01-Mar-20	**US$72.0**	**US$72.0**	US$73.1	US$73.1
Secured mortgage - Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage - Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage - Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage - Citrus Park	01-Jun-23	**US$70.4**	**US$70.4**	US$71.7	US$71.7
Secured mortgage - Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage - Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage - Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage - Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage - Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage - Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	–	–
Secured mortgage - Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	–	–
Secured mortgage - Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	–	–
Total US$ equivalent of the above		**2,223.9**	**2,223.9**	1,991.6	1,991.6
Add:					
Finance leases		**7.0**	**7.0**	7.1	7.1
		2,230.9	**2,230.9**	1,998.7	1,998.7

[i] The first year option has been exercised to extend the loan from 2015 to 2016 during the period and assumes two one year options have been exercised to extend the loan from 2016 to 2018.

Total equity accounted secured liabilities are US$2,230.9 million (31 December 2014: US$1,998.7 million). The aggregate net asset value of equity accounted entities with secured borrowings is US$3,706.3 million (31 December 2014: US$3,356.1 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**3.0**	2.7
Other redeemable preference shares/units	(b)	**–**	–
		3.0	2.7
Non current			
Convertible redeemable preference shares/units	(a)	**95.8**	94.9
Other redeemable preference shares/units	(b)	**158.1**	137.0
		253.9	231.9
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current - within one year		**3.0**	2.7
Non current - after one year		**253.9**	231.9
		256.9	234.6

(a) Convertible redeemable preference shares/units

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

(i) As at 31 December 2015, the Jacobs Group holds 1,503,567 (31 December 2014: 1,508,382) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2015, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2014: 1,401,426). At any time after the earlier of (i) 21 July 2005, (ii) dissolution of the operating partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2015, 1,538,481 (31 December 2014: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

(v) As at 31 December 2015, 764,205 (31 December 2014: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

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

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

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 21 DERIVATIVE LIABILITIES

Current		
Payables on interest rate derivatives	–	0.5
	–	0.5
Non current		
Payables on interest rate derivatives	**19.1**	–
	19.1	–

The Group presents the fair value mark to market 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 2015, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$19.1 million are reduced by US$19.1 million to the net amount of nil (31 December 2014: derivative liabilities of US$0.5 million are reduced by US$0.5 million to the net amount of nil).

	Securities	Securities

NOTE 22 CONTRIBUTED EQUITY

(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

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

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

	31 Dec 15 US$million	31 Dec 14 US$million
(b) Amount of contributed equity		
of WCL	**869.7**	888.3
of WFDT and WAT	**10,571.0**	10,571.0
of the Group	**11,440.7**	11,459.3
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,459.3**	4,957.5
Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation	–	901.8
Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	–	5,613.5
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(18.6)**	(13.5)
Balance at the end of the year	**11,440.7**	11,459.3

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 23 RESERVES		
of WCL	**42.0**	(6.9)
of WFDT and WAT	**(408.6)**	(137.2)
of the Group	**(366.6)**	(144.1)
Total reserves of the Group		
Foreign currency translation reserve	**(401.3)**	(183.2)
Employee share plan benefits reserve	**34.7**	39.1
Balance at the end of the year	**(366.6)**	(144.1)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(183.2)**	36.5
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(218.1)**	(219.7)
Balance at the end of the year	**(401.3)**	(183.2)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**39.1**	3.2
– movement in equity settled share based payment	**(4.4)**	35.9
Balance at the end of the year	**34.7**	39.1
NOTE 24 RETAINED PROFITS		
of WCL	**760.2**	160.9
of WFDT and WAT	**(2,534.5)**	(3,742.3)
of the Group	**(1,774.3)**	(3,581.4)
Movement in retained profits		
Balance at the beginning of the year	**(3,581.4)**	(2,966.2)
Profit after tax for the period	**2,323.5**	(215.0)
Dividend/distribution paid	**(516.4)**	(553.7)
Amounts previously included in non controlling interest	**-**	153.5
Balance at the end of the year	**(1,774.3)**	(3,581.4)

	Note	**Number of rights 31 Dec 15**	**Weighted average exercise price US$ 31 Dec 15**	Number of rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14

NOTE 25 SHARE BASED PAYMENTS

(a) Rights over Westfield Corporation stapled securities

	Note	Number of rights 31 Dec 15	Weighted average exercise price US$ 31 Dec 15	Number of rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14
– Executive performance rights	(b)(i)	**7,971,200**	–	11,143,275	–
– Partnership incentive rights	(b)(ii)	**6,786,586**	–	6,226,538	–
		14,757,786	–	17,369,813	–

(b) Executive Performance Rights and Partnership Incentive Rights Plans

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

	Number of rights 31 Dec 15	Number of rights 31 Dec 14
Movement in Executive Performance Rights		
Balance at the beginning of the year	**11,143,275**	3,890,676
Rights transferred pursuant to the Restructure (i)	**–**	4,958,141
Adjustment to rights upon the establishment of Westfield Corporation (ii)	**–**	2,219,153
Rights transferred on employee relocation	**–**	196,886
Rights issued during the year	**2,723,604**	3,695,644
Rights exercised during the year	**(5,046,484)**	(3,639,501)
Rights forfeited during the year	**(849,195)**	(177,724)
Balance at the end of the year	**7,971,200**	11,143,275

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

Vesting profile	**Fair value granted US$million 31 Dec 15**	**Number of rights(i) 31 Dec 15**	Fair value granted US$million 31 Dec 14	Number of rights(i) 31 Dec 14
2015	**–**	**–**	20.2	4,641,240
2016	**15.9**	**4,101,771**	20.6	4,808,665
2017	**16.0**	**2,986,284**	4.5	962,500
2018	**3.5**	**803,982**	3.4	730,870
2019	**0.5**	**79,163**	–	–
	35.9	**7,971,200**	48.7	11,143,275

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

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

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

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

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

	Number of rights 31 Dec 15	Number of rights 31 Dec 14
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,226,538**	1,224,723
Rights transferred pursuant to the Restructure [(i)]	**–**	2,233,946
Adjustment to rights upon the establishment of Westfield Corporation [(ii)]	**–**	693,186
Rights issued during the year [(iii)]	**1,909,028**	2,139,186
Rights exercised during the year	**(1,100,979)**	–
Rights forfeited during the year	**(248,001)**	(64,503)
Balance at the end of the year	**6,786,586**	6,226,538

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

(iii) As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR Plan.

For 2015 the rights were issued subject to two performance hurdles: FFO measured over one year (2015) and development hurdle measured over four years. In 2015, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	**Fair value granted US$million 31 Dec 15**	**Number of rights[(i)] 31 Dec 15**	Fair value granted US$million 31 Dec 14	Number of rights[(i)] 31 Dec 14
2015	**–**	**–**	3.3	982,628
2016	**6.2**	**1,870,066**	7.5	1,986,961
2017	**8.1**	**2,036,809**	9.6	2,173,378
2018	**8.9**	**1,937,886**	4.7	1,083,571
2019	**5.0**	**941,825**	–	–
	28.2	**6,786,586**	25.1	6,226,538

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

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2015 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$22.9 million (31 December 2014: US$22.2 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 15	Number of award securities 31 Dec 14
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**1,203,506**	768,539
Awards transferred pursuant to the Restructure (i)	**–**	309,918
Adjustment to awards upon the establishment of Westfield Corporation (ii)	**–**	354,235
Awards exercised during the year	**(1,004,931)**	(96,184)
Awards lapsed during the year	**(198,575)**	(133,002)
Balance at the end of the year	**–**	1,203,506

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these awards which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these awards had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing awards issued under the United States Plans operated by the former Westfield Group were modified such that the value of the awards held by the Plan participants was maintained by adjusting the number of awards in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the awards relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of awards held by Plan participants prior to the adjustment occurring.

Vesting profile	**Cumulative value granted US$million 31 Dec 15**	**Number of award securities 31 Dec 15**	Cumulative value granted US$million 31 Dec 14	Number of award securities 31 Dec 14
2015	**–**	**–**	6.1	1,203,506
	–	**–**	6.1	1,203,506

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

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

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)
(c) Executive Deferred Award and Partnership Incentive Plans (continued)
(ii) The Partnership Incentive Plan (PIP Plan) - Cash settled

	Number of award securities 31 Dec 15	Number of award securities 31 Dec 14
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**829,338**	843,331
Awards transferred pursuant to the Restructure (i)	**–**	1,482,257
Adjustment to awards upon the establishment of Westfield Corporation (ii)	**–**	444,385
Awards exercised during the year	**(810,272)**	(1,894,569)
Awards lapsed during the year	**(19,066)**	(46,066)
Balance at the end of the year	**–**	829,338

(i) Following implementation of the Restructure on 30 June 2014, the number of awards that were issued under the Australian and United Kingdom versions of the Westfield Group Plans that relate to securities in Westfield Corporation were transferred from Scentre Group. These awards have been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, existing awards in the United States versions of the Westfield Group Plans had been modified such that the value of the awards held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities.

The awards over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the awards on issue in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security.

The value of awards adjusted immediately before the transaction was the same as the value of awards immediately after the transaction.

Vesting profile	**Cumulative value granted US$million 31 Dec 15**	**Number of award securities 31 Dec 15**	Cumulative value granted US$million 31 Dec 14	Number of award securities 31 Dec 14
2015	**–**	**–**	4.2	829,338
	–	**–**	4.2	829,338

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

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

Accounting for cash settled Share Based Payments

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

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

During the year, US$1.5 million (31 December 2014: US$3.8 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 15 US cents	31 Dec 14 US cents

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

Basic earnings per stapled security attributable to members of Westfield Corporation	**111.81**	(11.63)
Diluted earnings per stapled security attributable to members of Westfield Corporation	**110.68**	(11.63)

(b) Income and security data

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

	31 Dec 15 US$million	31 Dec 14 US$million
Earnings used in calculating basic earnings per stapled security	**2,323.5**	(215.0)
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per stapled security	**2,323.5**	(215.0)

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security	**2,078,089,686**	2,078,089,686
Adjustment for the acquisition of the United Kingdom operations as a result of the Restructure implemented on 30 June 2014	**–**	(229,676,886)
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security (i)	**2,078,089,686**	1,848,412,800
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security (ii)	**2,078,089,686**	1,848,412,800
Weighted average of potential employee awards scheme security options which, if issued would be dilutive (iii)	**21,235,219**	20,698,363
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security (iv)	**2,099,324,905**	1,869,111,163

(i) The weighted average number of ordinary securities used in calculating basic earnings per stapled security has been adjusted for the acquisition of the United Kingdom operations which occurred on 30 June 2014.

(ii) 2,078.1 million (31 December 2014: 1,848.4 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(iii) At 31 December 2015, 14,757,786 actual employee award scheme security options were on hand (31 December 2014: 17,369,813).

(iv) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 6,477,433 (31 December 2014: 3,328,550).

(c) Conversions, calls, subscription or issues after 31 December 2015

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

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 27 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2015		
– to be paid on 29 February 2016		
WFDT: 0.10 US cents per unit, 54% estimated tax deferred	**2.1**	–
WAT: 12.45 US cents per unit, 10% estimated tax deferred	**258.7**	–
Dividend/distribution in respect of the 6 months to 31 December 2014		
WFDT: 8.66 US cents per unit, 92% tax deferred (includes 8% CGT concession amount)	**–**	180.0
WAT: 3.64 US cents per unit, 3% tax deferred	**–**	75.6
	260.8	255.6

Interim dividend/distributions of 12.55 US cents were paid on 31 August 2015. Final dividend/distributions will be paid on 29 February 2016. The record date for the final dividends/distributions was 5pm, 15 February 2016. No distribution reinvestment plan is operational for the distribution.

	31 Dec 15 US$million	31 Dec 14 US$million
(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2015		
WFDT: 3.55 US cents per unit, 54% estimated tax deferred	**73.8**	–
WAT: 9.00 US cents per unit, 10% estimated tax deferred	**187.0**	–
Dividend/distribution in respect of the 6 months to 30 June 2014		
WAT: 19.63 US cents (21.00 A$ cents) per unit, 3% tax deferred	**–**	408.0
	260.8	408.0

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

	31 Dec 15 US$million	31 Dec 14 US$million
(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**2.7**	0.2
Franking credits available for future distributions	**2.7**	0.2

	31 Dec 15 US$	31 Dec 14 US$
NOTE 28 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**4.48**	3.72

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2014: 2,078,089,686).

	US$million	US$million
NOTE 29 LEASE COMMITMENTS		
The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.		
Operating lease receivables		
Substantially all of the property owned and leased by the Group is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.		
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**607.2**	694.2
Due between one and five years	**1,859.0**	2,099.8
Due after five years	**1,635.3**	1,860.7
	4,101.5	4,654.7

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 any recovery of outgoings.

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 30 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

	31 Dec 15 US$million	31 Dec 14 US$million
Due within one year	**675.2**	405.2
Due between one and five years	**1,058.4**	328.3
Due after five years	**–**	–
	1,733.6	733.5

NOTE 31 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

	31 Dec 15 US$million	31 Dec 14 US$million
Performance guarantees	**127.5**	121.0
	127.5	121.0

A member of Westfield Corporation has guaranteed the A$1,154.9 million (31 December 2014: A$1,409.1 million) Property Linked Notes issued by Scentre Group. However, under the Implementation Deed in relation to the Restructure and Merger, Westfield Corporation has the benefit of an indemnity from Scentre Group in the event liability under the guarantee arises.

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

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

NOTE 32 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 33 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 34 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	19	**3.6**	123.4
Non current interest bearing liabilities	19	**5,267.8**	5,306.8
Share of equity accounted entities interest bearing liabilities	19(d)	**2,230.9**	1,998.7
Cross currency swaps			
– £461.1 million (31 December 2014: £90.0 million)	35 (i)(ii)	**679.5**	140.4
Principal amounts subject to interest rate payable exposure		**8,181.8**	7,569.3
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$nil (31 December 2014: A$210.8 million)	35(ii)	**–**	172.9
– US$700.0 million (31 December 2014: nil)	35(i)	**700.0**	–
Cash	11(a)	**1,106.8**	308.6
Share of equity accounted entities cash	15(c)	**100.0**	92.4
Principal amounts subject to interest rate receivable exposure		**1,906.8**	573.9
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**6,275.0**	6,995.4

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £375.0 million (31 December 2014: £375.0 million)	34(ii)	**552.6**	585.2
– US$	34(ii)	**6,603.6**	5,751.6
Fixed rate derivatives			
– £461.1 million (31 December 2014: nil)	34(ii)	**679.5**	–
– US$	34(ii)	**–**	2,750.0
Interest rate options			
– US$	34(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**7,864.2**	9,115.3
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	34(ii)	**3,950.0**	3,250.0
– A$nil (31 December 2014: A$200.0 million)	34(ii)	**–**	164.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,950.0**	3,414.0
Principal amounts on which net interest rate payable exposure has been hedged		**3,914.2**	5,701.3

At 31 December 2015, the Group has hedged 62% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 38% is exposed to floating rates on a principal payable of US$2.360.8 million, at an average interest rate of 2.4%, including margin (31 December 2014: 81% hedged with floating exposure of US$1,294.1 million at an average rate of 1.2%). Changes to derivatives due to interest rate movements are set out in Notes 34(ii) and 34(iii).

Interest rate sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$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%	47.2	25.9
	-1.0%	23.6	12.9
	-0.5%	11.8	6.5
	0.5%	(11.8)	(6.5)
	1.0%	(23.6)	(12.9)
	2.0%	(47.2)	(25.9)

NOTE 34 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 and contracted rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average rate**	**31 Dec 15 Principal amount million**	**31 Dec 15 Average rate including margin**	31 Dec 14 Notional principal amount million	31 Dec 14 Average rate	31 Dec 14 Principal amount million	31 Dec 14 Average rate including margin
US$ payable								
31 December 2014	**–**	**–**	**–**	**–**	US$(2,750.0)	1.80%	US$(5,751.6)	3.76%
31 December 2015	**–**	**–**	**US$(6,603.6)**	**3.61%**	–	–	US$(5,626.3)	3.74%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(6,596.0)**	**3.61%**	US$(1,350.0)	1.39%	US$(5,468.7)	3.70%
31 December 2017	**–**	**–**	**US$(5,620.3)**	**3.76%**	–	–	US$(4,493.2)	3.92%
31 December 2018	**–**	**–**	**US$(5,610.9)**	**3.76%**	–	–	US$(4,484.3)	3.93%
31 December 2019	**–**	**–**	**US$(4,350.3)**	**4.06%**	–	–	US$(3,223.8)	4.42%
31 December 2020	**–**	**–**	**US$(2,989.6)**	**4.00%**	–	–	US$(2,861.1)	4.05%
31 December 2021	**–**	**–**	**US$(2,986.4)**	**4.00%**	–	–	US$(2,858.0)	4.05%
31 December 2022	**–**	**–**	**US$(2,708.1)**	**3.98%**	–	–	US$(2,439.7)	4.03%
31 December 2023	**–**	**–**	**US$(2,206.7)**	**4.00%**	–	–	US$(1,937.5)	4.02%
31 December 2024	**–**	**–**	**US$(769.2)**	**4.42%**	–	–	US$(500.0)	4.75%
31 December 2025-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
£ payable								
31 December 2014	**–**	**–**	**–**	**–**	–	–	£(375.0)	2.69%
31 December 2015	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2016	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2017	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2018	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2019	**£(461.1)**	**3.26%**	**–**	**–**	–	–	–	–
A$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	A$200.0	6.77%	–	–
US$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2015	**US$3,950.0**	**2.89%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2016	**US$3,950.0**	**2.89%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2017	**US$1,200.0**	**3.43%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2018	**US$1,200.0**	**3.43%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2019	**US$1,200.0**	**3.43%**	**–**	**–**	US$500.0	3.69%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment, refer to Note 33. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a receivable of US$92.6 million (31 December 2014: US$162.6 million). The change in fair value for the year ended 31 December 2015 was US$70.0 million (31 December 2014: US$40.9 million).

Interest rate sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$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%	**154.8**	160.9
	-1.0%	**75.6**	78.8
	-0.5%	**37.2**	38.9
	0.5%	**(36.3)**	(38.0)
	1.0%	**(71.5)**	(75.5)
	2.0%	**(140.2)**	(148.0)

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

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

Interest rate options contracted as at the reporting date and outstanding at	**Interest rate options** 31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rates	Interest rate options 31 Dec 14 Notional principal amount million	31 Dec 14 Average strike rate
US$ payable caps				
31 December 2014	**–**	**–**	US$(28.5)	3.50%
31 December 2015 [i]	**US$(28.5)**	**3.50%**	US$(675.0)	0.56%

[i] US$675.0 million of caps have been lapsed during the period.

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a payable of US$2,004 (31 December 2014: US$0.1 million). The change in fair value for the year ended 31 December 2015 was US$0.1 million (31 December 2014: US$0.1 million).

Fair value sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**0.0**	(0.6)
	-1.0%	**0.0**	(0.6)
	-0.5%	**0.0**	(0.6)
	0.5%	**0.0**	2.0
	1.0%	**0.0**	4.6
	2.0%	**0.0**	10.0

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 15 million	31 Dec 14 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,196.5**	£2,788.5
£ borrowings	**£(375.0)**	£(934.6)
£ cross currency swaps	**£(461.1)**	–
£ denominated net assets	**£2,360.4**	£1,853.9
Euro		
€ net assets	**€140.8**	€90.3
€ borrowings	**€(138.0)**	€(82.5)
€ denominated net assets	**€2.8**	€7.8
Australian Dollar		
A$ net assets	**A$(68.9)**	A$(32.0)
A$ denominated net assets	**A$(68.9)**	A$(32.0)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

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

Foreign currency sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.6786 rate (31 December 2014: 0.6409) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,453.7**	1,312.4
	- 10 pence	**601.2**	534.9
	- 5 pence	**276.7**	244.8
	+ 5 pence	**(238.7)**	(209.4)
	+ 10 pence	**(446.8)**	(390.5)
	+ 20 pence	**(791.9)**	(688.1)
The sensitivity of € denominated net assets to changes in the year end US$/€0.9205 rate (31 December 2014: 0.8230) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**0.8**	3.0
	- 10 cents	**0.4**	1.3
	- 5 cents	**0.2**	0.6
	+ 5 cents	**(0.2)**	(0.5)
	+ 10 cents	**(0.3)**	(1.0)
	+ 20 cents	**(0.5)**	(1.8)
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.3725 rate (31 December 2014: 1.2195) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(8.6)**	(5.1)
	- 10 cents	**(3.9)**	(2.3)
	- 5 cents	**(1.9)**	(1.1)
	+ 5 cents	**1.8**	1.0
	+ 10 cents	**3.4**	2.0
	+ 20 cents	**6.4**	3.7

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

The following table details the cross currency swaps outstanding at reporting date. These contracts are accounted for as effective 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 15	31 Dec 14	Amount receivable/(payable) 31 Dec 15 million	31 Dec 15 million	31 Dec 14 million	31 Dec 14 million
£						
Contracts to buy US$ [i] and sell £						
31 December 2015	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2016	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2017	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2018	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2019	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–

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

The pay £ exposure is an effective net investment hedge and gains or losses are recorded directly in the foreign currency translation reserve. At 31 December 2015, the aggregate fair value is a receivable of US$20.1 million (31 December 2014: nil). The change in fair value for the year ended 31 December 2015 was US$20.1 million (31 December 2014: nil).

Foreign currency sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.6786 rate (31 December 2014: 0.6409) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	– 20 pence	**(284.0)**	–
	– 10 pence	**(117.5)**	–
	– 5 pence	**(54.1)**	–
	+ 5 pence	**46.6**	–
	+ 10 pence	**87.3**	–
	+ 20 pence	**154.7**	–

(ii) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows

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

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

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 15	31 Dec 14	Amount receivable/(payable) 31 Dec 15 million	31 Dec 15 million	31 Dec 14 million	31 Dec 14 million
£						
Contracts to receive A$ and pay £						
31 December 2014	–	0.4270	–	–	A$210.8	£(90.0)

At 31 December 2015, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2015, the aggregate fair value is nil (31 December 2014: a receivable of US$1.7 million). The change in fair value for the year ended 31 December 2015 was US$1.7 million (31 December 2014: US$6.4 million).

Foreign currency sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US$/A$1.3725 rate (31 December 2014: 1.2195) is as follows:	US$/A$ Currency movement	Gain/(loss) to income statement	
	- 20 cents	–	0.4
	- 10 cents	–	0.2
	- 5 cents	–	0.1
	+ 5 cents	–	(0.1)
	+ 10 cents	–	(0.2)
	+ 20 cents	–	(0.3)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows (Continued)

Foreign currency sensitivity (continued)		31 Dec 15 US$million	31 Dec 14 US$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US$/£0.6786 rate (31 December 2014: 0.6409) is as follows:	US$/£ Currency movement	Gain/(loss) to income statement	
	- 20 pence	–	(0.2)
	- 10 pence	–	(0.1)
	- 5 pence	–	–
	+ 5 pence	–	–
	+ 10 pence	–	0.1
	+ 20 pence	–	0.1

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2015, the aggregate credit risk in respect of cash and cash equivalents is US$1,206.8 million (31 December 2014: US$401.0 million).

At 31 December 2015, the aggregate credit risk in respect of derivative financial instruments is US$112.7 million (31 December 2014: US$165.0 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 49% (31 December 2014: 58%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

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

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

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

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

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

At and during the years ended 31 December 2015 and 2014, the Group was in compliance with all the above financial covenants.

NOT 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 15 US$million	31 Dec 14 US$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(167.8)**	(280.6)
Due between one and five years	**(4,012.3)**	(3,712.8)
Due after five years	**(2,493.9)**	(2,912.1)
	(6,674.0)	(6,905.5)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(5,271.4)**	(5,430.2)
– aggregate future estimated nominal interest	**(1,402.6)**	(1,475.3)
	(6,674.0)	(6,905.5)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**61.8**	88.3
Due between one and five years	**97.5**	149.2
Due after five years	**–**	2.0
	159.3	239.5

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 15 US$million	31 Dec 14 US$million	31 Dec 15 US$million	31 Dec 14 US$million
Consolidated assets				
Cash	**1,106.8**	308.6	**1,106.8**	308.6
Trade receivables (i)	**14.2**	17.2	**14.2**	17.2
Receivables (i)	**445.0**	233.9	**445.0**	233.9
Other property investments (ii)	**337.4**	257.9	**337.4**	257.9
Derivative assets (ii)	**131.8**	165.0	**131.8**	165.0
Consolidated liabilities				
Payables (i)	**914.4**	1,069.3	**914.4**	1,069.3
Interest bearing liabilities (ii)				
– Fixed rate debt	**4,988.0**	4,484.5	**4,960.8**	4,373.7
– Floating rate debt	**315.2**	1,056.5	**310.6**	1,056.5
Other financial liabilities (ii)	**256.9**	234.6	**256.9**	234.6
Derivative liabilities (ii)	**19.1**	0.5	**19.1**	0.5

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

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Determination of fair value

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

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 15 US$million	**Level 1 US$million**	**Level 2 US$million**	**Level 3 US$million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**69.0**	69.0	–	–
– Unlisted investments	**268.4**	–	–	268.4
Derivative assets				
– Interest rate derivatives	**111.7**	–	111.7	–
– currency derivatives	**20.1**	–	20.1	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**4,988.0**	–	4,988.0	–
– Floating rate debt	**315.2**	–	315.2	–
Other financial liabilities				
– Redeemable preference shares/units	**256.9**	–	–	256.9
Derivative liabilities				
– Interest rate derivatives	**19.1**	–	19.1	–

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

	31 Dec 14 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	143.2	143.2	–	–
– Unlisted investments	114.7	–	–	114.7
Derivative assets				
– Interest rate derivatives	165.0	–	165.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,484.5	–	4,484.5	–
– Floating rate debt	1,056.5	–	1,056.5	–
Other financial liabilities				
– Redeemable preference shares/units	234.6	–	–	234.6
Derivative liabilities				
– Interest rate derivatives	0.5	–	0.5	–

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

	Unlisted investments(i) 31 Dec 15 US$million	**Redeemable preference shares/units(ii) 31 Dec 15 US$million**	Unlisted investments(i) 31 Dec 14 US$million	Redeemable preference shares/units(ii) 31 Dec 14 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**114.7**	**234.6**	101.6	347.6
Additions	**114.9**	**–**	15.6	–
Disposals	**–**	**(7.7)**	(0.5)	(160.4)
Elimination upon consolidation as a result of the Restructure	**–**	**–**	(2.0)	–
Net fair value gain/loss to income statement	**38.8**	**30.0**	–	47.4
Balance at the end of the year	**268.4**	**256.9**	114.7	234.6

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

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2015, an increment of 1% to the earnings yield would result in an additional gain of US$41.8 million (31 December 2014: US$37.4 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$64.0 million (31 December 2014: US$57.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 40 PARENT COMPANY

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

	31 Dec 15 US$million	31 Dec 14 US$million
(a) Assets		
Current assets	**43.3**	5.3
Non current assets	**1,407.1**	1,409.6
Total assets	**1,450.4**	1,414.9
(b) Liabilities		
Current liabilities	**447.6**	372.8
Non current liabilities	**32.0**	–
Total liabilities	**479.6**	372.8
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**(238.5)**	(134.2)
Retained profits	**340.0**	307.0
Total equity	**970.8**	1,042.1
(d) Comprehensive income		
Profit/(loss) after tax for the period	**33.0**	307.0
Other comprehensive income	**(104.3)**	(134.2)
Total comprehensive income for the period	**(71.3)**	172.8
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**4,649.9**	4,523.3
	4,649.9	4,523.3

NOTE 41 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2015, WFDT held current assets of US$2.9 billion, non current assets of US$2.1 billion and liabilities of US$0.3 billion (31 December 2014: current assets of US$3.4 billion, non current assets of US$1.8 billion and liabilities of nil).

As at 31 December 2015, the total equity held by WFDT was US$4.7 billion (31 December 2014: US$5.2 billion).

The profit after tax for the period was US$360.3 million and total comprehensive loss was US$221.0 million. The revenue for the period was US$83.3 million (31 December 2014: profit after tax of US$258.9 million and total comprehensive loss of US$474.9 million and revenue of US$1.0 million).

Westfield America Trust

As at 31 December 2015, WAT held current assets of US$1.4 billion, non current assets of US$11.8 billion, current liabilities of US$2.7 billion and non current liabilities of US$7.3 billion (31 December 2014: current assets of US$0.9 billion, non current assets of US$12.2 billion, current liabilities of US$3.3 billion and non current liabilities of US$8.4 billion).

As at 31 December 2015, the total equity held by WAT was US$3.2 billion (31 December 2014: US$1.4 billion).

The profit after tax for the period was US$1,875.2 million and total comprehensive income was US$2,103.4 million. The revenue for the period was US$578.4 million (31 December 2014: loss after tax of US$592.8 million and total comprehensive loss of US$265.6 million and revenue of US$693.0 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 15 US$'000	31 Dec 14 US$'000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,336**	1,284
– Assurance and compliance services	**117**	334
– Technical accounting advice and services	**789**	59
– Due diligence services	**–**	451
	2,242	2,128
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,337**	2,650
– Assurance and compliance services	**132**	303
– Taxation advice and compliance	**310**	169
– Technical accounting advice and services	**827**	–
	4,606	3,122
	6,848	5,250

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

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

Other Related Parties

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

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

Prior to the Restructure and Merger implemented on 30 June 2014, detailed in Note 1(b), Scentre Group was a related party of the Group as it formed part of the former Westfield Group during the 2014 financial year. Scentre Group is not a related party of the Group for the 2015 financial year.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

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

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 37.8 hours (for the six months ended 31 December 2014: 12.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the use of the Group's aircraft by LFG and use of LFG's aircraft by the Group. These arrangements, including rates, are at arm's length. The Group charged LFG US$1,341,419 during the year ended 31 December 2015 (for the six months ended 31 December 2014: US$274,124) in relation to their use of the Group's aircraft in excess of the interchange agreement. Amounts charged were payable on 7 day terms.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG US$819,038 (for the six months ended 31 December 2014: US$481,390) in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, the Group charged LFG US$1,028,197 (for the six months ended 31 December 2014: US$483,388) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2015 US$**	2014 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute US$7,477 (for the six months ended 31 December 2014 US$7,468) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2015.

(c) Scentre Group

Following the Restructure on 30 June 2014, the Group has the following ongoing contractual arrangements with Scentre Group:

– Scentre Group will have an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;

– Scentre Group will have access to the digital innovation activities of Westfield Labs; and

– Scentre Group will provide transitional services to the Group while both entities develop standalone resources and support services.

Transactions with Scentre Group for the six months ended 31 December 2014 are as follows:

(i) Access to the digital innovation activities of Westfield Labs (LABS)

For the six month period to December 2014, the Group charged Scentre Group US$4.5 million (A$5.5 million) for access to LABS digital services.

(ii) Provision of transitional services by Scentre Group

For the six months ended 31 December 2014, Scentre Group charged the Group US$5.5 million for transitional services.

For the six months ended 31 December 2014, the Group charged Scentre Group US$0.3 million for the provision of corporate services.

NOTE 43 RELATED PARTY DISCLOSURES (CONTINUED)

(iii) Other

For the six months ended 31 December 2014, Scentre Group charged to the Group US$0.6 million for the lease of office space.

As at 31 December 2014, amount payable and receivable by the Group to Scentre Group amounted to US$0.5 million and US$4.5 million, respectively.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2015 to 31 December 2015 are set out below:

– Frank Lowy	Chairman
– Brian Schwartz	Deputy Chairman / Lead Independent Director
– Ilana Atlas	Non-Executive Director
– Roy Furman	Non-Executive Director
– Peter Goldsmith	Non-Executive Director
– Michael Gutman	President / Chief Operating Officer
– Mark G. Johnson	Non-Executive Director
– Mark R. Johnson	Non-Executive Director
– Don Kingsborough	Non-Executive Director
– Peter Lowy	Co-Chief Executive Officer
– Steven Lowy	Co-Chief Executive Officer
– John McFarlane	Non-Executive Director
– Elliott Rusanow	Chief Financial Officer
– Judith Sloan (retired 14 May 2015)	Non-Executive Director

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2015 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits[i] US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments[ii] US$	US$
KEY MANAGEMENT PERSONNEL - DIRECTORS							
31 December 2015	**8,614,751**	**6,380,000**	**139,787**	**318,300**	**93,411**	**8,529,027**	**24,075,276**
31 December 2014 [iii]	4,026,116	4,290,452	76,659	98,904	40,352	6,443,974	14,976,457
KEY MANAGEMENT PERSONNEL - NON DIRECTORS							
31 December 2015	**980,000**	**815,000**	**–**	**27,869**	**–**	**904,531**	**2,727,400**
31 December 2014 [iii]	845,690	778,925	–	37,813	–	1,756,592	3,419,020
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2015	**9,594,751**	**7,195,000**	**139,787**	**346,169**	**93,411**	**9,433,558**	**26,802,676**
31 December 2014 [iii]	4,871,806	5,069,377	76,659	136,717	40,352	8,200,566	18,395,477

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(iii) As the first result of the new Group only included six months of operations, the renumeration disclosed also included six months. The renumeration covering the period from 1 January to 30 June 2014 was incurred by the former Westfield Group and that portion is disclosed in the Financial Report of the Scentre Group.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 15 - Interest Beneficial[(i)] Parent Company %	31 Dec 15 - Interest Westfield Corporation %	31 Dec 15 - Interest Consolidated or Equity accounted %	31 Dec 14 - Interest Beneficial[(i)] Parent Company %	31 Dec 14 - Interest Westfield Corporation %	31 Dec 14 - Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN IRELAND						
Consolidated Controlled Entities						
Westfield Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Europe Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
WCI Finance, LLC	17.4	100.0	100.0	17.4	100.0	100.0
WEA Finance, LLC	17.0	100.0	100.0	17.0	100.0	100.0
Westfield, LLC	17.0	100.0	100.0	17.0	100.0	100.0
Westfield America, LP	17.0	100.0	100.0	17.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

D. WAT Consolidated Financial Statements 2017

Westfield

Westfield America Trust
Annual Financial Report
31 December 2017

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Revenue			
Property revenue	3	**487.0**	379.9
Property development and project management revenue		**44.0**	89.5
Property management income		**46.2**	44.2
		577.2	513.6
Share of after tax profits of equity accounted entities			
Property revenue		**557.9**	559.3
Property revaluations		**144.8**	312.5
Property expenses, outgoings and other costs		**(191.9)**	(184.5)
Net interest expense		**(46.7)**	(63.2)
Tax expense		**(0.4)**	(0.3)
	11(a)	**463.7**	623.8
Expenses			
Property expenses, outgoings and other costs		**(246.1)**	(180.9)
Property development and project management costs		**(38.8)**	(76.3)
Property management costs		**(18.3)**	(18.6)
Overheads		**(76.0)**	(83.5)
		(379.2)	(359.3)
Interest income		**12.8**	22.6
Currency gain/(loss)	4	**(2.8)**	3.9
Financing costs	6	**(217.9)**	(64.0)
Gain in respect of capital transactions			
– asset dispositions	5	**4.1**	12.5
Property revaluations		**452.0**	508.0
Profit before tax for the period		**909.9**	1,261.1
Tax credit/(expense)	7	**90.9**	(207.5)
Profit after tax for the period		**1,000.8**	1,053.6
Profit after tax for the period attributable to:			
– Members of the Westfield America Trust (WAT)		**935.3**	965.7
– Non controlling interests		**65.5**	87.9
Profit after tax for the period		**1,000.8**	1,053.6
		cents	cents
Basic earnings per unit	8(a)	**45.01**	46.47
Diluted earnings per unit	8(a)	**44.81**	45.64

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 17 $million	31 Dec 16 $million
Profit after tax for the period	**1,000.8**	1,053.6
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Net exchange difference on translation of foreign operations	**(102.8)**	1.9
Total comprehensive income for the period	**898.0**	1,055.5
Total comprehensive income attributable to:		
– Members of WAT	**832.5**	967.6
– Non controlling interests	**65.5**	87.9
Total comprehensive income for the period	**898.0**	1,055.5

[(i)] These items may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Current assets			
Cash and cash equivalents	22(a)	**107.9**	98.2
Trade debtors		**35.5**	22.5
Derivative assets	9	**–**	25.7
Receivables		**39.6**	95.6
Inventories		**6.7**	2.9
Other		**22.9**	26.6
Total current assets		**212.6**	271.5
Non current assets			
Investment properties	10	**7,041.7**	5,982.7
Equity accounted investments	11(c)	**7,480.1**	6,906.1
Other property investments	12	**438.1**	470.3
Derivative assets	9	**16.3**	29.6
Receivables		**207.4**	206.3
Plant and equipment	13	**94.8**	81.8
Other		**16.2**	30.6
Total non current assets		**15,294.6**	13,707.4
Total assets		**15,507.2**	13,978.9
Current liabilities			
Trade creditors		**41.5**	23.9
Payables and other creditors	14	**1,449.3**	1,764.8
Interest bearing liabilities	15	**193.9**	628.3
Other financial liabilities	16	**2.6**	2.8
Tax payable		**4.9**	4.7
Derivative liabilities	17	**–**	2.5
Total current liabilities		**1,692.2**	2,427.0
Non current liabilities			
Payables and other creditors	14	**79.3**	104.1
Interest bearing liabilities	15	**6,446.9**	4,575.4
Other financial liabilities	16	**1,383.2**	1,334.3
Deferred tax liabilities	7(b)	**1,673.2**	1,768.6
Total non current liabilities		**9,582.6**	7,782.4
Total liabilities		**11,274.8**	10,209.4
Net assets		**4,232.4**	3,769.5
Equity attributable to members of WAT			
Contributed equity	18(b)	**4,957.5**	4,957.5
Reserves	20	**496.5**	597.6
Accumulated losses	21	**(1,536.5)**	(2,038.5)
Total equity attributable to members of WAT		**3,917.5**	3,516.6
Equity attributable to non controlling interests			
Contributed equity		**228.1**	228.1
Retained profits		**86.8**	24.8
Total equity attributable to non controlling interests		**314.9**	252.9
Total equity		**4,232.4**	3,769.5

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Comprehensive Income 31 Dec 17 $million	Equity and Reserves 31 Dec 17 $million	**Total 31 Dec 17 $million**	Total 31 Dec 16 $million
Changes in equity attributable to members of WAT				
Opening balance of contributed equity	–	4,957.5	**4,957.5**	4,957.5
– Movement in contributed equity	–	–	**–**	–
Closing balance of contributed equity	–	4,957.5	**4,957.5**	4,957.5
Opening balance of reserves	–	597.6	**597.6**	596.2
– Movement in foreign currency translation reserve (i) (ii)	(102.8)	–	**(102.8)**	1.9
– Movement in employee share plan benefits reserve (i)	–	1.7	**1.7**	(0.5)
Closing balance of reserves	(102.8)	599.3	**496.5**	597.6
Opening balance of accumulated losses	–	(2,038.5)	**(2,038.5)**	(2,509.6)
– Profit after tax for the period (ii)	935.3	–	**935.3**	965.7
– Distributions paid	–	(433.3)	**(433.3)**	(494.6)
Closing balance of accumulated losses	935.3	(2,471.8)	**(1,536.5)**	(2,038.5)
Closing balance of equity attributable to members of WAT	832.5	3,085.0	**3,917.5**	3,516.6
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	252.9	**252.9**	172.3
Total comprehensive income attributable to non controlling interests (ii)	65.5	–	**65.5**	87.9
Dividends paid or provided for	–	(3.5)	**(3.5)**	(7.3)
Closing balance of equity attributable to non controlling interests	65.5	249.4	**314.9**	252.9
Total equity	898.0	3,334.4	**4,232.4**	3,769.5

(i) Movement in reserves attributable to members of WAT consists of the net exchange loss on translation of foreign operations of $102.8 million (31 December 2016: gain of $1.9 million) and net credit to the employee share plan benefits reserve of $1.7 million (31 December 2016: net debit of $0.5 million).

(ii) Total comprehensive income for the period amounts to a gain of $898.0 million (31 December 2016: gain of $1,055.5 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Cash flows from operating activities			
Receipts in the course of operations		**545.6**	502.0
Payments in the course of operations		**(350.2)**	(325.0)
Dividends/distributions received from equity accounted associates		**250.0**	262.3
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(105.5)**	(34.7)
Interest received		**10.3**	19.6
Income and withholding taxes paid		**(5.1)**	(35.7)
Net cash flows from operating activities	22(b)	**345.1**	388.5
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated		**(448.0)**	(687.1)
Capital expenditure on property investments and plant and equipment – equity accounted		**(344.2)**	(277.5)
Acquisition of property investments – consolidated		**(8.0)**	(12.4)
Acquisition of property investments – equity accounted		**(98.5)**	(14.7)
Proceeds from the disposition of property investments and plant and equipment – consolidated		**9.3**	21.2
Tax paid on disposition of property investments		**–**	(4.7)
Financing costs capitalised to qualifying development projects and construction in progress		**(60.3)**	(89.6)
Net cash flows used in investing activities		**(949.7)**	(1,064.8)
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**421.7**	527.2
Loans received from related entities		**627.9**	74.8
Distributions paid		**(433.3)**	(494.6)
Dividends/distributions paid by controlled entities to non controlling interests		**(2.4)**	(18.9)
Net cash flows from financing activities		**613.9**	88.5
Net increase in cash and cash equivalents held		**9.3**	(587.8)
Add opening cash and cash equivalents brought forward		**98.2**	688.0
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**0.4**	(2.0)
Cash and cash equivalents at the end of the period	22(a)	**107.9**	98.2

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2017 was approved on 13 March 2018 in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT (Responsible Entity).

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

(b) Proposed acquisition of Westfield Corporation

On 12 December 2017, Unibail-Rodamco SE (Unibail-Rodamco) and Westfield Corporation announced that Unibail-Rodamco has entered into an agreement to acquire Westfield Corporation (comprising Westfield Corporation Limited, Westfield America Trust and WFD Trust) to create the world's premier developer and operator of flagship shopping destinations. The proposed transaction has been unanimously recommended by Westfield Corporation's Board of Directors and Unibail-Rodamco's Supervisory Board. Refer to the Directors' Report of the Westfield Corporation's 2017 Annual Financial Report for full details of the proposed transaction.

(c) 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 used in the annual financial report for the year ended 31 December 2016 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2017.

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112);
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107; and
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2017. The impact of these new standards (to the extent relevant to the Group) and interpretations are as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.
- AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group has assessed the impact of the adoption of this standard. It is not expected to have a significant impact on the amounts recognised in these financial statements.
- AASB 16 Leases (effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018);
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments (effective from 1 January 2018);
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4 (effective from 1 January 2018);
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018);
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation (effective from 1 January 2019);
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019);
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective from 1 January 2019);
- AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards (effective from 1 January 2019); and
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2022.

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.

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

(e) 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 10: Investment properties and Note 34: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Listed Property Trust Units

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFDT) and WAT. The securities trade as one security on the Australian Securities Exchange under the code WFD. The stapling transaction is referred to as the Restructure and Merger.

(b) Consolidation and classification

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

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Non controlling interests represent the portion of profit or loss and net assets of Westfield America, Inc (WEA) that are not wholly-owned by the Group and held by WCL entities. The non controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the entity concept method, whereby, the transaction is treated as a transaction with other equity shareholders.

i) Joint arrangements

Joint ventures

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

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

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

i) Shopping centre investments

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

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties together with related shopping centre leasing costs 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 also includes components relating to lease incentives and receivables on rental income that have been recorded on a straight line basis.

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

The 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.

ii) Development projects and construction in progress

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

Refer to Note 10 for further details on investment properties.

(d) Other property investments

Unlisted investments

Unlisted investments are designated as assets held at fair value through the income statement. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to market value of similar investments.

(e) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency of WAT and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is US dollars. The presentation currency of WAT, its Australian subsidiaries and the United States entities is US dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

Foreign currency transactions are converted to US dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to US 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (continued)

iii) Translation of accounts of foreign operations

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

(f) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(g) Taxation

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

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

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

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

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States.

(h) Financing costs

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

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

(i) Inventories and work in progress

Property development properties held for third party projects are carried at the lower of cost or net realisable value. The gross amount of work in progress consists of costs attributable to work performed, including property development profit. Work in progress is presented as part of inventories for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented in payables and other creditors. Profit on property development is recognised on a percentage complete basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for any losses, if any, anticipated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Contributed equity

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

(k) Derivative and other financial instruments

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.

ii) Financial liabilities

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

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

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

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

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 29 for further details on derivatives.

(l) Earnings per unit

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

(m) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	**507.1**	400.4
Amortisation of leasing incentives and related leasing costs	**(20.1)**	(20.5)
	487.0	379.9
NOTE 4 CURRENCY GAIN/(LOSS)		
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	**(2.8)**	3.9
	(2.8)	3.9
NOTE 5 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS		
Asset dispositions		
– proceeds from asset dispositions	**4.9**	21.2
– less: carrying value of assets disposed and other capital costs	**(0.8)**	(8.7)
Gain in respect of asset dispositions	**4.1**	12.5
NOTE 6 FINANCING COSTS		
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)	**(153.8)**	(88.7)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	**(42.0)**	(56.9)
Finance leases interest expense	**(2.7)**	(2.8)
Interest expense on other financial liabilities	**(30.0)**	(24.0)
Net fair value gain/(loss) on other financial liabilities	**(49.7)**	18.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories	**60.3**	89.7
	(217.9)	(64.0)
NOTE 7 TAXATION		
(a) Tax expense		
Current – underlying operations	**(4.6)**	(14.1)
Deferred tax [(i)]	**95.5**	(193.4)
	90.9	(207.5)

[(i)] Includes a one time deferred tax credit of $237.0 million following the reduction of the United States corporate tax rate from 35% to 21%.

	31 Dec 17 $million	31 Dec 16 $million
The prima facie tax on profit before tax is reconciled to the tax expense provided in the financial statements as follows		
Profit before tax	**909.9**	1,261.1
Prima facie withholding tax expense on profit at 15%	**(136.5)**	(189.2)
Trust income not taxable for the Group – tax payable by unitholders	**(2.0)**	0.7
Differential of tax rates on foreign income	**(8.2)**	(20.9)
Capital transactions not deductible	**0.6**	1.9
Deferred tax – change in tax rates	**237.0**	–
Tax expense	**90.9**	(207.5)
(b) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**1,649.5**	1,742.4
Unrealised fair value gain on financial derivatives	**1.9**	4.4
Other timing differences	**21.8**	21.8
	1,673.2	1,768.6

	31 Dec 17 cents	31 Dec 16 cents
NOTE 8 EARNINGS PER UNIT		
(a) Summary of earnings per unit		
Basic earnings per unit attributable to members of WAT	**45.01**	46.47
Diluted earnings per unit attributable to members of WAT	**44.81**	45.64

(b) Income and unit data

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

	31 Dec 17 $million	31 Dec 16 $million
Earnings used in calculating basic earnings per unit	**935.3**	965.7
Adjustment to earnings on options which are considered dilutive (iii)	**–**	26.8
Earnings used in calculating diluted earnings per unit	**935.3**	992.5

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit (i)	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme unit options which, if issued would be dilutive (ii)	**9,011,472**	8,392,373
Bonus element of options which if issued, would be dilutive (iii)	**–**	88,143,307
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit (iv)	**2,087,101,158**	2,174,625,366

(i) 2,078.1 million (31 December 2016: 2,078.1 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(ii) At 31 December 2017, 6,155,538 actual employee award scheme security options were on hand (31 December 2016: 5,631,855).

(iii) Bonus element of options relating to other financial liabilities issued to WCL that are dilutive for the current period were nil (31 December 2016: 88,143,307), earnings in respect of the options were nil (31 December 2016: $26.8 million loss).

(iv) The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 6,112,847 (31 December 2016: 3,049,170).

(c) Conversions, calls, subscription, issues or buy-back after 31 December 2017

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

	31 Dec 17 $million	31 Dec 16 $million
NOTE 9 DERIVATIVE ASSETS		
Current		
Receivables on interest rate derivatives	**–**	25.7
	–	25.7
Non Current		
Receivables on interest rate derivatives	**16.3**	29.6
	16.3	29.6
Total derivative assets	**16.3**	55.3

The Group presents the fair value mark to market 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 2017, the Group had derivative assets of $16.3 million with no offsetting derivative liabilities (31 December 2016: these netting arrangements were applied to the derivative portfolio, derivative assets of $55.3 million were reduced by $2.5 million to the net amount of $52.8 million).

	31 Dec 17 $million	31 Dec 16 $million
NOTE 10 INVESTMENT PROPERTIES		
Shopping centre investments	**6,768.3**	5,080.5
Development projects and construction in progress	**273.4**	902.2
	7,041.7	5,982.7
Movement in total investment properties		
Balance at the beginning of the year	**5,982.7**	4,633.4
Disposal of properties	**(0.8)**	(8.7)
Redevelopment costs	**607.8**	850.0
Net revaluation increment	**452.0**	508.0
Balance at the end of the year (i)	**7,041.7**	5,982.7

(i) The fair value of investment properties at the end of the year of $7,041.7 million (31 December 2016: $5,982.7 million) comprises investment properties at market value of $7,002.6 million (31 December 2016: $5,943.0 million) and ground leases included as finance leases of $39.1 million (31 December 2016: $39.7 million).

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by Uniform Standards of Professional Appraisal Practice.

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

United States shopping centres

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

	31 Dec 17 $million	31 Dec 16 $million

NOTE 11 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Details of the Group's aggregate share of equity accounted entities' net profit

	31 Dec 17 $million	31 Dec 16 $million
Property revenue	**557.9**	559.3
Share of after tax profit of equity accounted entities	**463.7**	623.8

During the financial year, there was no profit or loss from discontinued operations.

(b) Details of the Group's aggregate share of equity accounted entities comprehensive income

	31 Dec 17 $million	31 Dec 16 $million
Share of after tax profit of equity accounted entities	**463.7**	623.8
Share of total comprehensive income of equity accounted entities	**463.7**	623.8

(c) Details of the Group's aggregate share of equity accounted entities' assets and liabilities

	31 Dec 17 $million	31 Dec 16 $million
Cash	**35.8**	42.0
Shopping centre investments	**8,760.2**	8,227.1
Development projects and construction in progress	**500.8**	436.9
Other assets	**45.3**	40.9
Total assets	**9,342.1**	8,746.9
Payables	**(199.1)**	(173.0)
Interest bearing liabilities – current (i)	**(34.3)**	(4.9)
Interest bearing liabilities – non current (i)	**(1,628.6)**	(1,662.9)
Total liabilities	**(1,862.0)**	(1,840.8)
Net assets	**7,480.1**	6,906.1

(i) The fair value of interest bearing liabilities was $1,668.8 million compared to the book value of $1,662.9 million (31 December 2016: $1,692.5 million compared to the book value of $1,667.8 million).

(d) Equity accounted entities' economic interest

Name of investments (i)	Type of equity	Balance Date	Economic Interest 31 Dec 17	Economic Interest 31 Dec 16
Annapolis (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert (ii)	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita (ii)	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (ii)	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull (ii)	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton (ii)	Partnership units	31 Dec	**52.6%**	52.6%

(i) All equity accounted property partnerships operate solely as retail property investors in the United States.

(ii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee).The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 12 OTHER PROPERTY INVESTMENTS			
Unlisted investments		**278.3**	308.5
Investment in related entities		**159.8**	161.8
		438.1	470.3
Movement in other investments			
Balance at the beginning of the year		**470.3**	427.4
Additions		**6.4**	19.4
Disposals		**(8.6)**	–
Net revaluation increment/(decrement) to income statement		**(30.0)**	23.5
Balance at the end of the year		**438.1**	470.3
NOTE 13 PLANT AND EQUIPMENT			
Plant and equipment		**94.8**	81.8
Movement in other investments			
Balance at the beginning of the year		**81.8**	34.8
Additions		**35.8**	73.2
Disposals		**(7.9)**	(15.9)
Depreciation expense		**(14.9)**	(10.3)
Balance at the end of the year		**94.8**	81.8
NOTE 14 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**475.4**	451.8
Payables to related entities – WFDT	37(c)	**965.6**	1,313.0
Payables to related entities – WCL		**8.3**	–
		1,449.3	1,764.8
Non Current			
Sundry creditors and accruals		**79.3**	104.1
		79.3	104.1

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 15 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Notes payable – US$ denominated (ii)		**–**	550.0
Loans payable to related entities – WFDT	37(c)	**190.4**	–
Loans payable to related entities – WUKEF	37(c)	**–**	75.0
Secured			
Bank loans and mortgages – US$ denominated (iii)		**3.5**	3.3
		193.9	628.3
Non Current			
Unsecured			
Notes payable – US$ denominated (ii)		**3,550.0**	3,050.0
Bank loans – US$ denominated (i)		**975.0**	500.0
Loans payable to related entities – WFDT	37(c)	**1,350.0**	450.0
Secured			
Bank loans and mortgages – US$ denominated (iii)		**571.9**	575.4
		6,446.9	4,575.4
Total interest bearing liabilities		**6,640.8**	5,203.7
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**193.9**	628.3
Due between one and five years		**4,825.9**	2,679.4
Due after five years		**1,621.0**	1,896.0
		6,640.8	5,203.7

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

(ii) Notes payable – US$

Guaranteed Senior Notes of $4,250.0 million were issued in the US 144A bond market by the Westfield Corporation. The issues comprised $1,250.0 million, $1,000.0 million, $500.0 million, $1,000.0 million and $500.0 million of fixed rate notes maturing 2019, 2020, 2022, 2024 and 2044 respectively. The Group was assigned $3,550.0 million comprising $1,250.0 million, $300.0 million, $500.0 million, $1,000.0 million and $500.0 million of fixed rate notes maturing 2019, 2020, 2022, 2024 and 2044 respectively. These notes are subject to negative pledge arrangements which require Westfield Corporation to comply with certain minimum financial requirements.

(iii) Secured liabilities – US$

Current and non current secured liabilities are $575.4 million (31 December 2016: $578.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of $1,977.8 million (31 December 2016: $1,884.3 million). These properties and development projects are as follows: Galleria at Roseville, Old Orchard and San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

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

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

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 17 $million	31 Dec 16 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**8,718.1**	7,668.1
Total interest bearing liabilities	**(6,640.8)**	(5,203.7)
Total bank guarantees	**(47.7)**	(46.3)
Available financing facilities	**2,029.6**	2,418.1
Cash	**107.9**	98.2
Financing resources available at the end of the year	**2,137.5**	2,516.3
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**193.9**	628.3
Due between one and five years	**6,903.2**	5,143.8
Due after five years	**1,621.0**	1,896.0
	8,718.1	7,668.1

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

The available financing facilities above totalling $2,029.6 million (31 December 2016: $2,418.1 million), are available to all members of Westfield Corporation, including WAT, at year end. WAT is able to draw on these financing facilities, provided that they are unutilised by other members of Westfield Corporation. These are interest only unsecured multicurrency multioption facilities.

NOTE 16 OTHER FINANCIAL LIABILITIES

	Note	31 Dec 17 $million	31 Dec 16 $million
Current			
Convertible redeemable preference shares/units	16(a)	**2.0**	2.2
Finance leases		**0.6**	0.6
		2.6	2.8
Non Current			
Convertible redeemable preference shares/units	16(a)	**71.1**	70.3
Convertible redeemable preference shares/units held by WCL related entities	16(a)	**1,124.2**	1,071.0
Other redeemable preference shares/units	16(b)	**149.4**	153.9
Finance leases		**38.5**	39.1
		1,383.2	1,334.3
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Due within one year		**2.5**	2.8
Due between one and five years		**2.9**	2.7
Due after five years		**1,380.4**	1,331.6
		1,385.8	1,337.1

NOTE 16 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series D convertible preference shares (Series D CPS); (ii) Series G partnership preferred units (Series G units) issued to the Jacobs Group; (iii) Series I partnership preferred units (Series I units); (iv) Series J partnership preferred units (Series J units); (v) Investor unit rights in the operating and property partnerships; (vi) Series F preferred shares; (vii) Foreign currency denominated common shares convertible into Westfield Corporation stapled securities, and (viii) WEA common shares.

i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of Westfield Corporation stapled securities into which the preference shares are then exchangeable.

   – Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business date of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.

   – The Series D CPS are redeemable by WEA at any time at 100% of the liquidation preference.

ii. As at 31 December 2017, the Jacobs Group holds 1,456,574 (31 December 2016: 1,493,574) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

iii. As at 31 December 2017, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2016: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

iv. As at 31 December 2017, 1,538,481 (31 December 2016: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into Westfield Corporation stapled securities with the exercise of Series F – Special Options (refer Note 19) .

vii. The foreign currency denominated common shares are able to be converted into Westfield Corporation stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 19).

viii. As at 31 December 2017, 734,739 (31 December 2016: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference shares/units

The other redeemable preference shares/units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); and (ii) Series A Partnership Preferred Units (Series A units).

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

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

	31 Dec 17 $million	31 Dec 16 $million
NOTE 17 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**–**	2.5
	–	2.5

The Group presents the fair value mark to market 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 2017, the Group had no derivative liabilities. (31 December 2016: when these netting arrangements were applied to the derivative portfolio, derivative liabilities of $2.5 million were reduced by $2.5 million to nil).

	Units	Units
NOTE 18 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

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

Holders of Westfield Corporation stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WCL, WFDT and WAT (as the case may be). Westfield Corporation stapled securities have no par value.

	$million	$million
(b) Movement in contributed equity attributable to members of WAT		
Balance at the beginning of the year	**4,957.5**	4,957.5
Balance at the end of the year	**4,957.5**	4,957.5

	Note	**Number of options and rights 31 Dec 17**	**Weighted average exercise price $ 31 Dec 17**	Number of options and rights 31 Dec 16	Weighted average exercise price $ 31 Dec 16
NOTE 19 SHARE BASED PAYMENTS					
(a) Options and rights over units					
– Series F Special options [(i)]	19(a) (i)	**52,500**	**1.77**	52,500	1.77
– Series G1 Special options [(i)]	19(a) (ii)	**277,778**	**1.12**	277,778	1.11
– Series H Special options [(i)]	19(a) (iii)	**11,805,862**	**1.27**	11,805,862	1.26
– Series I Special options [(i)]	19(a) (iv)	**13,260,859**	**1.22**	13,260,859	1.22
– Executive performance rights	19(b) (i)	**2,454,938**	**–**	2,463,615	–
– Partnership incentive rights	19(b) (ii)	**3,139,952**	**–**	2,901,998	–
– Target incentive rights	19(b) (iii)	**560,648**	**–**	266,242	–
– Executive performance and partnership incentive rights issued to employees of related parties	19(a) (v)	**12,081,783**	**–**	7,665,434	–
		43,634,320	**1.28**	38,694,288	1.27

[(i)] These special options are issued to WCL (formerly WHL) entities.

(i) Series F – Special Options

As at 31 December 2017, there were 52,500 (31 December 2016: 52,500) Series F Special Options on issue which are exchangeable for 12,865,288 (31 December 16: 12,865,288) Westfield Corporation stapled securities.

As the Series F Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(ii) Series G1 – Special Options

As at 31 December 2017, there were 277,778 (31 December 2016: 277,778) Series G1 Special Options on issue which are exchangeable for 14,995,466 (31 December 16: 14,995,466) Westfield Corporation stapled securities.

As the Series G1 Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iii) Series H – Special Options

As at 31 December 2017, there were 11,805,862 (31 December 2016: 11,805,862) Series H Special Options on issue which are exchangeable for 56,060,616 (31 December 16: 56,060,616) Westfield Corporation stapled securities.

As the Series H Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iv) Series I – Special Options

As at 31 December 2017, there were 13,260,859 (31 December 2016: 13,260,859) Series I Special Options on issue which are exchangeable for 65,293,715 (31 December 16: 65,293,715) Westfield Corporation stapled securities.

As the Series I Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

(v) Executive Performance, Partnership and Target Incentive Rights Issued to Employees of Related Parties

There are 12,081,783 (31 December 2016: 7,665,434) Executive Performance, Partnership and Target Incentive Rights on issue to employees of related parties of Westfield Corporation. Under the stapling arrangement each of WCL, WFDT, and WAT are required to issue securities/units on the vesting of an Executive Performance, Partnership and Target Incentive Right. At 31 December 2017, the 12,081,783 (31 December 2016: 7,665,434) Executive Performance, Partnership and Target Incentive Rights issued to employees of related parties were convertible to 12,081,783 (31 December 16: 7,665,434) Westfield Corporation stapled securities.

Vesting profile	**Number of rights 31 Dec 17**	Number of rights 31 Dec 16
2017	**–**	2,537,322
2018	**2,266,789**	2,309,702
2019	**4,450,021**	2,019,653
2020	**2,619,149**	798,757
2021	**2,745,824**	–
	12,081,783	7,665,434

(b) Executive Performance Rights, Partnership and Target Incentive Rights Plans

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

Movement in Executive Performance Rights		
Balance at the beginning of the year	**2,463,615**	3,892,987
Rights transferred on employee relocation	**112,154**	–
Rights issued during the year	**1,322,799**	1,356,887
Rights exercised during the year	**(1,146,313)**	(1,703,072)
Rights forfeited during the year	**(297,317)**	(1,083,187)
Balance at the end of the year	**2,454,938**	2,463,615

Vesting profile	**Fair value granted $million 31 Dec 17**	**Number of rights at[(i)] 31 Dec 17**	Fair value granted $million 31 Dec 16	Number of rights at[(i)] 31 Dec 16
2017	**–**	**–**	6.7	1,187,975
2018	**6.1**	**916,283**	6.1	984,284
2019	**8.4**	**1,344,047**	0.7	96,748
2020	**0.7**	**95,906**	0.6	95,906
2021	**0.7**	**98,702**	0.6	98,702
	15.9	**2,454,938**	14.7	2,463,615

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

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

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

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**2,901,998**	2,824,220
Rights transferred on employee relocation	**330,771**	–
Rights issued during the year [(i)]	**1,265,343**	1,040,956
Rights exercised during the year	**(795,795)**	(739,090)
Rights forfeited during the year	**(562,365)**	(224,088)
Balance at the end of the year	**3,139,952**	2,901,998

(i) As outlined in section 8.4(c) of the Westfield Corporation Directors' Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2017 the rights were issued subject to two performance hurdles: FFO measured over one year (2016) and development hurdle measured over four years. In 2017, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Westfield Corporation Remuneration Report.

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

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

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

Vesting profile	Fair value granted $million 31 Dec 17	Number of rights at[i] 31 Dec 17	Fair value granted $million 31 Dec 16	Number of rights at[i] 31 Dec 16
2017	**–**	**–**	3.0	767,283
2018	**3.6**	**735,882**	3.5	754,906
2019	**5.1**	**835,905**	5.0	884,417
2020	**6.2**	**1,022,794**	2.8	495,392
2021	**3.1**	**545,371**	–	–
	18.0	**3,139,952**	14.3	2,901,998

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

The senior leadership team of the Group participates in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include Westfield Corporation's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Westfield Corporation Remuneration Committee. The hurdles chosen by the Westfield Corporation Remuneration Committee for the 2017 qualifying year are set out in section 8.4(c) of Westfield Corporation Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of Westfield Corporation Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Target Incentive Rights		
Balance at the beginning of the year	**266,242**	–
Rights issued during the year[i]	**1,091,537**	266,242
Rights forfeited during the year	**(797,131)**	–
Balance at the end of the year	**560,648**	266,242

[i] As outlined in section 8.4(c) of the Westfield Corporation Remuneration Report, a limited number of Target Incentive Rights have been issued to the key executives in 2017. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Westfield Corporation Remuneration Report.

Vesting profile	Fair value granted $million 31 Dec 17	Number of rights at[i] 31 Dec 17	Fair value granted $million 31 Dec 16	Number of rights at[i] 31 Dec 16
2018	**3.2**	**560,648**	1.6	266,242
	3.2	**560,648**	1.6	266,242

[i] The exercise price for the TIR Plan is nil.

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include Westfield Corporation's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying 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 TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Westfield Corporation Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $7.0 million (31 December 2016: $8.7 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 20 RESERVES		
Foreign currency translation reserve	**491.0**	593.8
Employee share plan benefits reserve	**5.5**	3.8
Balance at the end of the year	**496.5**	597.6

Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.

Balance at the beginning of the year	**593.8**	591.9
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(102.8)**	1.9
Balance at the end of the year	**491.0**	593.8

Movement in employee share plan benefits reserve

The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.

Balance at the beginning of the year	**3.8**	4.3
– Movement in equity settled share based payment	**1.7**	(0.5)
Balance at the end of the year	**5.5**	3.8

NOTE 21 ACCUMULATED LOSSES

Movement in accumulated losses

Balance at the beginning of the year	**(2,038.5)**	(2,509.6)
Profit after tax for the period	**935.3**	965.7
Distributions paid	**(433.3)**	(494.6)
Balance at the end of the year	**(1,536.5)**	(2,038.5)

NOTE 22 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash	**107.9**	98.2
Total cash and cash equivalents	**107.9**	98.2

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

Profit after tax	**1,000.8**	1,053.6
Property revaluations	**(452.0)**	(508.0)
Share of equity accounted profits in excess of dividends/distributions	**(213.7)**	(361.5)
Deferred tax	**(95.5)**	193.4
Net fair value (gain)/loss on currency derivatives	**2.8**	(3.9)
Financing costs capitalised to qualifying development projects and construction in progress	**60.3**	89.7
Gain in respect of capital transactions	**(4.1)**	(12.5)
(Increase)/decrease in working capital attributable to operating activities	**46.5**	(62.3)
Net cash flows from operating activities	**345.1**	388.5

NOTE 23 DISTRIBUTIONS

(a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2017		
WAT: 2.55 cents per unit	**53.0**	–
Distribution in respect of the 6 months to 31 December 2016		
WAT: 10.65 cents per unit	**–**	221.3
	53.0	221.3

Interim distribution of 10.20 cents was paid on 31 August 2017. Final distribution will be paid on 28 February 2018. The record date for the final distributions was 5pm, 14 February 2018. No distribution reinvestment plan is operational for the distribution.

(b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2017		
WAT: 10.20 cents per unit	**212.0**	–
Distribution in respect of the 6 months to 30 June 2016		
WAT: 11.35 cents per unit	**–**	235.9
	212.0	235.9

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

	31 Dec 17 $million	31 Dec 16 $million

NOTE 24 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

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

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**633.3**	579.6
Due between one and five years	**2,122.1**	1,891.9
Due after five years	**1,936.9**	1,723.8
	4,692.3	4,195.3

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

Total operating lease receivables of $4,692.3 million (31 December 2016: $4,195.3 million) comprises $2,678.7 million (31 December 2016: $2,140.8 million) of consolidated and $2,013.6 million (31 December 2016: $2,054.5 million) of equity accounted operating lease receivables.

Operating lease payables

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease payables.

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**45.4**	32.5
Due between one and five years	**205.1**	145.2
Due after five years	**482.8**	386.7
	733.3	564.4

Total operating lease payables of $733.3 million (31 December 2016: $564.4 million) comprises $728.3 million (31 December 2016: $559.2 million) of consolidated and $5.0 million (31 December 2016: $5.2 million) of equity accounted operating lease payables.

NOTE 25 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**242.5**	659.3
Due between one and five years	**390.2**	513.6
	632.7	1,172.9

Total capital expenditure commitment of $632.7 million (31 December 2016: $1,172.9 million) comprises $243.9 million (31 December 2016: $633.0 million) of consolidated and $388.8 million (31 December 2016: $539.9 million) of equity accounted capital expenditure commitments.

NOTE 26 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 17 $million	31 Dec 16 $million
Performance guarantees	**67.6**	66.3
Guaranteed borrowings of related entities	**2,128.7**	1,335.6
	2,196.3	1,401.9

The Group's obligation with respect to 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 Group is involved in lawsuits. The Directors of the Responsible Entity believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

NOTE 27 SEGMENT REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property Investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

(ii) Property and Project Management

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

(b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfoliowide basis. Management considers that, the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States shopping centres) and most of the centres are under common management, therefore the drivers of their results are similar. As such, the proportionate format 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 shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 27 SEGMENT REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(i) Income and expenses

31 December 2017	Operational Property investments $million	Operational Property and project management $million	Corporate $million	Total $million
Revenue				
Property revenue	1,044.9	–	–	1,044.9
Property development and project management revenue	–	44.0	–	44.0
Property management income	–	46.2	–	46.2
	1,044.9	**90.2**	**–**	**1,135.1**
Expenses				
Property expenses, outgoings and other costs	(438.0)	–	–	(438.0)
Property development and project management costs	–	(38.8)	–	(38.8)
Property management costs	–	(18.3)	–	(18.3)
Overheads	–	–	(76.0)	(76.0)
	(438.0)	(57.1)	(76.0)	(571.1)
Segment result	**606.9**	**33.1**	**(76.0)**	**564.0**
Revaluation of properties and development projects				452.0
Equity accounted – revaluation of properties and development projects				144.8
Currency loss				(2.8)
Gain in respect of capital transactions				
– asset dispositions				4.1
Interest income				12.8
Financing costs				(264.6)
Tax credit				90.5
Non controlling interests				(65.5)
Net profit attributable to members of WAT				**935.3**

(ii) Assets and liabilities

As at 31 December 2017	Operational Property investments $million	Operational Property and project management $million	Corporate $million	Total $million
Total segment assets	17,182.2	6.6	180.4	17,369.2
Total segment liabilities	737.0	–	12,399.8	13,136.8
Total segment net assets	16,445.2	6.6	(12,219.4)	4,232.4
Equity accounted associates included in segment assets	9,342.1	–	–	9,342.1
Equity accounted associates included in segment liabilities	199.1	–	1,662.9	1,862.0
Additions to segment non current assets during the year	1,068.2	–	–	1,068.2

NOTE 27 SEGMENT REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017 (continued)

(iii) Reconciliation of segmental results

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

31 December 2017	**Consolidated** $million	**Equity Accounted** $million	**Total** $million
Revenue			
Property revenue	487.0	557.9	1,044.9
Property development and project management revenue	44.0	–	44.0
Property management income	46.2	–	46.2
	577.2	**557.9**	**1,135.1**
Expenses			
Property expenses, outgoings and other costs	(246.1)	(191.9)	(438.0)
Property development and project management costs	(38.8)	–	(38.8)
Property management costs	(18.3)	–	(18.3)
Overheads	(76.0)	–	(76.0)
	(379.2)	(191.9)	(571.1)
Segment result	**198.0**	**366.0**	**564.0**
Revaluation of properties and development projects	452.0	–	452.0
Equity accounted – revaluation of properties and development projects	–	144.8	144.8
Currency loss	(2.8)	–	(2.8)
Gain in respect of from capital transactions			
– asset dispositions	4.1	–	4.1
Interest income	12.8	–	12.8
Financing costs	(217.9)	(46.7)	(264.6)
Tax credit	90.9	(0.4)	90.5
Non controlling interests	(26.3)	(39.2)	(65.5)
Net profit attributable to members of WAT	**510.8**	**424.5**	**935.3**
Assets and liabilities			
Cash	107.9	35.8	143.7
Shopping centre investments	6,768.3	8,760.2	15,528.5
Development projects and construction in progress	273.4	500.8	774.2
Other property investments	438.1	–	438.1
Inventories	6.7	–	6.7
Other assets	432.7	45.3	478.0
Total segment assets	**8,027.1**	**9,342.1**	**17,369.2**
Interest bearing liabilities	6,640.8	1,662.9	8,303.7
Other financial liabilities	1,385.8	10.6	1,396.4
Deferred tax liabilities	1,673.2	–	1,673.2
Other liabilities	1,575.0	188.5	1,763.5
Total segment liabilities	**11,274.8**	**1,862.0**	**13,136.8**
Total segment net assets	**(3,247.7)**	**7,480.1**	**4,232.4**

NOTE 27 SEGMENT REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(i) Income and expenses

31 December 2016	Operational			
	Property investments $million	Property and project management $million	**Corporate** $million	**Total** $million
Revenue				
Property revenue	939.2	–	–	939.2
Property development and project management revenue	–	89.5	–	89.5
Property management income	–	44.2	–	44.2
	939.2	**133.7**	**–**	**1,072.9**
Expenses				
Property expenses, outgoings and other costs	(365.4)	–	–	(365.4)
Property development and project management costs	–	(76.3)	–	(76.3)
Property management costs	–	(18.6)	–	(18.6)
Overheads	–	–	(83.5)	(83.5)
	(365.4)	(94.9)	(83.5)	(543.8)
Segment result	**573.8**	**38.8**	**(83.5)**	**529.1**
Revaluation of properties and development projects				508.0
Equity accounted – revaluation of properties and development projects				312.5
Currency gain				3.9
Gain in respect of capital transactions				
– asset dispositions				12.5
Interest income				22.6
Financing costs				(127.2)
Tax expense				(207.8)
Non controlling interests				(87.9)
Net profit attributable to members of WAT				**965.7**

(ii) Assets and liabilities

31 December 2016	Operational			
	Property investments $million	Property and project management $million	**Corporate** $million	**Total** $million
Total segment assets	15,545.5	2.9	271.3	15,819.7
Total segment liabilities	691.0	–	11,359.2	12,050.2
Total segment net assets	14,854.5	2.9	(11,087.9)	3,769.5
Equity accounted associates included in segment assets	8,746.9	–	–	8,746.9
Equity accounted associates included in segment liabilities	173.0	–	1,667.8	1,840.8
Additions to segment non current assets during the year	1,119.1	–	–	1,119.1

NOTE 27 SEGMENT REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016 (continued)

(iii) Reconciliation of segmental results

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

31 December 2016	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	379.9	559.3	939.2
Property development and project management revenue	89.5	–	89.5
Property management income	44.2	–	44.2
	513.6	**559.3**	**1,072.9**
Expenses			
Property expenses, outgoings and other costs	(180.9)	(184.5)	(365.4)
Property development and project management costs	(76.3)	–	(76.3)
Property management costs	(18.6)	–	(18.6)
Overheads	(83.5)	–	(83.5)
	(359.3)	(184.5)	(543.8)
Segment result	**154.3**	**374.8**	**529.1**
Revaluation of properties and development projects	508.0	–	508.0
Equity accounted – revaluation of properties and development projects	–	312.5	312.5
Currency gain	3.9	–	3.9
Gain in respect of from capital transactions			
– asset dispositions	12.5	–	12.5
Interest income	22.6	–	22.6
Financing costs	(64.0)	(63.2)	(127.2)
Tax expense	(207.5)	(0.3)	(207.8)
Non controlling interests	(35.1)	(52.8)	(87.9)
Net profit attributable to members of WAT	**394.7**	**571.0**	**965.7**
Assets and liabilities			
Cash	98.2	42.0	140.2
Shopping centre investments	5,080.5	8,227.1	13,307.6
Development projects and construction in progress	902.2	436.9	1,339.1
Other property investments	470.3	–	470.3
Inventories	2.9	–	2.9
Other assets	518.7	40.9	559.6
Total segment assets	**7,072.8**	**8,746.9**	**15,819.7**
Interest bearing liabilities	5,203.7	1,667.8	6,871.5
Other financial liabilities	1,337.1	10.4	1,347.5
Deferred tax liabilities	1,768.6	–	1,768.6
Other liabilities	1,900.0	162.6	2,062.6
Total segment liabilities	**10,209.4**	**1,840.8**	**12,050.2**
Total segment net assets	**(3,136.6)**	**6,906.1**	**3,769.5**

NOTE 28 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 29 FINANCIAL RISK MANAGEMENT

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

The Group manages its exposure to key financial risks in accordance with the Westfield Corporation'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.

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

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

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

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

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

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

NOTE 30 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

The Group has interest 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 17 $million**	31 Dec 16 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	15	**193.9**	628.3
Non current interest bearing liabilities	15	**6,446.9**	4,575.4
Share of equity accounted entities' interest bearing liabilities	11(c)	**1,662.9**	1,667.8
Principal amounts subject to interest rate payable exposure		**8,303.7**	6,871.5
Principal amounts of all interest bearing assets:			
Loans receivable from related entities	37(c)	**13.1**	–
Cash	22(a)	**107.9**	98.2
Share of equity accounted entities' cash	11(c)	**35.8**	42.0
Principal amounts subject to interest rate receivable exposure		**156.8**	140.2
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**8,146.9**	6,731.3
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– US$	30(ii)	**5,759.8**	5,893.0
Fixed rate derivatives			
– US$	30(ii)	**–**	1,350.0
Interest rate caps			
– US$	30(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**5,788.3**	7,271.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	30(ii)	**500.0**	3,250.0
Principal amounts on which interest rate receivable exposure has been hedged		**500.0**	3,250.0
Principal amounts on which net interest rate payable exposure has been hedged		**5,288.3**	4,021.5

At 31 December 2017, the Group has hedged 65% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 35% is exposed to floating rates on a principal payable of $2,858.6 million, at an average interest rate of 2.7%, including margin (31 December 2016: 60% hedged with floating exposure of $2,709.8 million at an average rate of 2.0%). Changes to derivatives due to interest rate movements are set out in Note 30(ii).

Interest rate sensitivity		**31 Dec 17 $million**	31 Dec 16 $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%	**57.2**	54.2
	-1.0%	**28.6**	27.1
	-0.5%	**14.3**	13.5
	0.5%	**(14.3)**	(13.5)
	1.0%	**(28.6)**	(27.1)
	2.0%	**(57.2)**	(54.2)

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 and contract rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 17 Notional principal amount million**	**31 Dec 17 Average rate**	**31 Dec 17 Principal amount million**	**31 Dec 17 Average rate including margin**	31 Dec 16 Notional principal amount million	31 Dec 16 Average rate	31 Dec 16 Principal amount million	31 Dec 16 Average rate including margin
US$ payable								
31 December 2016	**–**	**–**	**–**	**–**	US$(1,350.0)	1.39%	US$(5,893.0)	3.58%
31 December 2017	**–**	**–**	**US$(5,759.8)**	**3.75%**	–	–	US$(5,259.8)	3.81%
31 December 2018	**–**	**–**	**US$(5,750.4)**	**3.75%**	–	–	US$(5,250.4)	3.80%
31 December 2019	**–**	**–**	**US$(4,489.8)**	**4.03%**	–	–	US$(3,989.8)	4.14%
31 December 2020	**–**	**–**	**US$(3,829.1)**	**3.84%**	–	–	US$(3,329.1)	3.94%
31 December 2021	**–**	**–**	**US$(3,825.9)**	**3.84%**	–	–	US$(3,325.9)	3.94%
31 December 2022	**–**	**–**	**US$(3,047.6)**	**3.91%**	–	–	US$(3,047.6)	3.91%
31 December 2023	**–**	**–**	**US$(2,546.2)**	**3.92%**	–	–	US$(2,546.2)	3.92%
31 December 2024	**–**	**–**	**US$(1,108.7)**	**4.11%**	–	–	US$(1,108.7)	4.11%
31 December 2025	**–**	**–**	**US$(839.5)**	**4.20%**	–	–	US$(839.5)	4.20%
31 December 2026-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
US$ receivable								
31 December 2016	**–**	**–**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2017	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2018	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2019	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a receivable of $16.3 million (31 December 2016: $52.8 million). The change in fair value for the year ended 31 December 2016 was $36.5 million (31 December 2016: $51.9 million).

Fair value sensitivity		**31 Dec 17 $million**	31 Dec 16 $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%	**20.7**	45.1
	-1.0%	**10.2**	22.2
	-0.5%	**5.1**	11.0
	0.5%	**(5.0)**	(10.9)
	1.0%	**(10.0)**	(21.6)
	2.0%	**(19.6)**	(42.5)

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

NOTE 30 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate options contracted as at the reporting date and outstanding at	**31 Dec 17 Notional principal amount million**	**31 Dec 17 Average Strike rate**	31 Dec 16 Notional principal amount million	31 Dec 16 Average Strike rate
US$ payable caps				
31 December 2016	**–**	**–**	US$(28.5)	3.50%
31 December 2017	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a payable of US$3,835.4 (31 December 2016: US$3,049.7). The change in fair value for the year ended 31 December 2017 was US$785.7 (31 December 2016: US$1,045.9).

NOTE 31 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 17 million	31 Dec 16 million
Foreign currency net investments		
Australian Dollar		
A$ net liabilities	**A$(15.5)**	A$(13.2)
A$ borrowings	**A$(1,480.3)**	A$(1,821.6)
A$ denominated net liabilities	**A$(1,495.8)**	A$(1,834.8)

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

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

Foreign currency sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of A$ denominated net liabilities to changes in the year end US$/A$1.2806 rate (31 December 2016: US$/A$1.3873) is as follows:	US$/A$ Currency movement		Gain/(loss) to foreign currency translation reserve
	-20 cents	**(216.2)**	(222.8)
	-10 cents	**(98.9)**	(102.7)
	-5 cents	**(47.5)**	(49.4)
	+5 cents	**43.9**	46.0
	+10 cents	**84.6**	88.9
	+20 cents	**157.8**	166.6

NOTE 32 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2017, the aggregate credit risk in respect of cash and cash equivalents is $143.7 million (31 December 2016: $140.2 million). At

31 December 2017, the aggregate credit risk in respect of derivative financial instruments is $16.3 million (31 December 2016: $52.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 100% of its aggregate credit risk spread over two counterparties each with an S&P long term rating of A+ or higher.

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

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

NOTE 33 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 17 $million	31 Dec 16 $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	**(399.4)**	(782.2)
Due between one and five years	**(5,355.9)**	(3,149.6)
Due after five years	**(2,215.6)**	(2,560.8)
	(7,970.9)	(6,492.6)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(6,640.8)**	(5,203.7)
– aggregate future estimated nominal interest	**(1,330.1)**	(1,288.9)
	(7,970.9)	(6,492.6)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest derivative contracts is set out below:		
Due within one year	**10.0**	37.4
Due between one and five years	**11.2**	28.5
Due after five years	**–**	–
	21.2	65.9

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

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
Consolidated assets				
Cash and cash equivalents	**107.9**	98.2	**107.9**	98.2
Trade debtors (i)	**35.5**	22.5	**35.5**	22.5
Receivables	**247.0**	301.9	**247.0**	301.9
Other investments (ii)	**438.1**	470.3	**438.1**	470.3
Derivative assets (ii)	**16.3**	55.3	**16.3**	55.3
Consolidated liabilities				
Trade creditors (i)	**41.5**	23.9	**41.5**	23.9
Payables and other creditors (i)	**1,528.6**	1,868.9	**1,528.6**	1,868.9
Interest bearing liabilities				
– Fixed rate debt	**4,243.8**	4,303.7	**4,125.4**	4,253.7
– Floating rate debt	**2,508.2**	947.7	**2,515.4**	950.0
Other financial liabilities (ii)	**1,385.8**	1,337.1	**1,385.8**	1,337.1
Derivative liabilities (ii)	**–**	2.5	**–**	2.5

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

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

Determination of Fair Value

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

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

	31 Dec 17 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	438.1	–	–	438.1
Derivative assets				
– Interest rate derivatives	16.3	–	16.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,243.8	–	4,243.8	–
– Floating rate debt	2,508.2	–	2,508.2	–
Other financial liabilities				
– Redeemable preference shares/units	1,346.7	–	1,124.2	222.5
– Finance leases	39.1	–	39.1	–
Derivative liabilities				
– Interest rate derivatives	–	–	–	–

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

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 16 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	470.3	–	–	470.3
Derivative assets				
– Interest rate derivatives	55.3	–	55.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,303.7	–	4,303.7	–
– Floating rate debt	947.7	–	947.7	–
Other financial liabilities				
– Redeemable preference shares/units	1,297.4	–	1,071.0	226.4
– Finance leases	39.7		39.7	
Derivative liabilities				
– Interest rate derivatives	2.5	–	2.5	–

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

	Unlisted investments(i) 31 Dec 17 $million	**Redeemable preference shares/units(ii) 31 Dec 17 $million**	Unlisted investments(i) 31 Dec 16 $million	Redeemable preference shares/units(ii) 31 Dec 16 $million
Level 3 fair value movement				
Balance at the beginning of the year	**470.3**	**226.4**	427.4	256.9
Additions	**6.4**	**–**	19.4	–
Disposals	**(8.6)**	**–**	–	(0.8)
Net fair value gain/loss to income statement	**(30.0)**	**(3.9)**	23.5	(29.7)
Balance at the end of the year	**438.1**	**222.5**	470.3	226.4

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

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2017, an increment of 1% to the earnings yield would result in an additional gain of $38.0 million (31 December 2016: $41.7 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $55.2 million (31 December 2016: $62.3 million) in the income statement.

Investment properties are also considered Level 3. Movement in the estimated yield for each property would result in changes to the fair value of the properties. For example, an increment of 0.5% to the total estimated yield would result in a decrease of $1,528.4 million (31 December 2016: $1,282.0 million) to the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of $1,903.0 million (31 December 2016: $1,588.0 million) to the fair value of the properties.

NOTE 35 PARENT ENTITY

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

	31 Dec 17 $million	31 Dec 16 $million
(a) Assets		
Current assets	**27.5**	688.0
Non current assets (primarily investment in subsidiaries)	**5,060.0**	4,607.3
Total assets	**5,087.5**	5,295.3
(b) Liabilities		
Current liabilities	**1,170.0**	1,325.5
Total liabilities	**1,170.0**	1,325.5
(c) Total equity		
Contributed equity	**4,597.7**	4,597.7
Accumulated losses and reserves	**(680.2)**	(627.9)
Total equity	**3,917.5**	3,969.8
(d) Comprehensive income		
Profit after tax for the period	**53.1**	1,193.9
Other comprehensive income	**327.8**	(65.9)
Total comprehensive income for the period	**380.9**	1,128.0
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**4,525.0**	4,100.0
Guaranteed borrowings of associates of the Responsible Entity	**2,128.7**	1,335.6
	6,653.7	5,435.6

NOTE 36 AUDITOR'S REMUNERATION

	31 Dec 17 $000	31 Dec 16 $000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the Group for:		
– Audit or review of the financial reports	**173**	138
	173	138
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**2,430**	2,586
– Taxation advice and compliance	**687**	873
– Technical accounting advice and services	**100**	–
	3,217	3,459
	3,390	3,597

NOTE 37 RELATED PARTY DISCLOSURES

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

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

Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 38.

Other Related Parties

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

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

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in Note 38.

Transactions with Other Related Parties

Westfield Corporation has established protocols governing transactions with other related parties which are monitored and reviewed by the Westfield Corporation Audit and Risk Committee.

(a) LFG

Westfield Corporation owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. Westfield Corporation and LFG have entered into an aircraft interchange agreement, whereby Westfield Corporation provides its aircraft (when the aircraft are not required for Westfield Corporation business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, Westfield Corporation utilised 98.6 hours (31 December 2016: 107.8 hours) of LFG's aircraft which was offset by LFG's use of Westfield Corporation's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between Westfield Corporation and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm’s length. During the year ended 31 December 2017 $1,106,141 was charged by Westfield Corporation to LFG (31 December 2016: no charge to or from either party) for use in excess of the interchange agreement.

Westfield Corporation also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year Westfield Corporation charged LFG $439,253 (31 December 2016: $657,152) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms. Additionally, LFG charged Westfield Corporation $126,539 (31 December 2016: nil) in relation to the provision of aircraft services and use of the hangar facility.

During the financial year, Westfield Corporation charged LFG $1,729,653 (31 December 2016: $1,493,493) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, Westfield Corporation provided security services to certain Directors.

At year end the following amounts were recorded in Westfield Corporation's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2017** **$**	2016 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

NOTE 37 RELATED PARTY DISCLOSURES (CONTINUED)

(b) The Lowy Institute

During the financial year, Westfield Corporation charged The Lowy Institute $17,059 (31 December 2016 $7,687) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2017.

(c) Other

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

WAT, WFDT and WCL transacted on normal commercial terms as stapled entities with respect to the following:

(i) Manager’s service charges;

(ii) Reimbursement of expenses;

(iii) Construction contracts; and

(iv) Loans and financial derivatives.

The Responsible Entity management fee for the year ended 31 December 2017 was $4.1 million (31 December 2016: $3.8 million) of which nil was payable at 31 December 2017 (31 December 2016: nil).

During the year, the Group paid to a subsidiary of WCL U$4.8 million in respect of corporate service fees (31 December 2016: $16.7 million).

Foreign currency contracts with WCL and a WCL entity

WAT and WCL entered into foreign currency contracts in 2017. WAT paid $63.0 million to WCL in exchange for WCL paying A$83.2 million to WAT. The foreign currency contracts matured during the year and the gain from the contracts was $0.6 million.

WAT and a WCL entity entered into a foreign currency contract in 2017. WAT paid A$19.6 million to a WCL entity in exchange for a WCL entity paying $15.0 million to WAT. The foreign currency contract matured during the year and the loss from the contract was $35,732.

Foreign currency contracts with WFDT

WAT and WFDT entered into foreign currency contracts in 2017. WAT paid $550.0 million to WFDT in exchange for WFDT paying A$712.8 million to WAT. The foreign currency contracts matured during the year and the gain from the contracts was $2.0 million.

WAT and WFDT entered into a foreign currency contract in 2017. WAT paid $349.9 million to WFDT in exchange for WFDT paying £278.9 million to WAT. The foreign currency contract matured during the year and the loss from the contract was $2.1 million.

WAT and WFDT entered into a foreign currency contract in 2017. WAT paid A$365.0 million to WFDT in exchange for WFDT paying £221.5 million to WAT. The foreign currency contract matured during the year and the loss from the contract was $2.7 million.

WAT and WFDT entered into a foreign currency contract in 2017. WAT paid A$5.4 million to WFDT in exchange for WFDT paying $4.3 million to WAT. The foreign currency contract matured during the year and the gain from the contract was $21,904.

Loans to/from WFDT

During the year, WAT had a US$ interest bearing loan from WFDT. The balance of the loan at year end is a payable of $1,350.0 million (31 December 2016: $450.0 million), with accrued interest payable of $0.5 million (31 December 2016: $0.4 million). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from WFDT was $17.2 million (31 December 2016: $0.4 million).

During the year, WAT had an A$ interest bearing loan from WFDT. The balance of the loan at year end is a payable of $190.4 million (31 December 2016: nil), with accrued interest payable of $1.4 million (31 December 2016: nil). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from WFDT was $4.1 million (31 December 2016: interest income of $5.1 million).

During the year, WAT had an A$ non-interest bearing loan from WFDT. The balance of the loan at year end is a payable of $965.6 million (31 December 2016: $1,313.0 million).

Loans to/from WCL

WAT had an A$ interest bearing loan from WCL in 2017 and to WCL in 2016. The loans were repaid in respective financial year. Interest accrued on those loans based on a floating rate. The interest expense for the year in respect of the loan from WCL was $0.5 million (31 December 2016: interest income of $1.1 million).

During the year, WAT had a US$ interest bearing loan to WCL. The balance of the loan at year end is a receivable of $13.1 million (31 December 2016: nil), with accrued interest receivable of $76,075 (31 December 2016: nil). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to WCL was $0.1 million (31 December 2016: nil).

Loans from Westfield UK and Europe Finance PLC (WUKEF)

During the year, WAT had a US$ interest bearing loan from WUKEF. The balance of this loan at year end is nil (31 December 2016: a payable of $75.0 million), with accrued interest payable of nil (31 December 2016: $2,583). Interest accrued on this loan based on a fixed rate. The interest expense for the year in respect of the loan from WUKEF was $1.4 million (31 December 2016: $0.2 million).

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL

As a result of the Restructure and Merger on 30 June 2014, the Group forms part of Westfield Corporation. The Responsible Entity does not have any employees. Key Management Personnel of the Group are paid by the Group and related entities within Westfield Corporation.

As the Group forms part of Westfield Corporation, the discussion under this note relates to Westfield Corporation and the Group.

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2017 to 31 December 2017 are set out below:

– Sir Frank Lowy AC	Chairman
– Brian Schwartz AM	Deputy Chairman / Lead Independent Director
– Ilana Atlas	Non-Executive Director
– Roy Furman	Non-Executive Director
– Peter Goldsmith QC PC	Non-Executive Director (retired 7 April 2017)
– Jeffrey Goldstein	Non-Executive Director
– Michael Gutman OBE	President / Chief Operating Officer
– Mark G. Johnson	Non-Executive Director
– Mark R. Johnson AO	Non-Executive Director
– Donald Kingsborough	Chief Executive Officer, OneMarket
– Peter Lowy	Co-Chief Executive Officer
– Steven Lowy AM	Co-Chief Executive Officer
– John McFarlane	Non-Executive Director
– Dawn Ostroff	Non-Executive Director
– Elliott Rusanow	Chief Financial Officer

The aggregate remuneration for the year ended 31 December 2017 was:

	Short term benefits				**Post Employment**	**Share Based**	**TOTAL**
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits(i) $	Other post employment benefits $	Amortisation of equity settled share based payments(ii) $	$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2017	**9,993,423**	**7,750,175**	**209,487**	**67,896**	**29,626**	**13,756,291**	**31,806,898**
31 December 2016	9,037,167	6,961,500	131,732	67,849	96,109	8,767,622	25,061,979
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2017	**980,000**	**812,500**	**1,074,871**	**16,083**	**–**	**948,481**	**3,831,935**
31 December 2016	980,000	812,500	225,977	16,333	–	1,032,733	3,067,543
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2017	**10,973,423**	**8,562,675**	**1,284,358**	**83,979**	**29,626**	**14,704,772**	**35,638,833**
31 December 2016	10,017,167	7,774,000	357,709	84,182	96,109	9,800,355	28,129,522

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

(ii) Equity settled share based payments represent amounts amortised relating to the EPR, PIR and TIR Plans. Refer to the Remuneration Report in the Westfield Corporation Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

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

(ii) During the financial year, transactions occurred between Westfield Corporation and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by Westfield Corporation in respect of stapled securities held in Westfield Corporation.

NOTE 39 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

	31 Dec 17 – Interest		31 Dec 16 – Interest	
Name of entity	Beneficial(i) Parent Company %	Consolidated or Equity accounted %	Beneficial(i) Parent Company %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield America Trust	**100.0**	**100.0**	100.0	100.0
Consolidated Controlled Entities				
WFA Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES				
Consolidated Controlled Entities				
New WTC Retail Member, LLC	**100.0**	**100.0**	100.0	100.0
Head Acquisition, LP	**100.0**	**100.0**	100.0	100.0
Urban Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
WEA Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Valley Fair UTC, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, LP	**100.0**	**100.0**	100.0	100.0
Westfield America Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Development, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Garden State, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Growth, LP	**100.0**	**100.0**	100.0	100.0
Westfield Head, LP	**100.0**	**100.0**	100.0	100.0
Westfield, LLC	**100.0**	**100.0**	100.0	100.0
Westfield U.S. Holdings, LLC	**100.0**	**100.0**	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Entity's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

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Independent Auditor's Report to the Members of Westfield America Trust
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westfield America Trust (the Trust), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2017, 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.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its consolidated financial 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(c)

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why significant	*How our audit addressed the key audit matter*

The Group has interests in shopping centre investment properties which are carried at a fair value of $15.5 billion at 31 December 2017. These include shopping centres recorded directly in the consolidated statement of financial position as investment properties and indirectly through equity accounted investments. Collectively they represent 89.4% of total assets.
 	
Fair values were determined by the Group at the end of the reporting period, with changes in fair value recognised in the income statement.
 	
We considered this to be a key audit matter as property valuations are based upon a number of assumptions which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuations and the results of the Group for the period.
 	
Note 34 of the financial report discloses the sensitivity of these valuations to changes in key assumptions. As outlined in note 10, the Group's basis for determining the carrying value of shopping centre investment properties is underpinned by external valuations sourced from qualified valuation experts.
 	
Note 2(c) of the financial report describes the accounting policy for these assets.
	Our audit procedures include the following:
	
	– We analysed movements in the fair values of individual properties within the portfolio having regard to external market data and the performance of specific properties.
	
	– In relation to property valuations, we considered the competence and objectivity of valuation experts, evaluated the suitability of the scope and methodology used in the valuation reports and tested a sample of valuation reports for mathematical accuracy.
	
	– For a sample of investment properties, we agreed the key inputs and assumptions used in the valuations, by:
	
	  – assessing the appropriateness of valuation inputs in the context of the financial performance of the specific properties.
	
	  – assessing the valuation assumptions in the context of external market data and expectations developed in conjunction with EY Real Estate valuation specialists.
	
	– A sample of individual property valuations were evaluated by our real estate valuation specialists.
	
	We assessed the adequacy of the associated disclosures in the financial report.

Property Development and Project Management Costs and Revenues

Why significant	*How our audit addressed the key audit matter*
The Group recognised $44.0 million of property development and project management revenue and $38.8 million of property development and project management costs for the year ended 31 December 2017. As set out in Note 2(f), revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by the Group, by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete. The determination of cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment. Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 27 of the financial report. Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 27 of the financial report.	Our audit procedures include the following: – We evaluated the Group's processes and assessed the design of key controls for accumulating property development and project management costs and for estimating costs to complete of development projects. – For a sample of projects, we undertook the following procedures: – We enquired of the Group as to the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports. – Evaluated the historical accuracy of the Group's budget and forecasting of project management costs and estimating costs to complete. – Assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks. – Inspected project feasibility reports and assessed the assumptions used in forecasting revenues and costs to complete. – Agreed a sample of costs incurred to invoice and/or payment, including testing that they were allocated to the appropriate development. – Assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards. We also evaluated subsequent payments made after the reporting date to assess whether costs were accrued in the correct reporting period.

Interest Bearing Liabilities and Financing Costs

Why significant	*How our audit addressed the key audit matter*
The Group has interest bearing liabilities of $6.6 billion at 31 December 2017. During the year the Group incurred $278.2 million in financing and interest costs of which $217.9 million has been recognised in the consolidated income statement and $60.3 million capitalised to property under development. The Group has established a range of finance facilities with various terms, counterparties and currencies. This was considered to be a key audit matter as the Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 15 of the financial report discloses the Group's interest bearing liabilities. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these liabilities and instruments.	Our audit procedures included the following; – We assessed the design and operating effectiveness of the Group's internal controls over recording and reporting the terms and conditions of interest bearing liabilities, including their classification as either current or non-current and associated costs. – We confirmed interest bearing liabilities to external third party sources. – We tested the calculation of interest recognised as both an expense and capitalised to properties under development during the period to assess whether these were calculated in accordance with the Australian Accounting Standards. We assessed whether loans maturing within twelve months from the reporting date were classified as current liabilities.

Building a better working world

Derivative Financial Instruments

Why significant	*How our audit addressed the key audit matter*
The Group manages interest and foreign currency risks through the use of derivative financial instruments ("derivatives") which have been set out in notes 9 and 17 of the financial report. Fair value movements in derivatives are driven by movements in financial markets. This was considered to be a key audit matter as the valuation of derivatives requires judgement, are significant to the financial statements and require extensive disclosure in the financial report. Note 34 of the financial report discloses the fair value of the Group's derivative assets and liabilities outstanding at balance date. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these liabilities and instruments.	Our audit procedures included the following; – We assessed the Group's processes for recording, reviewing and reporting the terms and conditions of its derivatives. – We evaluated the accuracy with which the Group determined the fair value of derivatives, and whether they were calculated in accordance with Australian Accounting Standards. – We confirmed derivatives to third party sources. – We tested that the fair value movements on derivatives during the period were recognised in the consolidated income statement.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Trust's Annual Report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial report

The Directors of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 13 March 2018

The Directors of Westfield America Management Limited (**Responsible Entity**), the responsible entity of Westfield America Trust submit the following report for the year ended 31 December 2017 (**Financial Year**).

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (**WCL**), WFD Trust (**WFDT**) and Westfield America Trust (**Trust**). The stapling transaction is referred to as the Restructure and Merger. The Trust and its controlled entities form part of the Westfield Corporation stapled group.

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

1. OPERATIONS AND ACTIVITIES

1.1 Unibail-Rodamco Transaction

2017 was a significant year with the announcement of the proposal to combine Westfield Corporation and Unibail in December 2017. Westfield Corporation's Board of Directors believe the proposal is a compelling proposition for Westfield securityholders and represents a unique opportunity to create the world's premier developer and operator of flagship shopping destinations. Refer to the Directors' Report of Westfield Corporation's 2017 Annual Financial Report for full details of the proposed transaction.

1.2 Review of Operations and Results of Operations

The Group reported IFRS profit of $1,000.8 million and a distribution of $265.0 million for the Financial Year.

The Group contributed net property income of $606.9 million for the Financial Year.

Management and project income was $33.1 million for the Financial Year. This includes income from managing centres held in joint ventures and airports; and project income including developments at UTC and Valley Fair.

Property revaluations of $596.8 million have arisen during the year, driven by the value created from the Group's completed developments and revaluations from the Group's flagship assets.

The deferred tax credit of $95.5 million includes a one time deferred tax credit of $237.0 million following the reduction of the United States corporate tax rate from 35% to 21%.

In October 2017 the Group successfully launched the major stage of the $1 billion redevelopment of Century City in Los Angeles, including Nordstrom and a world class and industry leading retail tenancy mix. The opening of Westfield Century City was a hugely important milestone in the execution of the Group's strategy. Century City is on track to achieve annual sales in excess of $1 billion and has changed the face of retail on the west side of Los Angeles.

The Group also successfully launched the $600 million expansion at UTC in San Diego in Q4 2017, including a new Nordstrom department store. The project has been very well received in the San Diego market, with many unique and new to market retailers and brands.

Good progress continues on major projects currently under construction including the $1.1 billion expansion of Valley Fair. The Group continues to progress residential rental projects across the United States and during the year commenced the 300 apartment project at UTC in San Diego.

1.3 Principal Activities

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

1.4 Subsequent Events

Since the end of the Financial Year, there have been no subsequent events to report.

1.5 Future Developments

The likely developments in the Group's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The likely developments in Westfield Corporation's operations in future financial years and the expected results of those operations are more fully described in the Directors' Report of the Westfield Corporation 2017 Annual Financial Report.

E. WAT Consolidated Financial Statements 2016

Westfield

Westfield America Trust
Annual Financial Report
31 December 2016

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Revenue			
Property revenue	3	**379.9**	474.6
Property development and project management revenue		**89.5**	98.7
Property management income		**44.2**	49.6
		513.6	622.9
Share of after tax profits of equity accounted entities			
Property revenue		**559.3**	549.0
Property revaluations		**312.5**	200.5
Property expenses, outgoings and other costs		**(184.5)**	(171.0)
Net interest expense		**(63.2)**	(67.6)
Tax expense		**(0.3)**	(0.2)
	11(a)	**623.8**	510.7
Expenses			
Property expenses, outgoings and other costs		**(180.9)**	(213.4)
Property development and project management costs		**(76.3)**	(86.5)
Property management costs		**(18.6)**	(21.4)
Overheads		**(83.5)**	(59.3)
		(359.3)	(380.6)
Interest income		**22.6**	14.6
Currency gain	4	**3.9**	13.9
Financing costs	6	**(64.0)**	(116.3)
Gain in respect of capital transactions			
– asset dispositions	5	**12.5**	22.8
Property revaluations		**508.0**	30.0
Profit before tax for the period		**1,261.1**	718.0
Tax (expense)/credit	7(a)	**(207.5)**	1,157.2
Profit after tax for the period		**1,053.6**	1,875.2
Profit after tax for the period attributable to:			
– Members of Westfield America Trust (WAT)		**965.7**	1,831.2
– Non controlling interests		**87.9**	44.0
Profit after tax for the period		**1,053.6**	1,875.2
		US cents	US cents
Basic earnings per unit	8(a)	**46.47**	88.12
Diluted earnings per unit	8(a)	**45.64**	85.21

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 US$million	31 Dec 15 US$million
Profit after tax for the period	**1,053.6**	1,875.2
Other comprehensive income		
Movement in foreign currency translation reserve (1)		
– Net exchange difference on translation of foreign operations	**1.9**	228.2
Total comprehensive income for the period	**1,055.5**	2,103.4
Total comprehensive income attributable to:		
– Members of WAT	**967.6**	2,059.4
– Non controlling interests	**87.9**	44.0
Total comprehensive income for the period	**1,055.5**	2,103.4

(1) These items may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Current assets			
Cash and cash equivalents	22(a)	**98.2**	688.0
Trade debtors		**22.5**	11.6
Derivative assets	9	**25.7**	–
Receivables		**95.6**	609.9
Inventories		**2.9**	8.8
Other		**26.6**	58.8
Total current assets		**271.5**	1,377.1
Non current assets			
Investment properties	10	**5,982.7**	4,633.4
Equity accounted investments	11(c)	**6,906.1**	6,320.2
Other property investments	12	**470.3**	427.4
Derivative assets	9	**29.6**	111.7
Receivables		**206.3**	206.5
Plant and equipment	13	**81.8**	34.8
Deferred tax assets	7(b)	**–**	2.6
Other		**30.6**	23.8
Total non current assets		**13,707.4**	11,760.4
Total assets		**13,978.9**	13,137.5
Current liabilities			
Trade creditors		**23.9**	26.6
Payables and other creditors	14	**1,764.8**	2,606.2
Interest bearing liabilities	15	**628.9**	3.6
Other financial liabilities	16	**2.2**	3.0
Tax payable		**4.7**	26.5
Derivative liabilities	17	**2.5**	–
Total current liabilities		**2,427.0**	2,665.9
Non current liabilities			
Payables and other creditors	14	**104.1**	138.7
Interest bearing liabilities	15	**4,614.5**	4,217.9
Other financial liabilities	16	**1,295.2**	1,313.1
Deferred tax liabilities	7(c)	**1,768.6**	1,578.5
Derivative liabilities	17	**–**	7.0
Total non current liabilities		**7,782.4**	7,255.2
Total liabilities		**10,209.4**	9,921.1
Net assets		**3,769.5**	3,216.4
Equity attributable to members of WAT			
Contributed equity	18(b)	**4,957.5**	4,957.5
Reserves	20	**597.6**	596.2
Accumulated losses	21	**(2,038.5)**	(2,509.6)
Total equity attributable to members of WAT		**3,516.6**	3,044.1
Equity attributable to non controlling interests			
Contributed equity		**228.1**	228.1
Retained profits		**24.8**	(55.8)
Total equity attributable to non controlling interests		**252.9**	172.3
Total equity		**3,769.5**	3,216.4

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Comprehensive Income 31 Dec 16 US$million	Equity and Reserves 31 Dec 16 US$million	**Total 31 Dec 16 US$million**	Total 31 Dec 15 US$million
Changes in equity attributable to members of WAT				
Opening balance of contributed equity	–	4,957.5	**4,957.5**	4,957.5
– Movement in contributed equity	–	–	**–**	–
Closing balance of contributed equity	–	4,957.5	**4,957.5**	4,957.5
Opening balance of reserves	–	596.2	**596.2**	366.2
– Movement in foreign currency translation reserve [(1) (2)]	1.9	–	**1.9**	228.2
– Movement in employee share plan benefits reserve [(1)]	–	(0.5)	**(0.5)**	1.8
Closing balance of reserves	1.9	595.7	**597.6**	596.2
Opening balance of accumulated losses	–	(2,509.6)	**(2,509.6)**	(4,078.1)
– Profit after tax for the period [(2)]	965.7	–	**965.7**	1,831.2
– Distributions paid	–	(494.6)	**(494.6)**	(262.7)
Closing balance of accumulated losses	965.7	(3,004.2)	**(2,038.5)**	(2,509.6)
Closing balance of equity attributable to members of WAT	967.6	2,549.0	**3,516.6**	3,044.1
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	172.3	**172.3**	153.1
Total comprehensive income attributable to non controlling interests [(2)]	87.9	–	**87.9**	44.0
Dividends paid or provided for	–	(7.3)	**(7.3)**	(24.8)
Closing balance of equity attributable to non controlling interests	87.9	165.0	**252.9**	172.3
Total equity	1,055.5	2,714.0	**3,769.5**	3,216.4

(1) Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of $1.9 million (31 December 2015: gain of $228.2 million) and net debit to the employee share plan benefits reserve of $0.5 million (31 December 2015: net credit of $1.8 million).

(2) Total comprehensive income for the period amounts to a gain of $1,055.5 million (31 December 2015: gain of $2,103.4 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
Cash flows from operating activities			
Receipts in the course of operations		**502.0**	633.3
Payments in the course of operations		**(325.0)**	(373.2)
Dividends/distributions received from equity accounted associates		**262.3**	268.5
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(34.7)**	(69.9)
Interest received		**19.6**	14.6
Income and withholding taxes paid		**(35.7)**	(33.2)
Net cash flows from operating activities	22(b)	**388.5**	440.1
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated		**(687.1)**	(410.5)
Capital expenditure on property investments and plant and equipment – equity accounted		**(277.5)**	(259.1)
Acquisition of property investments – consolidated		**(12.4)**	(5.0)
Acquisition of property investments – equity accounted		**(14.7)**	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated		**21.2**	1,169.0
Tax paid on disposition of property investments		**(4.7)**	(37.0)
Capital distribution and advances from equity accounted associates		**–**	268.7
Financing costs capitalised to qualifying development projects and construction in progress		**(89.6)**	(67.6)
Net cash flows (used in)/from investing activities		**(1,064.8)**	597.7
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**527.2**	249.1
Loans received from/(advanced to) related entities		**74.8**	(458.3)
Distributions paid		**(494.6)**	(262.7)
Dividends/distributions paid by controlled entities to non controlling interests		**(18.9)**	(22.8)
Net cash flows from/(used in) financing activities		**88.5**	(494.7)
Net (decrease)/increase in cash and cash equivalents held		**(587.8)**	543.1
Add opening cash and cash equivalents brought forward		**688.0**	149.7
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(2.0)**	(4.8)
Cash and cash equivalents at the end of the period	22(a)	**98.2**	688.0

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2016 was approved on 13 March 2017 in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT (Responsible Entity).

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2015 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2016.

– AASB 2014-3 Amendments to Australian Accounting Standards Accounting for Acquisitions of Interest in Joint Operations. (AASB 1 & AASB 11);
– AASB 2014-4 Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation;
– AASB 2014-9 Amendments to Australian Accounting Standards-Equity Method in Separate Financial Statements;
– AASB 2015-1 Amendments to Australian Accounting Standards Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
– AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101; and
– AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2016. The impact of these new standards (to the extent relevant to the Group) and interpretations are as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– IFRS 16 Leases (effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
– AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);
– AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018); and
– AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2018).

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

(c) Basis of accounting

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

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 10: Investment properties and Note 34: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Listed Property Trust Units

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFDT) and WAT. The securities trade as one security on the Australian Securities Exchange under the code WFD. The stapling transaction is referred to as the Restructure and Merger.

(b) Consolidation and classification

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

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Non controlling interests represent the portion of profit or loss and net assets of Westfield America, Inc (WEA) that are not wholly-owned by the Group and held by WCL entities. The non controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the entity concept method, whereby, the transaction is treated as a transaction with other equity shareholders.

i) Joint arrangements

Joint ventures

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

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

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

i) Shopping centre investments

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

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties together with related shopping centre leasing costs 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 also includes components relating to lease incentives and receivables on rental income that have been recorded on a straight line basis.

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

The 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.

ii) Development projects and construction in progress

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

Refer to Note 10 for further details on investment properties.

(d) Other property investments

Unlisted investments

Unlisted investments are designated as assets held at fair value through the income statement. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to market value of similar investments.

(e) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency of WAT and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is US dollars. The presentation currency of WAT, its Australian subsidiaries and the United States entities is US dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

Foreign currency transactions are converted to US dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to US 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (continued)

iii) Translation of accounts of foreign operations

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

(f) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(g) Taxation

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

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

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

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

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States.

(h) Financing costs

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

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

(i) Inventories and work in progress

Property development properties held for third party projects are carried at the lower of cost or net realisable value. The gross amount of work in progress consists of costs attributable to work performed, including property development profit. Work in progress is presented as part of inventories for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented in payables and other creditors. Profit on property development is recognised on a percentage complete basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for any losses, if any, anticipated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Contributed equity

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

(k) Derivative and other financial instruments

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.

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

– Fair value of quoted notes and bonds is based on price quotations at the reporting date.
– 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 Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

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

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 29 for further details on derivatives.

(l) Earnings per unit

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

(m) Rounding

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

	Note	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 3 PROPERTY REVENUE			
Shopping centre base rent and other property income		**400.4**	494.9
Amortisation of leasing incentives and related leasing costs		**(20.5)**	(20.3)
		379.9	474.6
NOTE 4 CURRENCY GAIN			
Net fair value gain on currency derivatives that do not qualify for hedge accounting		**3.9**	13.9
		3.9	13.9
NOTE 5 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**21.2**	1,706.4
– less: carrying value of assets disposed and other capital costs		**(8.7)**	(1,829.0)
Gain/(loss) in respect of asset dispositions		**12.5**	(122.6)
Sale of controlled entities to related entities			
– proceeds		**–**	158.1
– less: carrying value		**–**	(12.7)
Gain on sale of controlled entities to related entities	37(c)	**–**	145.4
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(88.7)**	(64.4)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting		**(56.9)**	(50.0)
Finance leases interest expense		**(2.8)**	(2.9)
Interest expense on other financial liabilities		**(24.0)**	(61.3)
Net fair value gain/(loss) on other financial liabilities		**18.7**	(5.3)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**89.7**	67.6
		(64.0)	(116.3)
NOTE 7 TAXATION			
(a) Tax expense			
Current – underlying operations		**(14.1)**	(36.8)
Deferred tax		**(193.4)**	(173.2)
Deferred tax – change in tax rates [1]		**–**	1,367.2
		(207.5)	1,157.2

[1] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

The prima facie tax on profit before tax is reconciled to the tax expense provided in the financial statements as follows		
Profit before tax	**1,261.1**	718.0
Prima facie withholding tax expense on profit at 15%	**(189.2)**	(107.7)
Trust income not taxable for the Group – tax payable by unitholders	**0.7**	2.6
Differential of tax rates on foreign income	**(20.9)**	(86.5)
Capital transactions not deductible	**1.9**	(18.4)
Deferred tax – change in tax rates	**–**	1,367.2
Tax expense	**(207.5)**	1,157.2

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 7 TAXATION (CONTINUED)		
(b) Deferred tax assets		
Provisions and accruals	**–**	2.6
	–	2.6
(c) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**1,742.4**	1,550.6
Unrealised fair value gain on financial derivatives	**4.4**	6.1
Other timing differences	**21.8**	21.8
	1,768.6	1,578.5

	31 Dec 16 cents	31 Dec 15 cents
NOTE 8 EARNINGS PER UNIT		
(a) Summary of earnings per unit		
Basic earnings per unit attributable to members of WAT	**46.47**	88.12
Diluted earnings per unit attributable to members of WAT	**45.64**	85.21

(b) Income and unit data

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

	31 Dec 16 US$million	31 Dec 15 US$million
Earnings used in calculating basic earnings per unit	**965.7**	1,831.2
Adjustment to earnings on options which are considered dilutive [(3)]	**26.8**	14.3
Earnings used in calculating diluted earnings per unit	**992.5**	1,845.5

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit [(1)]	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme unit options which, if issued would be dilutive [(2)]	**8,392,373**	10,649,710
Bonus element of options which if issued, would be dilutive [(3)]	**88,143,307**	76,985,485
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit [(4)]	**2,174,625,366**	2,165,724,881

(1) 2,078.1 million (31 December 2015: 2,078.1 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(2) At 31 December 2016, 5,631,855 actual employee award scheme security options were on hand (31 December 2015: 6,717,207).

(3) Bonus element of options relating to other financial liabilities issued to WCL that are dilutive for the current period were 88,143,307 (31 December 2015: 76,985,485), losses in respect of the options were US$26.8 million (31 December 2015: US$14.3 million).

(4) The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 3,049,170 (31 December 2015: 3,932,503).

(c) Conversions, calls, subscription, issues or buy-back after 31 December 2016

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

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 9 DERIVATIVE ASSETS		
Current		
Receivables on interest rate derivatives	**25.7**	–
	25.7	–
Non Current		
Receivables on interest rate derivatives	**29.6**	111.7
	29.6	111.7
Total derivative assets	**55.3**	111.7

The Group presents the fair value mark to market 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 2016, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$55.3 million are reduced by US$2.5 million to the net amount of US$52.8 million (31 December 2015: derivative assets of US$111.7 million reduced by US$7.0 million to the net amount of US$104.7 million).

NOTE 10 INVESTMENT PROPERTIES

	31 Dec 16 US$million	31 Dec 15 US$million
Shopping centre investments	**5,080.5**	3,218.1
Development projects and construction in progress	**902.2**	1,415.3
	5,982.7	4,633.4
Movement in total investment properties		
Balance at the beginning of the year	**4,633.4**	6,594.6
Acquisition of properties	**–**	5.0
Disposal of properties	**(8.7)**	(1,756.6)
Transfer to equity accounted investment properties	**–**	(486.7)
Redevelopment costs	**850.0**	247.1
Net revaluation increment	**508.0**	30.0
Balance at the end of the year [(1)]	**5,982.7**	4,633.4

(1) The fair value of investment properties at the end of the year of US$5,982.7 million (31 December 2015: US$4,633.4 million) comprises investment properties at market value of US$5,943.0 million (31 December 2015: US$4,593.2 million) and ground leases included as finance leases of US$39.7 million (31 December 2015: US$40.2 million).

NOTE 10 INVESTMENT PROPERTIES (CONTINUED)

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by Uniform Standards of Professional Appraisal Practice.

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

United States shopping centres

– Altus Group U.S. Inc.
– Cushman & Wakefield, Inc.
– Cushman & Wakefield of Connecticut, Inc.
– Cushman & Wakefield Western, Inc.
– Duff & Phelps, LLC

NOTE 11 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	31 Dec 16 US$million	31 Dec 15 US$million
(a) Details of the Group's aggregate share of equity accounted entities' net profit		
Property revenue	**559.3**	549.0
Share of after tax profit of equity accounted entities	**623.8**	510.7

During the financial year, there was no profit or loss from discontinued operations.

	31 Dec 16 US$million	31 Dec 15 US$million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income		
Share of after tax profit of equity accounted entities	**623.8**	510.7
Share of total comprehensive income of equity accounted entities	**623.8**	510.7
(c) Details of the Group's aggregate share of equity accounted entities' assets and liabilities		
Cash	**42.0**	64.9
Shopping centre investments	**8,227.1**	7,818.8
Development projects and construction in progress	**436.9**	243.2
Other assets	**40.9**	19.9
Total assets	**8,746.9**	8,146.8
Payables	**(162.6)**	(148.3)
Interest bearing liabilities – current [1]	**(4.9)**	(4.7)
Interest bearing liabilities – non current [1]	**(1,673.3)**	(1,673.6)
Total liabilities	**(1,840.8)**	(1,826.6)
Net assets	**6,906.1**	6,320.2

(1) The fair value of interest bearing liabilities was US$1,702.9 million compared to the book value of US$1,678.2 million (31 December 2015: US$1,712.9 million compared to the book value of US$1,678.3 million).

NOTE 11 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(d) Equity accounted entities' economic interest

Name of investments [1]	Type of equity	Balance Date	Economic Interest 31 Dec 16	Economic Interest 31 Dec 15
Annapolis [2]	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City [2]	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [2]	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [2]	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge [2]	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert [2]	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita [2]	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter [2]	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga [2]	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull [2]	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton [2]	Partnership units	31 Dec	**52.6%**	52.6%

[1] All equity accounted property partnerships operate solely as retail property investors in the United States.

[2] Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee).The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 12 OTHER PROPERTY INVESTMENTS		
Unlisted investments	**308.5**	267.3
Investment in related entities	**161.8**	160.1
	470.3	427.4
Movement in other investments		
Balance at the beginning of the year	**427.4**	116.8
Additions	**19.4**	272.2
Net revaluation increment to income statement	**23.5**	38.4
Balance at the end of the year	**470.3**	427.4
NOTE 13 PLANT AND EQUIPMENT		
Plant and equipment	**81.8**	34.8
Movement in other investments		
Balance at the beginning of the year	**34.8**	39.9
Additions	**73.2**	4.3
Disposals	**(15.9)**	–
Depreciation expense	**(10.3)**	(9.4)
Balance at the end of the year	**81.8**	34.8

	Note	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 14 PAYABLES AND OTHER CREDITORS

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Current			
Payables and other creditors		**451.8**	363.8
Payables to related entities – WFDT	37(c)	**1,313.0**	2,218.7
Payables to related entities – other		**–**	23.7
		1,764.8	2,606.2
Non Current			
Sundry creditors and accruals		**104.1**	138.7
		104.1	138.7

NOTE 15 INTEREST BEARING LIABILITIES

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Current			
Unsecured			
Notes payable – US$ denominated [2]		**550.0**	–
Loans payable to related entities – other	37(c)	**75.0**	–
Finance leases		**0.6**	0.5
Secured			
Bank loans and mortgages – US$ denominated [3]		**3.3**	3.1
		628.9	3.6
Non Current			
Unsecured			
Notes payable – US$ denominated [2]		**3,050.0**	3,600.0
Bank loans – US$ denominated [1]		**500.0**	–
Loans payable to related entities – WFDT	37(c)	**450.0**	–
Finance leases		**39.1**	39.7
Secured			
Bank loans and mortgages – US$ denominated [3]		**575.4**	578.2
		4,614.5	4,217.9
Total interest bearing liabilities		**5,243.4**	4,221.5
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**628.9**	3.6
Due between one and five years		**2,682.1**	2,405.7
Due after five years		**1,932.4**	1,812.2
		5,243.4	4,221.5

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

(2) Notes payable – US$

Guaranteed Senior Notes of US$4,500.0 million were issued in the US 144A bond market by the Westfield Corporation. The issues comprised US$750.0 million, US$1,250.0 million, US$1,000.0 million, US$1,000.0 million and US$500.0 million of fixed rate notes maturing 2017, 2019, 2020, 2024 and 2044 respectively. The Group was assigned US$3,600.0 million comprising US$550.0 million, US$1,250.0 million, US$300.0 million, US$1,000.0 million and US$500.0 million of fixed rate notes maturing 2017, 2019, 2020, 2024 and 2044 respectively. These notes are subject to negative pledge arrangements which require Westfield Corporation to comply with certain minimum financial requirements.

(3) Secured liabilities – US$

Current and non current secured liabilities are US$578.7 million (31 December 2015: US$581.3 million). Secured liabilities are borrowings secured by mortgages over properties that have a fair value of US$1,884.3 million (31 December 2015: US$1,839.8 million). These properties are as follows: Galleria at Roseville, Old Orchard and San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

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

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

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 16 US$million	31 Dec 15 US$million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**7,707.8**	7,521.6
Total interest bearing liabilities	**(5,243.4)**	(4,221.5)
Total bank guarantees	**(46.3)**	(22.5)
Available financing facilities	**2,418.1**	3,277.6
Cash	**98.2**	688.0
Financing resources available at the end of the year	**2,516.3**	3,965.6
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**628.9**	3.6
Due between one and five years	**5,146.5**	5,705.8
Due after five years	**1,932.4**	1,812.2
	7,707.8	7,521.6

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

The available financing facilities above totalling US$2,418.1 million (31 December 2015: US$3,277.6 million), are available to all members of Westfield Corporation, including WAT, at year end. WAT is able to draw on these financing facilities, provided that they are unutilised by other members of Westfield Corporation. These are interest only unsecured multicurrency multioption facilities.

NOTE 16 OTHER FINANCIAL LIABILITIES

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Current			
Convertible redeemable preference shares/units	16(a)	**2.2**	3.0
		2.2	3.0
Non Current			
Convertible redeemable preference shares/units	16(a)	**70.3**	95.8
Convertible redeemable preference shares/units held by WCL related entities	16(a)	**1,071.0**	1,059.2
Other redeemable preference shares/units	16(b)	**153.9**	158.1
		1,295.2	1,313.1
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**2.2**	3.0
Non current – after one year		**1,295.2**	1,313.1
		1,297.4	1,316.1

NOTE 16 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series D convertible preference shares (Series D CPS); (ii) Series G partnership preferred units (Series G units) issued to the Jacobs Group; (iii) Series I partnership preferred units (Series I units); (iv) Series J partnership preferred units (Series J units); (v) Investor unit rights in the operating and property partnerships; (vi) Series F preferred shares; (vii) Foreign currency denominated common shares convertible into Westfield Corporation stapled securities, and (viii) WEA common shares.

i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of Westfield Corporation stapled securities into which the preference shares are then exchangeable.

   – Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business date of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.
   – The Series D CPS are redeemable by WEA at any time at 100% of the liquidation preference.

ii. As at 31 December 2016, the Jacobs Group holds 1,493,574 (31 December 2015: 1,503,567) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

iii. As at 31 December 2016, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2015: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

iv. As at 31 December 2016, 1,538,481 (31 December 2015: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into Westfield Corporation stapled securities with the exercise of Series F – Special Options (refer Note 19) .

vii. The foreign currency denominated common shares are able to be converted into Westfield Corporation stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 19).

viii. As at 31 December 2016, 764,205 (31 December 2015: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference shares/units

The other redeemable preference shares/units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); and (ii) Series A Partnership Preferred Units (Series A units).

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

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

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 17 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**2.5**	–
	2.5	–
Non Current		
Payables on interest rate derivatives	**–**	7.0
	–	7.0
Total derivative liabilities	**2.5**	7.0

The Group presents the fair value mark to market 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 2016, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$2.5 million are reduced by US$2.5 million to nil (31 December 2015: derivative liabilities of US$7.0 million reduced by US$7.0 million to nil).

	Units	Units
NOTE 18 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

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

Holders of Westfield Corporation stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WCL, WFDT and WAT (as the case may be). Westfield Corporation stapled securities have no par value.

	US$million	US$million
(b) Movement in contributed equity attributable to members of WAT		
Balance at the beginning of the year	**4,957.5**	4,957.5
Balance at the end of the year	**4,957.5**	4,957.5

	Note	**Number of options and rights 31 Dec 16**	**Weighted average exercise price US$ 31 Dec 16**	Number of options and rights 31 Dec 15	Weighted average exercise price US$ 31 Dec 15
NOTE 19 SHARE BASED PAYMENTS					
(a) Options and rights over units					
– Series F Special options [1]	19(a) (i)	**52,500**	**1.77**	52,500	1.77
– Series G1 Special options [1]	19(a) (ii)	**277,778**	**1.11**	277,778	1.50
– Series H Special options [1]	19(a) (iii)	**11,805,862**	**1.26**	11,805,862	1.70
– Series I Special options [1]	19(a) (iv)	**13,260,859**	**1.22**	13,260,859	1.64
– Executive performance rights	19(b) (i)	**2,463,615**	**–**	3,892,987	–
– Partnership incentive rights	19(b) (ii)	**2,901,998**	**–**	2,824,220	–
– Target incentive rights	19(b) (iii)	**266,242**	**–**	–	–
– Executive performance and partnership incentive rights issued to employees of related parties	19(a) (v)	**7,665,434**	**–**	8,040,579	–
		38,694,288	**1.27**	40,154,785	1.66

[1] These special options are issued to WCL (formerly WHL) entities.

(i) Series F – Special Options

As at 31 December 2016, there were 52,500 (31 December 2015: 52,500) Series F Special Options on issue which are exchangeable for 12,865,288 (31 December 15: 12,865,288) Westfield Corporation stapled securities.

As the Series F Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(ii) Series G1 – Special Options

As at 31 December 2016, there were 277,778 (31 December 2015: 277,778) Series G1 Special Options on issue which are exchangeable for 14,995,466 (31 December 15: 14,995,466) Westfield Corporation stapled securities.

As the Series G1 Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iii) Series H – Special Options

As at 31 December 2016, there were 11,805,862 (31 December 2015: 11,805,862) Series H Special Options on issue which are exchangeable for 56,060,616 (31 December 15: 56,060,616) Westfield Corporation stapled securities.

As the Series H Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iv) Series I – Special Options

As at 31 December 2016, there were 13,260,859 (31 December 2015: 13,260,859) Series I Special Options on issue which are exchangeable for 65,293,715 (31 December 15: 65,293,715) Westfield Corporation stapled securities.

As the Series I Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

(v) Executive Performance and Partnership Incentive Rights Issued to Employees of Related Parties

There are 7,665,434 (31 December 2015: 8,040,579) Executive performance and Partnership incentive rights on issue to employees of related parties of Westfield Corporation. Under the stapling arrangement each of WCL, WFDT, and WAT are required to issue securities/units on the vesting of an Executive performance and Partnership incentive right. At 31 December 2016, the 7,665,434 (31 December 2015: 8,040,579) Executive performance and Partnership incentive rights issued to employees of related parties were convertible to 7,665,434 (31 December 15: 8,040,579) Westfield Corporation stapled securities.

Vesting profile	Number of rights 31 Dec 16	Number of rights 31 Dec 15
2016	**–**	3,386,118
2017	**2,537,322**	2,856,934
2018	**2,309,702**	1,269,819
2019	**2,019,653**	527,708
2020	**798,757**	–
	7,665,434	8,040,579

(b) Executive Performance Rights and Partnership Incentive Rights Plans

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

Movement in Executive Performance Rights

	31 Dec 16	31 Dec 15
Balance at the beginning of the year	**3,892,987**	5,898,286
Rights transferred on employee relocation	**–**	(380,273)
Rights issued during the year	**1,356,887**	1,551,308
Rights exercised during the year	**(1,703,072)**	(2,325,837)
Rights forfeited during the year	**(1,083,187)**	(850,497)
Balance at the end of the year	**2,463,615**	3,892,987

Vesting profile	Fair value granted US$million 31 Dec 16	Number of rights at[(1)] 31 Dec 16	Fair value granted US$million 31 Dec 15	Number of rights at[(1)] 31 Dec 15
2016	**–**	**–**	7.4	1,846,629
2017	**6.7**	**1,187,975**	7.6	1,341,251
2018	**6.1**	**984,284**	2.8	625,944
2019	**0.7**	**96,748**	0.5	79,163
2020	**0.6**	**95,906**	–	–
2021	**0.6**	**98,702**	–	–
	14.7	**2,463,615**	18.3	3,892,987

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

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

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

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**2,824,220**	2,894,895
Rights transferred on employee relocation	**–**	(126,737)
Rights issued during the year [(1)]	**1,040,956**	869,559
Rights exercised during the year	**(739,090)**	(565,496)
Rights forfeited during the year	**(224,088)**	(248,001)
Balance at the end of the year	**2,901,998**	2,824,220

(1) As outlined in section 8.4(c) of the Westfield Corporation Directors' Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2016 the rights were issued subject to two performance hurdles: FFO measured over one year (2015) and development hurdle measured over four years. In 2016, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Westfield Corporation Remuneration Report.

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

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

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

Vesting profile	**Fair value granted US$million 31 Dec 16**	**Number of rights at (1) 31 Dec 16**	Fair value granted US$million 31 Dec 15	Number of rights at (1) 31 Dec 15
2016	**–**	**–**	2.5	739,090
2017	**3.0**	**767,283**	3.3	824,908
2018	**3.5**	**754,906**	3.9	846,105
2019	**5.0**	**884,417**	2.2	414,117
2020	**2.8**	**495,392**	–	–
	14.3	**2,901,998**	11.9	2,824,220

(1) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participates in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include Westfield Corporation's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Westfield Corporation Remuneration Committee. The hurdles chosen by the Westfield Corporation Remuneration Committee for the 2016 qualifying year are set out in section 8.4(c) of Westfield Corporation Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to the Remuneration Report of the Westfield Corporation Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Target Incentive Rights		
Balance at the beginning of the year	**–**	–
Rights issued (i)	**266,242**	–
Balance at the end of the year	**266,242**	–

(i) As outlined in section 8.4(c) of the Westfield Corporation Remuneration Report, the Group introduced a new category of long term incentives known as Target Incentive Rights. A limited number of Target Incentive Rights have been issued to the key executives in 2016. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Westfield Corporation Remuneration Report.

Vesting profile	**Fair value granted US$million 31 Dec 16**	**Number of rights(i) 31 Dec 16**	Fair value granted US$million 31 Dec 15	Number of rights(i) 31 Dec 15
2018	**1.6**	**266,242**	–	–
	1.6	**266,242**	–	–

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

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Westfield Corporation's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying 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 TIR Plan are described in section 1 of Appendix A to the Remuneration Report of the Westfield Corporation Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$8.7 million (31 December 2015: US$10.4 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Executive Deferred Awards		
Balance at the beginning of the year	–	893,588
Awards exercised during the year	–	(695,013)
Awards lapsed during the year	–	(198,575)
Balance at the end of the year	–	–

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

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	–	373,744
Awards exercised during the year	–	(354,678)
Awards lapsed during the year	–	(19,066)
Balance at the end of the year	–	–

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

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

Accounting for cash settled Share Based Payments

During the year, nil (31 December 2015: US$0.5 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 20 RESERVES		
Foreign currency translation reserve	**593.8**	591.9
Employee share plan benefits reserve	**3.8**	4.3
Balance at the end of the year	**597.6**	596.2
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**591.9**	363.7
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**1.9**	228.2
Balance at the end of the year	**593.8**	591.9
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**4.3**	2.5
– movement in equity settled share based payment	**(0.5)**	1.8
Balance at the end of the year	**3.8**	4.3
NOTE 21 ACCUMULATED LOSSES		
Movement in accumulated losses		
Balance at the beginning of the year	**(2,509.6)**	(4,078.1)
Profit after tax for the period	**965.7**	1,831.2
Distributions paid	**(494.6)**	(262.7)
Balance at the end of the year	**(2,038.5)**	(2,509.6)
NOTE 22 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**98.2**	688.0
Total cash and cash equivalents	**98.2**	688.0
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**1,053.6**	1,875.2
Property revaluations	**(508.0)**	(30.0)
Share of equity accounted profits in excess of dividends/distributions	**(361.5)**	(242.2)
Deferred tax	**193.4**	(1,194.0)
Net fair value gain on currency derivatives	**(3.9)**	(13.9)
Financing costs capitalised to qualifying development projects and construction in progress	**89.7**	67.6
Gain in respect of capital transactions	**(12.5)**	(22.8)
(Increase)/decrease in working capital attributable to operating activities	**(62.3)**	0.2
Net cash flows from operating activities	**388.5**	440.1

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 23 DISTRIBUTIONS		
(a) Final distribution paid		
Distribution in respect of the 6 months to 31 December 2016		
WAT: US10.65 cents per unit	**221.3**	–
Distribution in respect of the 6 months to 31 December 2015		
WAT: US12.45 cents per unit	**–**	258.7
	221.3	258.7

Interim distribution of US11.35 cents was paid on 31 August 2016. Final distribution will be paid on 28 February 2017. The record date for the final distributions was 5pm, 14 February 2017. No distribution reinvestment plan is operational for the distribution.

	31 Dec 16 US$million	31 Dec 15 US$million
(b) Interim distribution paid		
Distribution in respect of the 6 months to 30 June 2016		
WAT: US11.35 cents per unit	**235.9**	–
Distribution in respect of the 6 months to 30 June 2015		
WAT: US9.00 cents per unit	**–**	187.0
	235.9	187.0

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

NOTE 24 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

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

	31 Dec 16 US$million	31 Dec 15 US$million
Due within one year	**579.6**	502.6
Due between one and five years	**1,891.9**	1,537.1
Due after five years	**1,723.8**	1,203.9
	4,195.3	3,243.6

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.

Total operating lease receivables of US$4,195.3 million (31 December 2015: US$3,243.6 million) comprises US$2,140.8 million (31 December 2015: US$1,161.6 million) of consolidated and US$2,054.5 million (31 December 2015: US$2,082.0 million) of equity accounted operating lease receivables.

Operating lease payables

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease payables:

	31 Dec 16 US$million	31 Dec 15 US$million
Due within one year	**32.5**	30.8
Due between one and five years	**145.2**	138.8
Due after five years	**386.7**	421.0
	564.4	590.6

Total operating lease payables of US$564.4 million (31 December 2015: US$590.6 million) comprises US$559.2 million (31 December 2015: US$588.7 million) of consolidated and US$5.2 million (31 December 2015: US$1.9 million) of equity accounted operating lease payables.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 25 CAPITAL EXPENDITURE COMMITMENTS		
The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.		
Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
Due within one year	**659.3**	581.8
Due between one and five years	**513.6**	680.5
	1,172.9	1,262.3

Total capital expenditure commitment of US$1,172.9 million (31 December 2015: US$1,262.3 million) comprises US$633.0 million (31 December 2015: US$1,071.2 million) of consolidated and US$539.9 million (31 December 2015: US$191.1 million) of equity accounted capital expenditure commitments.

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 26 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

Performance guarantees	**66.3**	127.5
Guaranteed borrowings of related entities	**1,335.6**	1,049.9
	1,401.9	1,177.4

The Group's obligation with respect to 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 Group is involved in lawsuits. The Directors of the Responsible Entity believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

NOTE 27 SEGMENT REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property Investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

(ii) Property and Project Management

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

(b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers that, the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States shopping centres) and most of the centres are under common management, therefore the drivers of their results are similar. As such, the proportionate format 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 shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 27 SEGMENT REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(i) Income and expenses

31 December 2016	Operational Property investments US$million	Operational Property and project management US$million	Corporate US$million	Total US$million
Revenue				
Property revenue	939.2	–	–	939.2
Property development and project management revenue	–	89.5	–	89.5
Property management income	–	44.2	–	44.2
	939.2	**133.7**	**–**	**1,072.9**
Expenses				
Property expenses, outgoings and other costs	(365.4)	–	–	(365.4)
Property development and project management costs	–	(76.3)	–	(76.3)
Property management costs	–	(18.6)	–	(18.6)
Overheads	–	–	(83.5)	(83.5)
	(365.4)	(94.9)	(83.5)	(543.8)
Segment result	**573.8**	**38.8**	**(83.5)**	**529.1**
Revaluation of properties and development projects				508.0
Equity accounted – revaluation of properties and development projects				312.5
Currency gain				3.9
Gain in respect of capital transactions				
– asset dispositions				12.5
Interest income				22.6
Financing costs				(127.2)
Tax expense				(207.8)
Non controlling interests				(87.9)
Net profit attributable to members of WAT				**965.7**

(ii) Assets and liabilities

As at 31 December 2016	Operational Property investments US$million	Operational Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	15,545.5	2.9	271.3	15,819.7
Total segment liabilities	691.0	–	11,359.2	12,050.2
Total segment net assets	14,854.5	2.9	(11,087.9)	3,769.5
Equity accounted associates included in segment assets	8,746.9	–	–	8,746.9
Equity accounted associates included in segment liabilities	162.6	–	1,678.2	1,840.8
Additions to segment non current assets during the year	1,119.1	–	–	1,119.1

NOTE 27 SEGMENT REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016 (continued)

(iii) Reconciliation of segmental results

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

31 December 2016	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	379.9	559.3	939.2
Property development and project management revenue	89.5	–	89.5
Property management income	44.2	–	44.2
	513.6	**559.3**	**1,072.9**
Expenses			
Property expenses, outgoings and other costs	(180.9)	(184.5)	(365.4)
Property development and project management costs	(76.3)	–	(76.3)
Property management costs	(18.6)	–	(18.6)
Overheads	(83.5)	–	(83.5)
	(359.3)	(184.5)	(543.8)
Segment result	**154.3**	**374.8**	**529.1**
Revaluation of properties and development projects	508.0	–	508.0
Equity accounted – revaluation of properties and development projects	–	312.5	312.5
Currency gain	3.9	–	3.9
Gain in respect of capital transactions			
– asset dispositions	12.5	–	12.5
Interest income	22.6	–	22.6
Financing costs	(64.0)	(63.2)	(127.2)
Tax expense	(207.5)	(0.3)	(207.8)
Non controlling interests	(35.1)	(52.8)	(87.9)
Net profit attributable to members of WAT	**394.7**	**571.0**	**965.7**
Assets and liabilities			
Cash	98.2	42.0	140.2
Shopping centre investments	5,080.5	8,227.1	13,307.6
Development projects and construction in progress	902.2	436.9	1,339.1
Other property investments	470.3	–	470.3
Inventories	2.9	–	2.9
Other assets	518.7	40.9	559.6
Total segment assets	**7,072.8**	**8,746.9**	**15,819.7**
Interest bearing liabilities	5,243.4	1,678.2	6,921.6
Other financial liabilities	1,297.4	–	1,297.4
Deferred tax liabilities	1,768.6	–	1,768.6
Other liabilities	1,900.0	162.6	2,062.6
Total segment liabilities	**10,209.4**	**1,840.8**	**12,050.2**
Total segment net assets	**(3,136.6)**	**6,906.1**	**3,769.5**

NOTE 27 SEGMENT REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(i) Income and expenses

31 December 2015	Operational: Property investments US$million	Operational: Property and project management US$million	Corporate US$million	Total US$million
Revenue				
Property revenue	1,023.6	–	–	1,023.6
Property development and project management revenue	–	98.7	–	98.7
Property management income	–	49.6	–	49.6
	1,023.6	**148.3**	**–**	**1,171.9**
Expenses				
Property expenses, outgoings and other costs	(384.4)	–	–	(384.4)
Property development and project management costs	–	(86.5)	–	(86.5)
Property management costs	–	(21.4)	–	(21.4)
Overheads	–	–	(59.3)	(59.3)
	(384.4)	(107.9)	(59.3)	(551.6)
Segment result	**639.2**	**40.4**	**(59.3)**	**620.3**
Revaluation of properties and development projects				30.0
Equity accounted – revaluation of properties and development projects				200.5
Currency gain				13.9
Gain in respect of capital transactions				
– asset dispositions				22.8
Interest income				14.6
Financing costs				(183.9)
Tax credit				1,157.0
Non controlling interests				(44.0)
Net profit attributable to members of WAT				**1,831.2**

(ii) Assets and liabilities

31 December 2015	Operational: Property investments US$million	Operational: Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	14,184.0	8.8	771.3	14,964.1
Total segment liabilities	629.7	–	11,118.0	11,747.7
Total segment net assets	13,554.3	8.8	(10,346.7)	3,216.4
Equity accounted associates included in segment assets	8,146.8	–	–	8,146.8
Equity accounted associates included in segment liabilities	148.3	–	1,678.3	1,826.6
Additions to segment non current assets during the year	1,051.8	–	–	1,051.8

NOTE 27 SEGMENT REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015 (continued)

(iii) Reconciliation of segmental results

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

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	474.6	549.0	1,023.6
Property development and project management revenue	98.7	–	98.7
Property management income	49.6	–	49.6
	622.9	**549.0**	**1,171.9**
Expenses			
Property expenses, outgoings and other costs	(213.4)	(171.0)	(384.4)
Property development and project management costs	(86.5)	–	(86.5)
Property management costs	(21.4)	–	(21.4)
Overheads	(59.3)	–	(59.3)
	(380.6)	(171.0)	(551.6)
Segment result	**242.3**	**378.0**	**620.3**
Revaluation of properties and development projects	30.0	–	30.0
Equity accounted – revaluation of properties and development projects	–	200.5	200.5
Currency gain	13.9	–	13.9
Gain in respect of capital transactions			
– asset dispositions	22.8	–	22.8
Interest income	14.6	–	14.6
Financing costs	(116.3)	(67.6)	(183.9)
Tax credit	1,157.2	(0.2)	1,157.0
Non controlling interests	(0.8)	(43.2)	(44.0)
Net profit attributable to members of WAT	**1,363.7**	**467.5**	**1,831.2**
Assets and liabilities			
Cash	688.0	64.9	752.9
Shopping centre investments	3,218.1	7,818.8	11,036.9
Development projects and construction in progress	1,415.3	243.2	1,658.5
Inventories	8.8	–	8.8
Other assets	1,487.1	19.9	1,507.0
Total segment assets	**6,817.3**	**8,146.8**	**14,964.1**
Interest bearing liabilities	4,221.5	1,678.3	5,899.8
Other financial liabilities	1,316.1	–	1,316.1
Deferred tax liabilities	1,578.5	–	1,578.5
Other liabilities	2,805.0	148.3	2,953.3
Total segment liabilities	**9,921.1**	**1,826.6**	**11,747.7**
Total segment net assets	**(3,103.8)**	**6,320.2**	**3,216.4**

NOTE 28 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 29 FINANCIAL RISK MANAGEMENT

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

The Group manages its exposure to key financial risks in accordance with the Westfield Corporation'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.

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

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

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

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

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

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

NOTE 30 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

The Group has interest 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 16 US$million	31 Dec 15 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	15	**628.9**	3.6
Non current interest bearing liabilities	15	**4,614.5**	4,217.9
Share of equity accounted entities' interest bearing liabilities	11(c)	**1,678.2**	1,678.3
Principal amounts subject to interest rate payable exposure		**6,921.6**	5,899.8
Principal amounts of all interest bearing assets:			
Loans receivable from related entities	37(c)	**–**	449.8
Cash	22(a)	**98.2**	688.0
Share of equity accounted entities' cash	11(c)	**42.0**	64.9
Principal amounts subject to interest rate receivable exposure		**140.2**	1,202.7
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**6,781.4**	4,697.1
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– US$	30(ii)	**5,893.0**	5,703.6
Fixed rate derivatives			
– US$	30(ii)	**1,350.0**	–
Interest rate caps			
– US$	30(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**7,271.5**	5,732.1
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	30(ii)	**3,250.0**	3,250.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,250.0**	3,250.0
Principal amounts on which net interest rate payable exposure has been hedged		**4,021.5**	2,482.1

At 31 December 2016, the Group has hedged 59% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 41% is exposed to floating rates on a principal payable of US$2,759.9 million, at an average interest rate of 2.0%, including margin (31 December 2015: 53% hedged with floating exposure of US$2,215.0 million payable at an average rate of 2.7% including margin). Changes to the fair value of derivatives due to interest rate movements are set out in Note 30(ii).

Interest rate sensitivity		31 Dec 16 US$million	31 Dec 15 US$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%	**55.2**	44.3
	-1.0%	**27.6**	22.2
	-0.5%	**13.8**	11.1
	0.5%	**(13.8)**	(11.1)
	1.0%	**(27.6)**	(22.2)
	2.0%	**(55.2)**	(44.3)

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 and contract rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average rate**	**31 Dec 16 Principal amount million**	**31 Dec 16 Average rate including margin**	31 Dec 15 Notional principal amount million	31 Dec 15 Average rate	31 Dec 15 Principal amount million	31 Dec 15 Average rate including margin
US$ payable								
31 December 2015	**–**	**–**	**–**	**–**	–	–	US$(5.703.6)	3.72%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(5,893.0)**	**3.58%**	US$(1,350.0)	1.39%	US$(5,696.0)	3.72%
31 December 2017	**–**	**–**	**US$(5,259.8)**	**3.81%**	–	–	US$(4,920.3)	3.84%
31 December 2018	**–**	**–**	**US$(5,250.4)**	**3.80%**	–	–	US$(4,910.9)	3.83%
31 December 2019	**–**	**–**	**US$(3,989.8)**	**4.14%**	–	–	US$(3,650.3)	4.21%
31 December 2020	**–**	**–**	**US$(3,329.1)**	**3.94%**	–	–	US$(2,989.6)	4.00%
31 December 2021	**–**	**–**	**US$(3,325.9)**	**3.94%**	–	–	US$(2,986.4)	4.00%
31 December 2022	**–**	**–**	**US$(3,047.6)**	**3.91%**	–	–	US$(2,708.1)	3.98%
31 December 2023	**–**	**–**	**US$(2,546.2)**	**3.92%**	–	–	US$(2,206.7)	4.00%
31 December 2024	**–**	**–**	**US$(1,108.7)**	**4.11%**	–	–	US$(769.2)	4.42%
31 December 2025	**–**	**–**	**US$(839.5)**	**4.20%**	–	–	US$(500.0)	4.75%
31 December 2026-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
US$ receivable								
31 December 2015	**–**	**–**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2016	**US$3,250.0**	**2.81%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2017	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2018	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2019	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a receivable of US$52.8 million (31 December 2015: US$104.7 million). The change in fair value for the year ended 31 December 2016 was US$51.9 million (31 December 2015: US$57.9 million).

Fair value sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$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%	**45.1**	83.7
	-1.0%	**22.2**	41.2
	-0.5%	**11.0**	20.4
	0.5%	**(10.9)**	(20.0)
	1.0%	**(21.6)**	(39.6)
	2.0%	**(42.5)**	(77.9)

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

NOTE 30 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate options contracted as at the reporting date and outstanding at	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average Strike rate**	31 Dec 15 Notional principal amount million	31 Dec 15 Average Strike rate
US$ payable caps				
31 December 2015	–	–	US$(28.5)	3.50%
31 December 2016	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a payable of US$3,050 (31 December 2015: US$2,004). The change in fair value for the year ended 31 December 2016 was US$1,046 (31 December 2015: US$0.1 million).

NOTE 31 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 16 million	31 Dec 15 million
Foreign currency net investments		
Australian Dollar		
A$ net (liabilities)/assets	**A$(13.2)**	A$605.1
A$ borrowings	**A$(1,821.6)**	A$(3,045.2)
A$ denominated net liabilities	**A$(1,834.8)**	A$(2,440.1)

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

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

Foreign currency sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of A$ denominated net liabilities to changes in the year end US$/A$1.3873 rate (31 December 2015: US$/A$1.3725) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**(222.8)**	(303.3)
	-10 cents	**(102.7)**	(139.7)
	-5 cents	**(49.4)**	(67.2)
	+5 cents	**46.0**	62.5
	+10 cents	**88.9**	120.7
	+20 cents	**166.6**	226.1

NOTE 32 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2016, the aggregate credit risk in respect of cash and cash equivalents is US$140.2 million (31 December 2015: US$752.9 million).

At 31 December 2016, the aggregate credit risk in respect of derivative financial instruments is US$52.8 million (31 December 2015: US$104.7 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 58% of its aggregate credit risk spread over two counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

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

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

NOTE 33 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 16 US$million	31 Dec 15 US$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	**(782.2)**	(140.7)
Due between one and five years	**(3,149.6)**	(2,873.8)
Due after five years	**(2,560.8)**	(2,493.9)
	(6,492.6)	(5,508.4)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(5,243.4)**	(4,221.5)
– aggregate future estimated nominal interest	**(1,249.2)**	(1,286.9)
	(6,492.6)	(5,508.4)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**37.4**	61.2
Due between one and five years	**28.5**	74.8
Due after five years	**–**	–
	65.9	136.0

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

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
Consolidated assets				
Cash and cash equivalents	**98.2**	688.0	**98.2**	688.0
Trade debtors [1]	**22.5**	11.6	**22.5**	11.6
Receivables	**301.9**	816.4	**301.9**	816.4
Other investments [2]	**470.3**	427.4	**470.3**	427.4
Derivative assets [2]	**55.3**	111.7	**55.3**	111.7
Consolidated liabilities				
Trade creditors [1]	**23.9**	26.6	**23.9**	26.6
Payables and other creditors [1]	**1,868.9**	2,744.9	**1,868.9**	2,744.9
Interest bearing liabilities				
– Fixed rate debt	**4,303.7**	4,085.8	**4,253.7**	4,060.8
– Floating rate debt	**987.4**	165.3	**989.7**	160.7
Other financial liabilities [2]	**1,297.4**	1,316.1	**1,297.4**	1,316.1
Derivative liabilities [2]	**2.5**	7.0	**2.5**	7.0

(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.

Determination of Fair Value

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

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

	31 Dec 16 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	470.3	–	–	470.3
Derivative assets				
– Interest rate derivatives	55.3	–	55.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,303.7	–	4,303.7	–
– Floating rate debt	987.4	–	987.4	–
Other financial liabilities				
– Redeemable preference shares/units	1,297.4	–	1,071.0	226.4
Derivative liabilities				
– Interest rate derivatives	2.5	–	2.5	–

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

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 15 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	427.4	–	–	427.4
Derivative assets				
– Interest rate derivatives	111.7	–	111.7	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,085.8	–	4,085.8	–
– Floating rate debt	165.3	–	165.3	–
Other financial liabilities				
– Redeemable preference shares/units	1,316.1	–	1,059.2	256.9
Derivative liabilities				
– Interest rate derivatives	7.0	–	7.0	–

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

	Unlisted investments[(1)] 31 Dec 16 US$million	**Redeemable preference shares/units[(2)] 31 Dec 16 US$million**	Unlisted investments[(1)] 31 Dec 15 US$million	Redeemable preference shares/units[(2)] 31 Dec 15 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**427.4**	**256.9**	116.8	234.6
Additions	**19.4**	**–**	272.2	–
Disposals	**–**	**(0.8)**	–	(7.7)
Net fair value gain/loss to income statement	**23.5**	**(29.7)**	38.4	30.0
Balance at the end of the year	**470.3**	**226.4**	427.4	256.9

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

(2) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2016, an increment of 1% to the earnings yield would result in an additional gain of US$37.6 million (31 December 2015: US$41.8 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$57.0 million (31 December 2015: US$64.0 million) in the income statement.

Investment properties are also considered Level 3. Movement in the estimated yield for each property would result in changes to the fair value of the properties. For example, an increment of 0.5% to the total estimated yield would result in a decrease of US$1,282.0 million (31 December 2015: US$990.8 million) to the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of US$1,588.0 million (31 December 2015: US$1,207.5 million) to the fair value of the properties.

NOTE 35 PARENT ENTITY

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

	31 Dec 16 US$million	31 Dec 15 US$million
(a) Assets		
Current assets	**688.0**	1,942.5
Non current assets	**5,780.2**	4,693.1
Total assets	**6,468.2**	6,635.6
(b) Liabilities		
Current liabilities	**1,325.5**	2,242.7
Non current liabilities	**589.0**	416.9
Total liabilities	**1,914.5**	2,659.6
(c) Total equity		
Contributed equity	**4,597.7**	4,597.7
Accumulated losses and reserves	**(44.0)**	(621.7)
Total equity	**4,553.7**	3,976.0
(d) Comprehensive income		
Profit after tax for the period	**1,156.5**	1,012.6
Other comprehensive income	**(84.1)**	(209.0)
Total comprehensive income for the period	**1,072.4**	803.6
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**4,100.0**	3,600.0
Guaranteed borrowings of related entities	**1,335.6**	1,049.9
	5,435.6	4,649.9

NOTE 36 AUDITOR'S REMUNERATION

	31 Dec 16 US$000	31 Dec 15 US$000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the Group for:		
– Audit or review of the financial reports	**138**	135
	138	135
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**2,586**	2,189
– Assurance and compliance services	**–**	120
– Taxation advice and compliance	**873**	612
– Technical accounting advice and services	**–**	530
	3,459	3,451
	3,597	3,586

NOTE 37 RELATED PARTY DISCLOSURES

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

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

Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 38.

Other Related Parties

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

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

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in Note 38.

Transactions with Other Related Parties

Westfield Corporation has established protocols governing transactions with other related parties which are monitored and reviewed by the Westfield Corporation Audit and Risk Committee.

(a) LFG

Westfield Corporation owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. Westfield Corporation and LFG have entered into an aircraft interchange agreement, whereby Westfield Corporation provides its aircraft (when the aircraft are not required for Westfield Corporation business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms.

During the financial year, Westfield Corporation utilised 107.8 hours (31 December 2015: 37.8 hours) of LFG's aircraft which was offset by LFG's use of Westfield Corporation's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between Westfield Corporation and LFG in relation to the use of Westfield Corporation's aircraft by LFG and use of LFG's aircraft by Westfield Corporation. These arrangements, including rates, are at arm's length.

During the year ended 31 December 2016 there was no charge to or from either party (31 December 2015: US$1,341,419 billed to LFG by Westfield Corporation) for use in excess of the interchange agreement

Westfield Corporation also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services.

During the financial year Westfield Corporation charged LFG US$657,152 (31 December 2015: US$819,038) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, Westfield Corporation charged LFG US$1,493,493 (31 December 2015: US$1,028,197) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in Westfield Corporation's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2016 US$**	2015 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, Westfield Corporation charged The Lowy Institute US$7,687 (31 December 2015 US$7,477) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2016.

(c) Other

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

WAT, WFDT and WCL transacted on normal commercial terms as stapled entities with respect to the following:

(i) Manager's service charges;

(ii) Reimbursement of expenses;

(iii) Construction contracts; and

(iv) Loans and financial derivatives.

The Responsible Entity management fee for the year ended 31 December 2016 was US$3.8 million (31 December 2015: US$3.4 million) of which nil was payable at 31 December 2016 (31 December 2015: nil).

During the year, the Group paid to a subsidiary of WCL US$16.7 million in respect of corporate service fees (31 December 2015: US$8.9 million).

Foreign currency contract with WCL

WAT and WCL entered into foreign currency contracts in 2016. WAT paid A$91.6 million to WCL in exchange for WCL paying US$65.7 million to WAT. The foreign currency contracts matured during the year and the net gain from the contracts was US$35,121.

Foreign currency contracts with WFDT

WAT and WFDT entered into a foreign currency contract in 2016. WAT paid US$450.0 million to WFDT in exchange for WFDT paying A$611.6 million to WAT. The foreign currency contract matured during the year and there was no gain or loss from the contract.

Loans to/from WFDT

During the year, WAT had a US$ interest bearing loan from WFDT. The balance of this loan at year end is a payable of US$450.0 million (31 December 2015: nil), with accrued interest payable of 0.4 million (31 December 2015: nil). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from WFDT was US$0.4 million (31 December 2015: nil).

During the year, WAT had an A$ interest bearing loan to WFDT. The balance of this loan at year end is nil (31 December 2015: a receivable of US$336.2 million), with accrued interest receivable of nil (31 December 2015: US$0.5 million). Interest accrued on this loan based on a floating rate. The interest income for the year in respect of the loan to WFDT was US$5.1 million (31 December 2015: US$4.6 million).

During the year, WAT had an A$ non-interest bearing loan from WFDT. The balance of the loan at year end is a payable of US$1,313.0 million (31 December 2015: US$2,218.7 million).

NOTE 37 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with Other Related Parties (continued)

(c) Other (continued)

Loans to/from WCL

During the year, WAT had an A$ interest bearing loan to WCL. The balance of this loan at year end is nil (31 December 2015: a receivable of US$113.6 million), with accrued interest receivable of nil (31 December 2015: US$0.1 million). Interest accrued on this loan based on a floating rate. The net interest income for the year in respect of the loan to WCL was US$1.1 million (31 December 2015: US$4.0 million).

WAT had US$ interest bearing loans to/from WCL and the loans were repaid during 2015 financial year. The net interest income for the year in respect of the loans to/from WCL was US$0.8 million.

Loans from Westfield UK and Europe Finance PLC (WUKEF)

During the year, WAT had a US$ interest bearing loan from WUKEF. The balance of this loan at year end is a payable of US$75.0 million (31 December 2015: nil), with accrued interest payable of US$2,583 (31 December 2015: nil). Interest accrues on this loan based on a fixed rate. The interest expense for the year in respect of the loan from WUKEF was US$0.2 million (31 December 2015: nil).

Sale of controlled entities

In 2015, WEA disposed of a wholly owned subsidiary to an entity controlled by WCL for an accounting gain of US$145.4 million.

(d) Purchase of Investment

During the financial year, the Westfield Corporation purchased all of the equity in Scott Sanders Theatrical Productions (SSTP) for US$12.4 million. Mr Roy Furman, a non-executive director, held a 15.5% shareholding in SSTP which was purchased as part of the transaction. Mr Furman played no part in the negotiation or approval of the transaction. The Board was satisfied that the transaction was negotiated on arm's length terms. In reaching that conclusion the Board considered all material facts. The Board also considered the outcome of an independent review by an investment bank which concluded that based on their review of the transaction documents and on responses received from management to a detailed questionnaire, they were satisfied that the evidence was consistent with a transaction negotiated on arm's length terms.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL

As a result of the Restructure and Merger on 30 June 2014, the Group forms part of Westfield Corporation. The Responsible Entity does not have any employees. Key Management Personnel of the Group are paid by the Group and related entities within Westfield Corporation.

As the Group forms part of Westfield Corporation, the discussion under this note relates to Westfield Corporation and the Group.

(a) Key Management Personnel

The Key Management Personnel of the Group for the twelve month period from 1 January 2016 to 31 December 2016 are set out below:

Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman/ Lead Independent Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith QC PC	Non-Executive Director
Jeffrey Goldstein	Non-Executive Director appointed 28 November 2016
Michael Gutman OBE	President/ Chief Operating Officer
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Donald Kingsborough	Executive Director
Peter Lowy	Co-Chief Executive Officer
Steven Lowy AM	Co-Chief Executive Officer
John McFarlane	Non-Executive Director
Dawn Ostroff	Non-Executive Director appointed 28 November 2016
Elliott Rusanow	Chief Financial Officer

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Remuneration of Key Management Personnel

The aggregate remuneration for the year ended 31 December 2016 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits[1] US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments[2] US$	US$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2016	**9,037,167**	**6,961,500**	**131,732**	**67,849**	**96,109**	**8,767,622**	**25,061,979**
31 December 2015	8,614,751	6,380,000	139,787	318,300	93,411	8,529,027	24,075,276
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2016	**980,000**	**812,500**	**225,977**	**16,333**	**–**	**1,032,733**	**3,067,543**
31 December 2015	980,000	815,000	–	27,869	–	904,531	2,727,400
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2016	**10,017,167**	**7,774,000**	**357,709**	**84,182**	**96,109**	**9,800,355**	**28,129,522**
31 December 2015	9,594,751	7,195,000	139,787	346,169	93,411	9,433,558	26,802,676

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

(2) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Westfield Corporation Directors' Report for further details regarding the operation of these plans.

(c) Other transactions and balances with Key Management Personnel

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

(ii) During the financial year, transactions occurred between Westfield Corporation and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by Westfield Corporation in respect of stapled securities held in Westfield Corporation.

NOTE 39 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 16 – Interest Beneficial (1) Parent Company %	31 Dec 16 – Interest Consolidated or Equity accounted %	31 Dec 15 – Interest Beneficial (1) Parent Company %	31 Dec 15 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield America Trust	**100.0**	**100.0**	100.0	100.0
Consolidated Controlled Entities				
WFA Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES				
Consolidated Controlled Entities				
New WTC Retail Member, LLC (3)	**100.0**	**100.0**	–	–
Head Acquisition, LP	**100.0**	**100.0**	100.0	100.0
Urban Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
WCI Finance, LLC (2)	**–**	**–**	100.0	100.0
WEA Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Valley Fair UTC, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, LP	**100.0**	**100.0**	100.0	100.0
Westfield America Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Development, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Garden State, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Growth, LP	**100.0**	**100.0**	100.0	100.0
Westfield Head, LP	**100.0**	**100.0**	100.0	100.0
Westfield, LLC	**100.0**	**100.0**	100.0	100.0
Westfield U.S. Holdings, LLC	**100.0**	**100.0**	100.0	100.0

(1) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Entity's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

(2) Entity dissolved/deregistered during the financial year.

(3) Entity became a material and significant entity during the financial year.

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Independent Auditor's Report to the Shareholders of Westfield America Trust
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westfield America Trust (the Trust), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2016, 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.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why this matter is considered to be one of the most significant matters in the audit	**How the matter was addressed in the audit**
The Group has interests in shopping centre investment properties which are carried at a fair value of $13.3 billion at 31 December 2016 (from both consolidated shopping centres and equity accounted investments) and represents 95.1% of total assets. Fair values are determined each reporting period by reference to valuations, with changes in fair value recognised in the consolidated income statement. Valuations contain a number of assumptions which are based on direct market comparisons, or where comparable transactions are not available, estimates. Minor changes in certain assumptions can lead to significant changes in the valuation. Note 34 of the financial report disclose the sensitivity of these valuations to changes in key assumptions. As outlined in note 10, the Group's basis for determining the carrying value of shopping centre investment properties is underpinned by external valuations sourced from qualified valuation experts. Refer to note 2(c) of the financial report for a description of the accounting policy treatment for these assets.	We assessed the extent to which we could use the work of the valuation experts by considering, for a sample of the valuers, their competence and independence. We also evaluated the suitability of their valuation scope and methodology for the financial report. On a sample basis, we agreed data used in the valuation to the actual and budgeted financial performance of the specific properties. We assessed the key inputs and assumptions used by the valuers by comparing this information to external market data obtained by our Real Estate valuation specialists.

Property Development and Project Management Costs and Revenues

Why this matter is considered to be one of the most significant matters in the audit	**How the matter was addressed in the audit**
The Group recognised $89.5 million of property development and project management revenue and $76.3 million of property development and project management costs for the year ended 31 December 2016. Revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete. The determination of the cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment. Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 27 of the financial report. Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 27 of the financial report. Note 2(f) of the financial report discloses the accounting policy for recognition of such amounts.	We evaluated the Group's processes and assessed and tested the design and operating effectiveness of key controls for accumulating property development and project management costs and for estimating costs to complete of major development projects. We evaluated the Group's history of budget and forecasting accuracy associated with project management costs and estimating costs to complete. We enquired with management for a selection of major projects to gain an understanding of the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports. We assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks. We inspected project feasibility reports, on a sample basis, and assessed the assumptions used in forecasting revenues and costs to complete. We also agreed a sample of costs incurred to invoice and/or payment, including testing that they were allocated to the appropriate development. We also evaluated subsequent payments made after the reporting date to assess whether costs were accrued in the correct reporting period. We assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards – AASB 111 *Construction Contracts*.

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Interest Bearing Liabilities and Financing Costs

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group has interest bearing liabilities of $5.2 billion at 31 December 2016. During the year the Group incurred $153.7 million in financing and interest costs of which $64.0 million has been recognised in the consolidated income statement and $89.7 million capitalised to assets under construction. The Group has established a range of finance facilities with various terms, counterparties and currencies. The Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 15 of the financial report discloses the Group's interest bearing liabilities. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these liabilities.	We evaluated the Group's processes and assessed the design and operating effectiveness of controls for recording and reporting the terms and conditions of interest bearing liabilities and the associated interest costs. We confirmed a selection of interest bearing liabilities directly with counterparties. We tested the calculation of interest recognised in the consolidated income statement and interest capitalised during the period to assess whether these were calculated in accordance with the Group's accounting policy detailed in Note 2(h). We assessed the maturity profile of the Group's interest bearing liabilities to check that loans maturing within the next twelve months were classified in current liabilities.

Derivative Financial Instruments

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group manages interest and currency risks through the use of derivative financial instruments ("Derivatives") which have been set out in notes 9 and 17 of the financial report. Fair value movements in Derivatives are driven by movements in financial markets. These complex transactions may have a significant financial effect and have extensive accounting and reporting obligations. Note 34 of the financial report discloses the fair value of the Group's Derivative assets and liabilities outstanding at balance date. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these instruments.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls for recording, reviewing and reporting the terms and conditions of its Derivatives. We involved our treasury specialists to evaluate the accuracy with which the Group revalues Derivatives, including periodic reviews of position reports by senior executives. We confirmed a selection of Derivatives directly with counterparties. We tested the calculation of fair value movements on Derivatives during the period to check these movements were recognised in the consolidated income statement or deferred in accordance with the Group's accounting policy detailed in note 2(k).

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Trust's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial report

The Directors of the Trust 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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtain an understanding of internal control relevant to the audit 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 control.
– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
– Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Engagement Partner

Sydney, 13 March 2017

F. WAT Consolidated Financial Statements 2015

Westfield

Westfield America Trust
Annual Financial Report
31 December 2015

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Revenue			
Property revenue	3	**416.8**	496.0
Property development and project management revenue		**98.7**	142.1
Property management income		**62.9**	54.9
		578.4	693.0
Share of after tax profits of equity accounted entities			
Property revenue		**549.0**	504.3
Property revaluations		**200.5**	397.9
Property expenses, outgoings and other costs		**(171.0)**	(146.5)
Net interest expense		**(67.6)**	(60.2)
Tax expense		**(0.2)**	(0.3)
	12(a)	**510.7**	695.2
Expenses			
Property expenses, outgoings and other costs		**(162.6)**	(194.0)
Property development and project management costs		**(86.5)**	(122.8)
Property management costs		**(27.7)**	(28.6)
Overheads		**(59.3)**	(82.0)
		(336.1)	(427.4)
Interest income		**14.6**	4.2
Currency gain/(loss)	4	**13.9**	(106.8)
Financing costs	7	**(116.3)**	(434.1)
Gain/(loss) in respect of capital transactions			
– asset dispositions	5	**22.8**	(8.6)
Property revaluations		**30.0**	(60.3)
Charges and credits in respect of the Restructure and Merger	6	**–**	(800.8)
Profit before tax for the period		**718.0**	(445.6)
Tax credit/(expense)	8	**1,157.2**	(147.2)
Profit after tax for the period		**1,875.2**	(592.8)
Profit after tax for the period attributable to:			
– Members of the Westfield America Trust (WAT)		**1,831.2**	(558.2)
– Non controlling interests		**44.0**	(34.6)
Profit after tax for the period		**1,875.2**	(592.8)
		cents	cents
Basic earnings per unit	9(a)	**88.12**	(26.86)
Diluted earnings per unit	9(a)	**85.21**	(26.86)

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 US$million	31 Dec 14 US$million
Profit after tax for the period	**1,875.2**	(592.8)
Other comprehensive income		
Movement in foreign currency translation reserve [1]		
– Net exchange difference on translation of foreign operations	**228.2**	327.2
Total comprehensive income for the period	**2,103.4**	(265.6)
Total comprehensive income attributable to:		
– Members of WAT	**2,059.4**	(231.0)
– Non controlling interests	**44.0**	(34.6)
Total comprehensive income for the period	**2,103.4**	(265.6)

[1] These items may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Current assets			
Cash and cash equivalents	23(a)	**688.0**	149.7
Trade debtors		**11.6**	16.3
Investment properties	11	**–**	438.7
Derivative assets	10	**–**	5.7
Receivables	38(c)	**609.9**	255.8
Inventories		**8.8**	18.4
Other		**58.8**	19.1
Total current assets		**1,377.1**	903.7
Non current assets			
Investment properties	11	**4,633.4**	6,155.9
Equity accounted investments	12(c)	**6,320.2**	5,592.5
Other property investments	13	**427.4**	116.8
Derivative assets	10	**111.7**	159.2
Receivables		**206.5**	67.9
Plant and equipment	14	**34.8**	39.9
Deferred tax assets	8(b)	**2.6**	–
Other		**23.8**	27.8
Total non current assets		**11,760.4**	12,160.0
Total assets		**13,137.5**	13,063.7
Current liabilities			
Trade creditors		**26.6**	33.0
Payables and other creditors	15	**2,606.2**	3,052.2
Interest bearing liabilities	16	**3.6**	180.9
Other financial liabilities	17	**3.0**	2.7
Tax payable		**26.5**	53.1
Derivative liabilities	18	**–**	2.2
Total current liabilities		**2,665.9**	3,324.1
Non current liabilities			
Payables and other creditors	15	**138.7**	124.4
Interest bearing liabilities	16	**4,217.9**	4,133.6
Other financial liabilities	17	**1,313.1**	1,303.7
Deferred tax liabilities	8(c)	**1,578.5**	2,779.2
Derivative liabilities	18	**7.0**	–
Total non current liabilities		**7,255.2**	8,340.9
Total liabilities		**9,921.1**	11,665.0
Net assets		**3,216.4**	1,398.7
Equity attributable to members of WAT			
Contributed equity	19(b)	**4,957.5**	4,957.5
Reserves	21	**596.2**	366.2
Accumulated losses	22	**(2,509.6)**	(4,078.1)
Total equity attributable to members of WAT		**3,044.1**	1,245.6
Equity attributable to non controlling interests			
Contributed equity		**228.1**	228.1
Accumulated losses		**(55.8)**	(75.0)
Total equity attributable to non controlling interests		**172.3**	153.1
Total equity		**3,216.4**	1,398.7

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Comprehensive Income 31 Dec 15 US$million	Equity and Reserves 31 Dec 15 US$million	**Total 31 Dec 15 US$million**	Total 31 Dec 14 US$million
Changes in equity attributable to members of WAT				
Opening balance of contributed equity	–	4,957.5	**4,957.5**	4,957.5
– Movement in contributed equity	–	–	**–**	–
Closing balance of contributed equity	–	4,957.5	**4,957.5**	4,957.5
Opening balance of reserves	–	366.2	**366.2**	39.7
– Movement in foreign currency translation reserve [1] [2]	228.2	–	**228.2**	327.2
– Movement in employee share plan benefits reserve [1]	–	1.8	**1.8**	(0.7)
Closing balance of reserves	228.2	368.0	**596.2**	366.2
Opening balance of accumulated losses	–	(4,078.1)	**(4,078.1)**	(2,966.2)
– Profit after tax for the period [2]	1,831.2	–	**1,831.2**	(558.2)
– Distributions paid	–	(262.7)	**(262.7)**	(553.7)
Closing balance of accumulated losses	1,831.2	(4,340.8)	**(2,509.6)**	(4,078.1)
Closing balance of equity attributable to members of WAT	2,059.4	984.7	**3,044.1**	1,245.6
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	153.1	**153.1**	203.8
Total comprehensive income attributable to non controlling interests [2]	44.0	–	**44.0**	(34.6)
Dividends paid or provided for	–	(24.8)	**(24.8)**	(16.1)
Closing balance of equity attributable to non controlling interests	44.0	128.3	**172.3**	153.1
Total equity	2,103.4	1,113.0	**3,216.4**	1,398.7

[1] Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of $228.2 million (31 December 2014: gain of $327.2 million) and net credit to the employee share plan benefits reserve of $1.8 million (31 December 2014: net debit of $0.7 million).

[2] Total comprehensive income for the period amounts to a gain of $2,103.4 million (31 December 2014: loss of $265.6 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Cash flows from operating activities			
Receipts in the course of operations		**588.8**	713.9
Payments in the course of operations		**(328.7)**	(418.2)
Settlement of income hedging currency derivatives		**–**	20.6
Dividends/distributions received from equity accounted associates		**268.5**	241.4
Income and withholding taxes paid		**(33.2)**	(29.6)
Net cash flows from operating activities	23(b)	**495.4**	528.1
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated		**(410.5)**	(368.2)
Capital expenditure on property investments and plant and equipment – equity accounted		**(259.1)**	(146.2)
Acquisition of property investments – consolidated		**(5.0)**	(626.5)
Acquisition of property investments – equity accounted		**(60.8)**	–
Proceeds from the disposition of property investments – consolidated		**1,169.0**	255.2
Capital distribution and advances from equity accounted associates		**268.7**	175.0
Tax paid on disposition of property investments		**(37.0)**	(65.2)
Financing costs capitalised to qualifying development projects and construction in progress		**(67.6)**	(50.9)
Settlement of asset hedging currency derivatives		**–**	–
Net cash flows from investing activities		**597.7**	(826.8)
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**249.1**	265.3
Loans received from/(advanced to) related entities		**(458.3)**	276.3
Payments of financing costs (excluding interest capitalised)			
– Normal course of operations		**(69.9)**	(149.3)
– Accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		**–**	(61.1)
Interest received		**14.6**	7.2
Distributions paid		**(262.7)**	(553.7)
Dividends/distributions paid by controlled entities to non controlling interests		**(22.8)**	(48.1)
Charges in respect of the Restructure and Merger			
– Drawdown from bridging facilities		**–**	3,000.0
– Loans received from related entities		**–**	2,286.4
– Repayment of bonds and banking facilities		**–**	(4,584.6)
– Refinancing costs		**–**	(733.8)
Net cash flows used in financing activities		**(550.0)**	(295.4)
Net increase/(decrease) in cash and cash equivalents held		**543.1**	(594.1)
Add opening cash and cash equivalents brought forward		**149.7**	749.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(4.8)**	(6.1)
Cash and cash equivalents at the end of the period	23(a)	**688.0**	149.7

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2015 was approved on 16 March 2016 in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT (Responsible Entity).

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2014 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2015.

– AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and

– AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to the Group) and interpretations are as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Group is currently assessing the impact of this standard.

– AASB 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group is currently assessing the impact of this standard.

– IFRS 16 Leases (expected to be effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);

– AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);

– AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018);

– AASB 2014-3 Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interests in Joint Operations. (AASB 1 & AASB 11) (effective from 1 January 2016);

– AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2016);

– AASB 2015-1 Amendments to Australian Accounting Standards-Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016);

– AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016); and

– AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015).

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

(c) Detail of the Restructure and Merger

On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

(i) Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

(ii) Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

– A restructure stage, where Westfield Group's international business was transferred to Westfield Corporation Limited (WCL) and WFD Trust (WFDT), and shares in WCL and units in WFDT were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group.

– A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and

– A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

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

(e) 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 11: Investment properties 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 Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Listed Property Trust Units

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFDT) and WAT. The securities trade as one security on the Australian Securities Exchange under the code WFD. The stapling transaction is referred to as the Restructure and Merger.

(b) Consolidation and classification

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

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Non controlling interests represent the portion of profit or loss and net assets of Westfield America, Inc (WEA) that are not wholly-owned by the Group and held by WCL entities. The non controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the entity concept method, whereby, the transaction is treated as a transaction with other equity shareholders.

i) Joint arrangements

Joint ventures

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

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

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

i) Shopping centre investments

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

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties together with related shopping centre leasing costs 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 also includes components relating to lease incentives and receivables on rental income that have been recorded on a straight line basis.

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

The 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.

ii) Development projects and construction in progress

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

Refer to Note 11 for further details on investment properties.

(d) Other property investments

Unlisted investments

Unlisted investments are designated as assets held at fair value through the income statement. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to market value of similar investments.

(e) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency of WAT and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is US dollars. The presentation currency of WAT, its Australian subsidiaries and the United States entities is US dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

Foreign currency transactions are converted to US dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to US 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (continued)

iii) Translation of accounts of foreign operations

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

(f) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(g) Taxation

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

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

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

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

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States.

(h) Financing costs

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

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

(i) Inventories and work in progress

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Contributed equity

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

(k) Derivative and other financial instruments

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.

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

– Fair value of quoted notes and bonds is based on price quotations at the reporting date.

– 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 Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

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

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 30 for further details on derivatives.

(l) Earnings per unit

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

(m) 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.

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 3 PROPERTY REVENUE			
Shopping centre base rent and other property income		**437.1**	523.1
Amortisation of tenant allowances		**(20.3)**	(27.1)
		416.8	496.0
NOTE 4 CURRENCY GAIN/(LOSS)			
Realised gain on income hedging currency derivatives		**–**	11.7
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting		**13.9**	(118.5)
		13.9	(106.8)
NOTE 5 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**1,706.4**	–
– less: carrying value of assets disposed and other capital costs		**(1,829.0)**	(8.6)
Gain/(loss) in respect of asset dispositions		**(122.6)**	(8.6)
Sale of controlled entities to related entities			
– proceeds		**158.1**	–
– less: carrying value		**(12.7)**	–
Gain on sale of controlled entities to related entities	38(c)	**145.4**	–
NOTE 6 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER			
Refinancing costs in respect of the Restructure and Merger		**–**	(770.8)
Transaction costs in respect of the Restructure and Merger		**–**	(30.0)
		–	(800.8)
NOTE 7 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(64.4)**	(141.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting		**(50.0)**	(39.1)
Finance leases interest expense		**(2.9)**	(3.0)
Interest expense on other financial liabilities		**(61.3)**	(44.1)
Net fair value loss on other financial liabilities		**(5.3)**	(257.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**67.6**	50.9
		(116.3)	(434.1)
NOTE 8 TAXATION			
(a) Tax expense			
Current - underlying operations		**(36.8)**	(32.5)
Deferred tax		**(173.2)**	(114.7)
Deferred tax - change in tax rates [i]		**1,367.2**	–
		1,157.2	(147.2)

[i] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

		31 Dec 15 US$million	31 Dec 14 US$million
The prima facie tax on profit before tax is reconciled to the tax expense provided in the financial statements as follows			
Profit/(loss) before tax		**718.0**	(445.6)
Prima facie withholding tax expense on profit at 15%		**(107.7)**	66.8
Trust income not taxable for the Group – tax payable by unitholders		**2.6**	(14.3)
Differential of tax rates on foreign income		**(86.5)**	(67.7)
Capital transactions not deductible		**(18.4)**	(132.0)
Deferred tax - change in tax rates		**1,367.2**	–
Tax expense		**1,157.2**	(147.2)

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 8 TAXATION (CONTINUED)		
(b) Deferred tax assets		
Provisions and accruals	**2.6**	–
	2.6	–
(c) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**1,550.6**	2,772.3
Unrealised fair value gain on financial derivatives	**6.1**	6.9
Other timing differences	**21.8**	–
	1,578.5	2,779.2

	31 Dec 15 cents	31 Dec 14 cents
NOTE 9 EARNINGS PER UNIT		
(a) Summary of earnings per unit		
Basic earnings per unit attributable to members of WAT	**88.12**	(26.86)
Diluted earnings per unit attributable to members of WAT	**85.21**	(26.86)

(b) Income and unit data

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

	31 Dec 15 US$million	31 Dec 14 US$million
Earnings used in calculating basic earnings per unit	**1,831.2**	(558.2)
Adjustment to earnings on options which are considered dilutive [(3)]	**14.3**	–
Earnings used in calculating diluted earnings per unit	**1,845.5**	(558.2)

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit [(1)]	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme unit options which, if issued would be dilutive [(2)]	**10,649,710**	–
Bonus element of options which if issued, would be dilutive [(3)]	**76,985,485**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit [(4)]	**2,165,724,881**	2,078,089,686

(1) 2,078.1 million (31 December 2014: 2,078.1 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(2) At 31 December 2015, 6,717,207 actual employee award scheme security options were on hand (31 December 2014: 8,793,181).

(3) Bonus element of options relating to other financial liabilities issued to WCL that are dilutive for the current period were 76,985,485 (31 December 2014: nil), losses in respect of the options were 14.3 million (31 December 2014: nil).

(4) The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 3,932,503 (31 December 2014: nil).

(c) Conversions, calls, subscription, issues or buy-back after 31 December 2015

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

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 10 DERIVATIVE ASSETS		
Current		
Receivables on interest rate derivatives	**–**	5.7
	–	5.7
Non Current		
Receivables on interest rate derivatives	**111.7**	159.2
	111.7	159.2
Total derivative assets	**111.7**	164.9

The Group presents the fair value mark to market 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 2015, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$111.7 million are reduced by US$7.0 million to the net amount of US$104.7 million (31 December 2014: derivative assets of US$164.9 million reduced by US$0.5 million to the net amount of US$164.4 million).

NOTE 11 INVESTMENT PROPERTIES

	31 Dec 15 US$million	31 Dec 14 US$million
Current		
Shopping centre investments	**–**	409.3
Development projects and construction in progress	**–**	29.4
	–	438.7
Non Current		
Shopping centre investments	**3,218.1**	4,829.2
Development projects and construction in progress	**1,415.3**	1,326.7
	4,633.4	6,155.9
Total investment properties is comprised of:		
Shopping centre investments	**3,218.1**	5,238.5
Development projects and construction in progress	**1,415.3**	1,356.1
Total investment properties	**4,633.4**	6,594.6
Movement in total investment properties		
Balance at the beginning of the year	**6,594.6**	5,424.2
Acquisition of properties	**5.0**	611.0
Disposal of properties	**(1,756.6)**	–
Transfer from/(to) equity accounted investment properties	**(486.7)**	152.1
Redevelopment costs	**247.1**	467.6
Net revaluation increment/(decrement)	**30.0**	(60.3)
Balance at the end of the year [1]	**4,633.4**	6,594.6

[1] The fair value of investment properties at the end of the year of US$4,633.4 million (31 December 2014: US$6,594.6 million) comprises investment properties at market value of US$4,593.2 million (31 December 2014: US$6,561.4 million) and ground leases included as finance leases of US$40.2 million (31 December 2014: US$33.2 million).

NOTE 11 INVESTMENT PROPERTIES (CONTINUED)

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by Uniform Standards of Professional Appraisal Practice.

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

United States shopping centres

- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 12 DETAILS OF EQUITY ACCOUNTED INVESTMENTS		
(a) Details of the Group's aggregate share of equity accounted entities' net profit		
Property revenue	**549.0**	504.3
Share of after tax profit of equity accounted entities	**510.7**	695.2

During the financial year, there was no profit or loss from discontinued operations.

	31 Dec 15 US$million	31 Dec 14 US$million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income		
Share of after tax profit of equity accounted entities	**510.7**	695.2
Share of total comprehensive income of equity accounted entities	**510.7**	695.2
(c) Details of the Group's aggregate share of equity accounted entities' assets and liabilities		
Cash	**64.9**	59.3
Shopping centre investments	**7,818.8**	6,825.5
Development projects and construction in progress	**243.2**	203.4
Other assets	**19.9**	21.7
Total assets	**8,146.8**	7,109.9
Payables	**(148.3)**	(103.9)
Interest bearing liabilities – current [(2)]	**(4.7)**	(4.4)
Interest bearing liabilities – non current [(2)]	**(1,673.6)**	(1,409.1)
Total liabilities	**(1,826.6)**	(1,517.4)
Net assets	**6,320.2**	5,592.5

[(2)] The fair value of interest bearing liabilities was US$1,712.9 million compared to the book value of US$1,678.3 million (31 December 2014: US$1,471.0 million compared to the book value of US$1,413.5 million).

NOTE 12 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(d) Equity accounted entities' economic interest

Name of investments [1]	Type of equity	Balance Date	Economic Interest **31 Dec 15**	Economic Interest 31 Dec 14
Annapolis [2]	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City [2]	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [2]	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [2]	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge [2]	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert [2] [3]	Partnership units	31 Dec	**52.6%**	–
Plaza Bonita [2]	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter [2]	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga [2]	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull [2] [3]	Partnership units	31 Dec	**52.6%**	–
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton [2] [3]	Partnership units	31 Dec	**52.6%**	–

(1) All equity accounted property partnerships operate solely as retail property investors in the United States.

(2) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee).The Group therefore has joint control over the investments and is treating them as equity accounted interests.

(3) During the year, the Group entered into transactions which culminated in a joint venture with O'Connor Capital Partners (O'Connor) in respect of 3 properties in United States. (Group ownership: 52.6%, O'Connor's ownership 47.4%). As a result, these previously consolidated investments are now equity accounted.

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 13 OTHER PROPERTY INVESTMENTS		
Unlisted investments	**267.3**	116.8
Investment in related entities	**160.1**	–
	427.4	116.8
Movement in other investments		
Balance at the beginning of the year	**116.8**	101.6
Additions	**272.2**	15.7
Disposals	**–**	(0.5)
Net revaluation increment to income statement	**38.4**	–
Balance at the end of the year	**427.4**	116.8
NOTE 14 PLANT AND EQUIPMENT		
Plant and equipment	**34.8**	39.9

Plant and equipment of US$34.8 million (31 December 2014: US$39.9 million) comprises the following: aircraft US$16.0 million (31 December 2014: US$17.1 million) and other plant and equipment US$18.8 million (31 December 2014: US$22.8 million).

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 15 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**363.8**	535.6
Payables to related entities – WFDT	38(c)	**2,218.7**	2,497.0
Payables to related entities – other		**23.7**	19.6
		2,606.2	3,052.2
Non Current			
Sundry creditors and accruals		**138.7**	124.4
		138.7	124.4

NOTE 16 INTEREST BEARING LIABILITIES

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Current			
Unsecured			
Finance leases		**0.5**	0.4
Loans payable to related entities	38(c)	**–**	57.6
Secured			
Bank loans and mortgages – US$ denominated [(3)]		**3.1**	122.9
		3.6	180.9
Non Current			
Unsecured			
Bank loans – US$ denominated [(1)]		**–**	50.0
Notes payable – US$ denominated [(2)]		**3,600.0**	3,300.0
Finance leases		**39.7**	32.8
Secured			
Bank loans and mortgages – US$ denominated [(3)]		**578.2**	750.8
		4,217.9	4,133.6
Total interest bearing liabilities		**4,221.5**	4,314.5
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**3.6**	180.9
Due between one and five years		**2,405.7**	2,015.6
Due after five years		**1,812.2**	2,118.0
		4,221.5	4,314.5

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

(2) Notes payable – US$

Guaranteed Senior Notes of US$4,500.0 million were issued in the US 144A bond market by the Westfield Corporation. The issues comprised US$750.0 million, US$1,250.0 million, US$1,000.0 million, US$1,000.0 million and US$500.0 million of fixed rate notes maturing 2017, 2019, 2020, 2024 and 2044 respectively. The Group was assigned US$3,600.0 million comprising US$550.0 million, US$1,250.0 million, US$300.0 million, US$1,000.0 million and US$500.0 million of fixed rate notes maturing 2017, 2019, 2020, 2024 and 2044 respectively. These notes are subject to negative pledge arrangements which require Westfield Corporation to comply with certain minimum financial requirements.

(3) Secured liabilities – US$

Current and non current secured liabilities are US$581.3 million (31 December 2014: US$873.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of US$1,839.8 million (31 December 2014: US$2,299.2 million). These properties and development projects are as follows: Galleria at Roseville, Old Orchard and San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

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

Refer to Note 31 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

NOTE 16 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 15 US$million	31 Dec 14 US$million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**7,521.6**	7,559.5
Total interest bearing liabilities	**(4,221.5)**	(4,314.5)
Total bank guarantees	**(22.5)**	(13.7)
Available financing facilities	**3,277.6**	3,231.3
Cash	**688.0**	149.7
Financing resources available at the end of the year	**3,965.6**	3,381.0
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**3.6**	180.9
Due between one and five years	**5,705.8**	5,260.6
Due after five years	**1,812.2**	2,118.0
	7,521.6	7,559.5

These facilities comprise fixed and floating rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require Westfield Corporation to comply with specific minimum financial requirements. These facilities exclude other financial liabilities set out in Note 17. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling US$3,277.6 million (31 December 2014: US$3,231.3 million), are available to all members of Westfield Corporation, including WAT, at year end. WAT is able to draw on these financing facilities, provided that they are unutilised by other members of Westfield Corporation. These are interest only unsecured multicurrency multioption facilities.

NOTE 17 OTHER FINANCIAL LIABILITIES

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Current			
Convertible redeemable preference shares/units	17(a)	**3.0**	2.7
		3.0	2.7
Non Current			
Convertible redeemable preference shares/units	17(a)	**95.8**	94.9
Convertible redeemable preference shares/units held by WCL related entities	17(a)	**1,059.2**	1,071.8
Other redeemable preference shares/units	17(b)	**158.1**	137.0
		1,313.1	1,303.7
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**3.0**	2.7
Non current – after one year		**1,313.1**	1,303.7
		1,316.1	1,306.4

NOTE 17 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series D convertible preference shares (Series D CPS); (ii) Series G partnership preferred units (Series G units) issued to the Jacobs Group; (iii) Series I partnership preferred units (Series I units); (iv) Series J partnership preferred units (Series J units); (v) Investor unit rights in the operating and property partnerships; (vi) Series F preferred shares; (vii) Foreign currency denominated common shares convertible into Westfield Corporation stapled securities, and (viii) WEA common shares.

i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of Westfield Corporation stapled securities into which the preference shares are then exchangeable.

  – Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business date of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.
  – The Series D CPS are redeemable by WEA at any time at 100% of the liquidation preference.

ii. As at 31 December 2015, the Jacobs Group holds 1,503,567 (31 December 2014: 1,508,382) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

iii. As at 31 December 2015, the previous owners of the Sunrise Mall hold 1,401,426 Series I units (31 December 2014: 1,401,426). At any time after the earlier of (i) 21 July 2005; (ii) dissolution of the operating partnership; or (iii) the death of the holder, such holder (or the holder's Estate) has the right to require the operating partnership to redeem its Series I units, at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for Westfield Corporation stapled securities); or (iii) a combination of both.

iv. As at 31 December 2015, 1,538,481 (31 December 2014: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for Westfield Corporation stapled securities); or (iii) a combination of both.

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

vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into Westfield Corporation stapled securities with the exercise of Series F – Special Options (refer Note 20) .

vii. The foreign currency denominated common shares are able to be converted into Westfield Corporation stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 20).

viii. As at 31 December 2015, 764,205 (31 December 2014: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for: (i) cash; (ii) Westfield Corporation stapled securities, or (iii) a combination of both.

(b) Other redeemable preference shares/units

The other redeemable preference shares/units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); and (ii) Series A Partnership Preferred Units (Series A units).

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

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

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 18 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**–**	2.2
	–	2.2
Non Current		
Payables on interest rate derivatives	**7.0**	–
	7.0	–
Total derivative liabilities	**7.0**	2.2

The Group presents the fair value mark to market 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 2015, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$7.0 million are reduced by US$7.0 million to nil (31 December 2014: derivative liabilities of US$2.2 million reduced by US$0.5 million to US$1.7 million).

	Units	Units
NOTE 19 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

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

Holders of Westfield Corporation stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WCL, WFDT and WAT (as the case may be). Westfield Corporation stapled securities have no par value.

	US$million	US$million
(b) Movement in contributed equity attributable to members of WAT		
Balance at the beginning of the year	**4,957.5**	4,957.5
Balance at the end of the year	**4,957.5**	4,957.5

	Note	**Number of options and rights 31 Dec 15**	**Weighted average exercise price US$ 31 Dec 15**	Number of options and rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14
NOTE 20 SHARE BASED PAYMENTS					
(a) Options and rights over units					
– Series F Special options [1]	20(a) (i)	**52,500**	**1.77**	52,500	1.62
– Series G1 Special options [1]	20(a) (ii)	**277,778**	**1.50**	277,778	1.24
– Series H Special options [1]	20(a) (iii)	**11,805,862**	**1.70**	11,805,862	1.41
– Series I Special options [1]	20(a) (iv)	**13,260,859**	**1.64**	13,260,859	1.36
– Executive performance rights	20(b) (i)	**3,892,987**	**–**	5,898,286	–
– Partnership incentive rights	20(b) (ii)	**2,824,220**	**–**	2,894,895	–
– Executive performance and partnership incentive rights issued to employees of related parties	20(a) (v)	**8,040,579**	**–**	8,576,632	–
		40,154,785	**1.66**	42,766,812	1.39

[1] These special options are issued to WCL (formerly WHL) entities.

(i) Series F – Special Options [2]

As at 31 December 2015, there were 52,500 (31 December 2014: 52,500) Series F Special Options on issue which are exchangeable for 12,865,288 (31 Dec 14: 12,865,288) Westfield Corporation stapled securities.

As the Series F Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(ii) Series G1 – Special Options [2]

As at 31 December 2015, there were 277,778 (31 December 2014: 277,778) Series G1 Special Options on issue which are exchangeable for 14,995,466 (31 Dec 14: 14,995,466) Westfield Corporation stapled securities.

As the Series G1 Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iii) Series H – Special Options [2]

As at 31 December 2015, there were 11,805,862 (31 December 2014: 11,805,862) Series H Special Options on issue which are exchangeable for 56,060,616 (31 Dec 14: 56,060,616) Westfield Corporation stapled securities.

As the Series H Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iv) Series I – Special Options [2]

As at 31 December 2015, there were 13,260,859 (31 December 2014: 13,260,859) Series I Special Options on issue which are exchangeable for 65,293,715 (31 Dec 14: 65,293,715) Westfield Corporation stapled securities.

As the Series I Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

[2] As a result of the Restructure and Merger on 30 June 2014, special options held by WCL (formerly WHL) entities had been modified. The number of Westfield Corporation stapled securities exchangeable from special options have been increased by applying an adjustment factor of 1.557376 to the conversion rights prior to the Restructure and Merger.

NOTE 20 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

(v) Executive Performance and Partnership Incentive Rights Issued to Employees of Related Parties

There are 8,040,579 (31 December 2014: 8,576,632) Executive performance and Partnership incentive rights on issue to employees of related parties of Westfield Corporation. Under the stapling arrangement each of WCL, WFDT, and WAT are required to issue securities/units on the vesting of an Executive performance and Partnership incentive right. At 31 December 2015, the 8,040,579 (31 December 2014: 8,576,632) Executive performance and Partnership incentive rights issued to employees of related parties were convertible to 8,040,579 (31 Dec 14: 8,576,632) Westfield Corporation stapled securities.

Vesting profile	Number of rights 31 Dec 15	Number of rights 31 Dec 14
2015	–	3,020,277
2016	**3,386,118**	3,044,574
2017	**2,856,934**	1,773,608
2018	**1,269,819**	738,173
2019	**527,708**	–
	8,040,579	8,576,632

(b) Executive Performance Rights and Partnership Incentive Rights Plans

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

Movement in Executive Performance Rights

Balance at the beginning of the year	**5,898,286**	3,890,676
Adjustment to rights upon the establishment of Westfield Corporation [(1)]	–	2,219,153
Rights transferred on employee relocation	**(380,273)**	196,886
Rights issued during the year	**1,551,308**	2,202,875
Rights exercised during the year	**(2,325,837)**	(2,436,550)
Rights forfeited during the year	**(850,497)**	(174,754)
Balance at the end of the year	**3,892,987**	5,898,286

(1) As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.
As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.
The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

Vesting profile	Fair value granted US$million 31 Dec 15	Number of rights at[(1)] 31 Dec 15	Fair value granted US$million 31 Dec 14	Number of rights at[(1)] 31 Dec 14
2015	–	–	9.4	2,156,446
2016	**7.4**	**1,846,629**	12.3	2,843,233
2017	**7.6**	**1,341,251**	1.8	345,775
2018	**2.8**	**625,944**	2.6	552,832
2019	**0.5**	**79,163**	–	–
	18.3	**3,892,987**	26.1	5,898,286

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

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

NOTE 20 SHARE BASED PAYMENTS (CONTINUED)

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

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

	Number of rights 31 Dec 15	Number of rights 31 Dec 14
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**2,894,895**	1,224,723
Adjustment to rights upon the establishment of Westfield Corporation [1]	**–**	693,186
Rights transferred on employee relocation	**(126,737)**	–
Rights issued during the year [2]	**869,559**	1,041,489
Rights exercised during the year	**(565,496)**	–
Rights forfeited during the year	**(248,001)**	(64,503)
Balance at the end of the year	**2,824,220**	2,894,895

(1) As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.
As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.
The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

(2) As outlined in section 8.4(c) of the Westfield Corporation Directors' Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR Plan. In 2012 and 2013, qualification for 25% and 50% (respectively) of rights issued under the PIR Plan was determined by reference to the ROCE hurdle. A full discussion of the nature of the ROCE hurdle is contained in the 2012 and 2013 Remuneration Report published by Westfield Group. Immediately prior to the Restructure, having regard to the fact that the Westfield Group would no longer exist (and therefore it would not be possible to measure performance against the ROCE hurdle) the Westfield Group Board agreed to determine the level of vesting in respect of these 2012 and 2013 rights having regard to the actual performance up to the implementation of the Restructure including the six months to 30 June 2014. The Board also had regard to expected performance over the balance of the qualification period having regard to performance up to implementation of the Restructure. As a consequence, the ROCE hurdles were met to 110% and 125% for the 2012 and 2013 years respectively.
For 2014 and 2015, the rights were issued under the new Westfield Corporation Plans. Vesting against the FFO hurdles was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Westfield Corporation Directors' Report.

Vesting profile	**Fair value granted US$million 31 Dec 15**	**Number of rights at [1] 31 Dec 15**	Fair value granted US$million 31 Dec 14	Number of rights at [1] 31 Dec 14
2015	**–**	**–**	1.5	447,145
2016	**2.5**	**739,090**	3.4	907,819
2017	**3.3**	**824,908**	4.5	1,016,495
2018	**3.9**	**846,105**	2.3	523,436
2019	**2.2**	**414,117**	–	–
	11.9	**2,824,220**	11.7	2,894,895

(1) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participates in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include Westfield Corporation's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Westfield Corporation Remuneration Committee. The hurdles chosen by the Westfield Corporation Remuneration Committee for the 2015 qualifying year are set out in section 8.4(c) of Westfield Corporation Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of Westfield Corporation Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$10.4 million (31 December 2014: US$15.1 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 20 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 15	Number of award securities 31 Dec 14
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**893,588**	768,539
Adjustment to awards upon the establishment of Westfield Corporation [(1)]	**–**	354,235
Awards transferred on employee relocation	**–**	–
Awards exercised during the year	**(695,013)**	(96,184)
Awards lapsed during the year	**(198,575)**	(133,002)
Balance at the end of the year	**–**	893,588

(1) As a result of the Restructure on 30 June 2014, all existing awards issued under the United States Plans operated by the former Westfield Group were modified such that the value of the awards held by the Plan participants was maintained by adjusting the number of awards in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.
As a consequence, the awards relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.
The adjustment mechanism operated in a manner which preserved the value of awards held by Plan participants prior to the adjustment occurring.

Vesting profile	Cumulative value granted US$million 31 Dec 15	Number of award securities 31 Dec 15	Cumulative value granted US$million 31 Dec 14	Number of award securities 31 Dec 14
2015	**–**	**–**	4.6	893,588
	–	**–**	4.6	893,588

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

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

NOTE 20 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans (continued)

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

	Number of award securities 31 Dec 15	Number of award securities 31 Dec 14
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**373,744**	843,331
Adjustment to awards upon the establishment of Westfield Corporation [1]	**–**	444,385
Awards transferred on employee relocation	**–**	–
Awards exercised during the year	**(354,678)**	(867,904)
Awards lapsed during the year	**(19,066)**	(46,068)
Balance at the end of the year	**–**	373,744

[1] As a result of the Restructure and Merger on 30 June 2014, existing awards in the United States versions of the Westfield Group Plans had been modified such that the value of the awards held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities. The awards over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the awards on issue in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. The value of awards adjusted immediately before the transaction was the same as the value of awards immediately after the transaction.

Vesting profile	Cumulative value granted US$million 31 Dec 15	Number of award securities 31 Dec 15	Cumulative value granted US$million 31 Dec 14	Number of award securities 31 Dec 14
2015	**–**	**–**	1.9	373,744
	–	**–**	1.9	373,744

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

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

Accounting for cash settled Share Based Payments

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

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

During the year, US$0.5 million (31 December 2014: US$2.8 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 21 RESERVES		
Foreign currency translation reserve	**591.9**	363.7
Employee share plan benefits reserve	**4.3**	2.5
Balance at the end of the year	**596.2**	366.2
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**363.7**	36.5
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**228.2**	327.2
Balance at the end of the year	**591.9**	363.7
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**2.5**	3.2
– movement in equity settled share based payment	**1.8**	(0.7)
Balance at the end of the year	**4.3**	2.5
NOTE 22 ACCUMULATED LOSSES		
Movement in accumulated losses		
Balance at the beginning of the year	**(4,078.1)**	(2,966.2)
Profit/(loss) after tax for the period	**1,831.2**	(558.2)
Distributions paid	**(262.7)**	(553.7)
Balance at the end of the year	**(2,509.6)**	(4,078.1)
NOTE 23 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**688.0**	149.7
Total cash and cash equivalents	**688.0**	149.7
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit/(loss) after tax	**1,875.2**	(592.8)
Property revaluations	**(30.0)**	60.3
Share of equity accounted profits in excess of dividends/distributions	**(242.2)**	(453.8)
Deferred tax	**(1,194.0)**	114.7
Net fair value (gain)/loss on currency derivatives	**(13.9)**	118.5
Financing costs	**116.3**	434.1
Interest income	**(14.6)**	(4.2)
(Gain)/Loss in respect of capital transactions	**(22.8)**	8.6
Charges and credits in respect of the Restructure and Merger	**–**	800.8
Decrease in working capital attributable to operating activities	**21.4**	41.9
Net cash flows from operating activities	**495.4**	528.1

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 24 DISTRIBUTIONS

(a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2015		
WAT: US12.45 cents per unit, 10% estimated tax deferred	**258.7**	–
Distribution in respect of the 6 months to 31 December 2014		
WAT: US3.64 cents per unit, 3% tax deferred	**–**	75.6
	258.7	75.6

Interim distribution of US9.00 cents was paid on 31 August 2015. Final distribution was paid on 29 February 2016. The record date for the final distribution was 5pm, 15 February 2016. No distribution reinvestment plan is operational for the distribution.

(b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2015		
WAT: US9.00 cents per unit, 10% estimated tax deferred	**187.0**	–
Distribution in respect of the 6 months to 30 June 2014		
WAT: US19.63 cents (A$21.00 cents) per unit, 3% tax deferred	**–**	408.0
	187.0	408.0

NOTE 25 LEASE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Operating lease receivables

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

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

Due within one year	**456.8**	544.0
Due between one and five years	**1,358.6**	1,566.7
Due after five years	**998.0**	1,180.6
	2,813.4	3,291.3

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

NOTE 26 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

Due within one year	**581.8**	400.8
Due between one and five years	**680.5**	328.3
	1,262.3	729.1

NOTE 27 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Performance guarantees	**127.5**	113.2
Guaranteed borrowings of associates of the Responsible Entity (1)	**1,049.9**	1,173.3
	1,177.4	1,286.5

(1) The Group has guaranteed the A$1,154.9 million (31 December 2014: A$1,409.1 million) Property Linked Notes issued by Scentre Group. However, under the Implementation Deed in relation to the Restructure and Merger, the Group has the benefit of an indemnity from Scentre Group in the event liability under the guarantee arises.

The Group's obligation with respect to 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 Group is involved in lawsuits. The Directors of the Responsible Entity believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

NOTE 28 SEGMENT REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property Investments

Property investments segment includes net property income from existing shopping centres and completed developments, revaluation of existing centres and other operational expenses.

(ii) Property and Project Management

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

(b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management of the Group considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is United States shopping centres), 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.

NOTE 28 SEGMENT REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2015

(i) Income and expenses

31 December 2015	Operational Property investments US$million	Operational Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue				
Property revenue	965.8	–	–	965.8
Property development and project management revenue	–	98.7	–	98.7
Property management income	–	62.9	–	62.9
	965.8	**161.6**	**–**	**1,127.4**
Expenses				
Property expenses, outgoings and other costs	(333.6)	–	–	(333.6)
Property development and project management costs	–	(86.5)	–	(86.5)
Property management costs	–	(27.7)	–	(27.7)
Overheads	–	–	(59.3)	(59.3)
	(333.6)	(114.2)	(59.3)	(507.1)
Segment result	**632.2**	**47.4**	**(59.3)**	**620.3**
Revaluation of properties and development projects				30.0
Equity accounted – revaluation of properties and development projects				200.5
Currency gain				13.9
Gain in respect of capital transactions				
– asset dispositions				22.8
Interest income				14.6
Financing costs				(183.9)
Tax credit				1,157.0
Non controlling interests				(44.0)
Net profit attributable to members of WAT				**1,831.2**

(ii) Assets and liabilities

As at 31 December 2015	Operational Property investments US$million	Operational Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	14,184.0	8.8	771.3	14,964.1
Total segment liabilities	629.7	–	11,118.0	11,747.7
Total segment net assets	13,554.3	8.8	(10,346.7)	3,216.4
Equity accounted associates included in segment assets	8,146.8	–	–	8,146.8
Equity accounted associates included in segment liabilities	148.4	–	1,678.2	1,826.6
Additions to segment non current assets during the year	1,051.8	–	–	1,051.8

NOTE 28 SEGMENT REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2015 (continued)

(iii) Reconciliation of segmental results

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

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	416.8	549.0	965.8
Property development and project management revenue	98.7	–	98.7
Property management income	62.9	–	62.9
	578.4	**549.0**	**1,127.4**
Expenses			
Property expenses, outgoings and other costs	(162.6)	(171.0)	(333.6)
Property development and project management costs	(86.5)	–	(86.5)
Property management costs	(27.7)	–	(27.7)
Overheads	(59.3)	–	(59.3)
	(336.1)	(171.0)	(507.1)
Segment result	**242.3**	**378.0**	**620.3**
Revaluation of properties and development projects	30.0	–	30.0
Equity accounted – revaluation of properties and development projects	–	200.5	200.5
Currency gain	13.9	–	13.9
Gain in respect of from capital transactions			
– asset dispositions	22.8	–	22.8
Interest income	14.6	–	14.6
Financing costs	(116.3)	(67.6)	(183.9)
Tax credit	1,157.2	(0.2)	1,157.0
Non controlling interests	(0.8)	(43.2)	(44.0)
Net profit attributable to members of WAT	**1,363.7**	**467.5**	**1,831.2**
Assets and liabilities			
Cash	688.0	64.9	752.9
Shopping centre investments	3,220.5	7,818.8	11,039.3
Development projects and construction in progress	1,412.9	243.2	1,656.1
Inventories	8.8	–	8.8
Other assets	1,487.1	19.9	1,507.0
Total segment assets	**6,817.3**	**8,146.8**	**14,964.1**
Interest bearing liabilities	4,221.5	1,678.3	5,899.7
Other financial liabilities	1,316.1	–	1,316.1
Deferred tax liabilities	1,578.5	–	1,578.5
Other liabilities	2,805.0	148.3	2,953.4
Total segment liabilities	**9,921.1**	**1,826.6**	**11,747.7**
Total segment net assets	**(3,103.8)**	**6,320.2**	**3,216.4**

NOTE 28 SEGMENT REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2014

(i) Income and expenses

31 December 2014	Operational Property investments US$million	 Property and project management US$million	Corporate US$million	Total US$million
Revenue				
Property revenue	1,000.3	–	–	1,000.3
Property development and project management revenue	–	142.1	–	142.1
Property management income	–	54.9	–	54.9
	1,000.3	**197.0**	**–**	**1,197.3**
Expenses				
Property expenses, outgoings and other costs	(340.5)	–	–	(340.5)
Property development and project management costs	–	(122.8)	–	(122.8)
Property management costs	–	(28.6)	–	(28.6)
Overheads	–	–	(82.0)	(82.0)
	(340.5)	(151.4)	(82.0)	(573.9)
Segment result	**659.8**	**45.6**	**(82.0)**	**623.4**
Revaluation of properties and development projects				(60.3)
Equity accounted – revaluation of properties and development projects				397.9
Currency loss				(106.8)
Loss in respect of from capital transactions				
– asset dispositions				(8.6)
Interest income				4.2
Financing costs				(494.3)
Tax expense				(147.5)
Charges and credits in respect of the Restructure and Merger				(800.8)
Non controlling interests				34.6
Net profit attributable to members of WAT				**(558.2)**

(ii) Assets and liabilities

31 December 2014	Operational Property investments US$million	 Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	14,211.2	18.4	351.5	14,581.1
Total segment liabilities	724.3	–	12,458.1	13,182.4
Total segment net assets	13,486.9	18.4	(12,106.6)	1,398.7
Equity accounted associates included in segment assets	7,109.9	–	–	7,109.9
Equity accounted associates included in segment liabilities	103.9	–	1,413.5	1,517.4
Additions to segment non current assets during the year	1,209.6	–	–	1,209.6

NOTE 28 SEGMENT REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2014 (continued)

(iii) Reconciliation of segmental results

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

31 December 2014	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	496.0	504.3	1,000.3
Property development and project management revenue	142.1	–	142.1
Property management income	54.9	–	54.9
	693.0	**504.3**	**1,197.3**
Expenses			
Property expenses, outgoings and other costs	(194.0)	(146.5)	(340.5)
Property development and project management costs	(122.8)	–	(122.8)
Property management costs	(28.6)	–	(28.6)
Overheads	(82.0)	–	(82.0)
	(427.4)	(146.5)	(573.9)
Segment result	**265.6**	**357.8**	**623.4**
Revaluation of properties and development projects	(60.3)	–	(60.3)
Equity accounted – revaluation of properties and development projects	–	397.9	397.9
Currency loss	(106.8)	–	(106.8)
Loss in respect of capital transactions			
– asset dispositions	(8.6)	–	(8.6)
Interest income	4.2	–	4.2
Financing costs	(434.1)	(60.2)	(494.3)
Tax expense	(147.2)	(0.3)	(147.5)
Charges and credits in respect of the Restructure and Merger	(800.8)	–	(800.8)
Non controlling interests	93.4	(58.8)	34.6
Net profit attributable to members of WAT	**(1,194.6)**	**636.4**	**(558.2)**
Assets and liabilities			
Cash	149.7	59.3	209.0
Shopping centre investments	5,238.5	6,825.5	12,064.0
Development projects and construction in progress	1,356.1	203.4	1,559.5
Inventories	18.4	–	18.4
Other assets	708.5	21.7	730.2
Total segment assets	**7,471.2**	**7,109.9**	**14,581.1**
Interest bearing liabilities	4,314.5	1,413.5	5,728.0
Other financial liabilities	1,306.4	–	1,306.4
Deferred tax liabilities	2,779.2	–	2,779.2
Other liabilities	3,264.9	103.9	3,368.8
Total segment liabilities	**11,665.0**	**1,517.4**	**13,182.4**
Total segment net assets	**(4,193.8)**	**5,592.5**	**1,398.7**

NOTE 29 CAPITAL RISK MANAGEMENT

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

– comply with capital and distribution requirements of their constitutions and/or trust deeds;

– comply with capital requirements of relevant regulatory authorities;

– maintain strong investment grade credit ratings; and

– continue to operate as going concerns.

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

– sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;

– financing facilities for unforeseen contingencies are maintained; and

– distributions to members are maintained within the stated distribution policy.

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

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

NOTE 30 FINANCIAL RISK MANAGEMENT

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

The Group manages its exposure to key financial risks in accordance with the Westfield Corporation'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.

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

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

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

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

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

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

NOTE 31 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	16	**3.6**	180.9
Non current interest bearing liabilities	16	**4,217.9**	4,133.6
Share of equity accounted entities' interest bearing liabilities	12(c)	**1,678.3**	1,413.5
Cross currency swaps			
– A$nil (31 December 2014: A$210.8 million)	32(i)	**–**	172.8
– £nil (31 December 2014: £90.0 million)	32(i)	**–**	140.4
Principal amounts subject to interest rate payable exposure		**5,899.8**	6,041.2
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$nil million (31 December 2014: A$210.8 million)	32(i)	**–**	172.8
– £nil million (31 December 2014: £90.0 million)	32(i)	**–**	140.4
Loans receivable from related entities	38(c)	**449.8**	110.9
Cash	23(a)	**688.0**	149.7
Share of equity accounted entities' cash	12(c)	**64.9**	59.3
Principal amounts subject to interest rate receivable exposure		**1,202.7**	633.1
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**4,697.1**	5,408.1
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– US$	31(ii)	**5,703.6**	5,551.6
Fixed rate derivatives			
– US$	31(ii)	**–**	2,750.0
Interest rate caps			
– US$	31(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**5,732.1**	8,330.1
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$nil million (31 December 2014: A$200.0 million)	31(ii)	**–**	164.0
– US$	31(ii)	**3,250.0**	3,250.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,250.0**	3,414.0
Principal amounts on which net interest rate payable exposure has been hedged		**2,482.1**	4,916.1

At 31 December 2015, the Group has hedged 53% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 47% is exposed to floating rates on a principal payable of US$2,215.0 million, at an average interest rate of 2.7%, including margin (31 December 2014: 91% hedged with floating exposure of US$492.0 million payable at an average interest rate of 2.4% including margin). Changes to the fair value of derivatives due to interest rate movements are set out in Note 31(ii).

Interest rate sensitivity		31 Dec 15 US$million	31 Dec 14 US$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%	**44.3**	9.8
	-1.0%	**22.2**	4.9
	-0.5%	**11.1**	2.5
	0.5%	**(11.1)**	(2.5)
	1.0%	**(22.2)**	(4.9)
	2.0%	**(44.3)**	(9.8)

NOTE 31 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 and contract rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average rate**	**31 Dec 15 Principal amount million**	**31 Dec 15 Average rate including margin**	31 Dec 14 Notional principal amount million	31 Dec 14 Average rate	31 Dec 14 Principal amount million	31 Dec 14 Average rate including margin
US$ payable								
31 December 2014	**–**	**–**	**–**	**–**	US$(2,750.0)	1.80%	US$(5,551.6)	3.83%
31 December 2015	**–**	**–**	**US$(5.703.6)**	**3.72%**	–	–	US$(5,426.3)	3.81%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(5,696.0)**	**3.72%**	US$(1,350.0)	1.39%	US$(5,268.7)	3.77%
31 December 2017	**–**	**–**	**US$(4,920.3)**	**3.84%**	–	–	US$(4,493.2)	3.92%
31 December 2018	**–**	**–**	**US$(4,910.9)**	**3.83%**	–	–	US$(4,484.3)	3.93%
31 December 2019	**–**	**–**	**US$(3,650.3)**	**4.21%**	–	–	US$(3,223.8)	4.42%
31 December 2020	**–**	**–**	**US$(2,989.6)**	**4.00%**	–	–	US$(2,861.1)	4.05%
31 December 2021	**–**	**–**	**US$(2,986.4)**	**4.00%**	–	–	US$(2,858.0)	4.05%
31 December 2022	**–**	**–**	**US$(2,708.1)**	**3.98%**	–	–	US$(2,439.7)	4.03%
31 December 2023	**–**	**–**	**US$(2,206.7)**	**4.00%**	–	–	US$(1,937.5)	4.02%
31 December 2024	**–**	**–**	**US$(769.2)**	**4.42%**	–	–	US$(500.0)	4.75%
31 December 2025-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
A$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	A$200.0	6.77%	–	–
US$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2015	**US$3,250.0**	**2.81%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2016	**US$3,250.0**	**2.81%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2017	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2018	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2019	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a receivable of US$104.7 million (31 December 2014: US$162.6 million). The change in fair value for the year ended 31 December 2015 was US$57.9 million (31 December 2014: US$40.9 million).

Fair value sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$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%	**83.7**	160.9
	-1.0%	**41.2**	78.8
	-0.5%	**20.4**	38.9
	0.5%	**(20.0)**	(38.0)
	1.0%	**(39.6)**	(75.5)
	2.0%	**(77.9)**	(148.0)

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

NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate options contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average Strike rate**	31 Dec 14 Notional principal amount million	31 Dec 14 Average Strike rate
US$ payable caps				
31 December 2014	**–**	**–**	US$(28.5)	3.50%
31 December 2015[1]	**US$(28.5)**	**3.50%**	US$(675.0)	0.56%

[1] US$675.0 million of caps have been lapsed during the period.

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a payable of US$2,004 (31 December 2014: US$0.1 million). The change in fair value for the year ended 31 December 2015 was US$0.1 million (31 December 2014: US$0.1 million).

Fair value sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**0.0**	(0.6)
	-1.0%	**0.0**	(0.6)
	-0.5%	**0.0**	(0.6)
	0.5%	**0.0**	2.0
	1.0%	**0.0**	4.6
	2.0%	**0.0**	10.0

NOTE 32 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 15 million	31 Dec 14 million
Foreign currency net investments		
Australian Dollar		
A$ net assets	**A$605.1**	A$(22.3)
A$ borrowings	**A$(3,045.2)**	A$(3,115.4)
A$ denominated net assets	**A$(2,440.1)**	A$(3,137.7)

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

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

NOTE 32 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

Foreign currency sensitivity		31 Dec 15 US$million	31 Dec 14 US$million
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.3725 rate (31 December 2014: US$/A$1.2195) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**(303.3)**	(504.7)
	-10 cents	**(139.7)**	(229.8)
	-5 cents	**(67.2)**	(110.0)
	+5 cents	**62.5**	101.3
	+10 cents	**120.7**	195.0
	+20 cents	**226.1**	362.5

(i) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows

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

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

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 15	31 Dec 14	**31 Dec 15**	**31 Dec 15**	31 Dec 14	31 Dec 14
A$/£						
Contracts to receive A$ and pay £ 31 December 2014	–	0.4270	–	–	A$210.8	£(90.0)
£/A$						
Contracts to receive £ and pay A$ 31 December 2014	–	0.4270	–	–	A$(210.8)	£90.0

At 31 December 2015, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2015, the aggregate fair value is nil (31 December 2014: nil). The change in fair value for the year ended 31 December 2015 was nil (31 December 2014: US$8.1 million).

NOTE 33 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2015, the aggregate credit risk in respect of cash and cash equivalents is US$752.9 million (31 December 2014: US$209.0 million).

At 31 December 2015, the aggregate credit risk in respect of derivative financial instruments is US$111.7 million (31 December 2014: US$164.9 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 53% of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles are set out in Note 16.

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

	31 Dec 15 US$million	31 Dec 14 US$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 16) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(140.7)**	(327.6)
Due between one and five years	**(2,873.8)**	(2,521.8)
Due after five years	**(2,493.9)**	(2,912.1)
	(5,508.4)	(5,761.5)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(4,221.5)**	(4,314.5)
– aggregate future estimated nominal interest	**(1,286.9)**	(1,447.0)
	(5,508.4)	(5,761.5)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**61.2**	86.5
Due between one and five years	**74.8**	149.2
Due after five years	**–**	2.0
	136.0	237.7

Contingent liabilities are set out in Note 27 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 carrying amounts and fair values of all the Group's financial instruments.

	Fair value		Carrying amount	
	31 Dec 15 US$million	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million
Consolidated assets				
Cash and cash equivalents	**688.0**	149.7	**688.0**	149.7
Trade debtors [1]	**11.6**	16.3	**11.6**	16.3
Receivables	**816.4**	323.7	**816.4**	323.7
Other investments [2]	**427.4**	116.8	**427.4**	116.8
Derivative assets [2]	**111.7**	164.9	**111.7**	164.9
Consolidated liabilities				
Trade creditors [1]	**26.6**	33.0	**26.6**	33.0
Payables and other creditors [1]	**2,744.9**	3,176.6	**2,744.9**	3,176.6
Interest bearing liabilities				
– Fixed rate debt	**4,085.8**	4,285.3	**4,060.8**	4,173.7
– Floating rate debt	**165.3**	140.8	**160.7**	140.8
Other financial liabilities [2]	**1,316.1**	1,306.4	**1,316.1**	1,306.4
Derivative liabilities [2]	**7.0**	2.2	**7.0**	2.2

[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.

Determination of Fair Value

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

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

	31 Dec 15 US$million	**Level 1 US$million**	**Level 2 US$million**	**Level 3 US$million**
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	427.4	–	–	427.4
Derivative assets				
– Interest rate derivatives	111.7	–	111.7	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,085.8	–	4,085.8	–
– Floating rate debt	165.3	–	165.3	–
Other financial liabilities				
– Redeemable preference shares/units	1,316.1	–	1,059.2	256.9
Derivative liabilities				
– Interest rate derivatives	7.0	–	7.0	–

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

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

	31 Dec 14 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	116.8	–	–	116.8
Derivative assets				
– Interest rate derivatives	164.9	–	164.9	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,285.3	–	4,285.3	–
– Floating rate debt	140.8	–	140.8	–
Other financial liabilities				
– Redeemable preference shares/units	1,306.4	–	1071.8	234.6
Derivative liabilities				
– Interest rate derivatives	2.2	–	2.2	–

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

	Unlisted investments[1] 31 Dec 15 US$million	**Redeemable preference shares/units[2] 31 Dec 15 US$million**	Unlisted investments[1] 31 Dec 14 US$million	Redeemable preference shares/units[2] 31 Dec 14 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**116.8**	**234.6**	101.6	347.6
Additions	**272.2**	**–**	15.7	–
Disposals	**–**	**(7.7)**	(0.5)	(160.4)
Net fair value gain/loss to income statement	**38.4**	**30.0**	–	47.4
Balance at the end of the year	**427.4**	**256.9**	116.8	234.6

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

(2) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2015, an increment of 1% to the earnings yield would result in an additional gain of US$41.8 million (31 December 2014: US$37.4 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$64.0 million (31 December 2014: US$57.0 million) in the income statement.

NOTE 36 PARENT ENTITY

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

	31 Dec 15 US$million	31 Dec 14 US$million
(a) Assets		
Current assets	**1,942.5**	2,009.4
Non current assets	**4,693.1**	4,366.4
Total assets	**6,635.6**	6,375.8
(b) Liabilities		
Current liabilities	**2,242.7**	2,586.2
Non current liabilities	**416.9**	354.6
Total liabilities	**2,659.6**	2,940.8
(c) Total equity		
Contributed equity	**4,597.7**	4,597.7
Accumulated losses and reserves	**(621.7)**	(1,162.7)
Total equity	**3,976.0**	3,435.0
(d) Comprehensive income		
Profit after tax for the period	**1,012.6**	(98.9)
Other comprehensive income	**(209.0)**	(41.4)
Total comprehensive income for the period	**803.6**	(140.3)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**3,600.0**	3,350.0
Guaranteed borrowings of associates of the Responsible Entity	**1,049.9**	1,173.3
	4,649.9	4,523.3

NOTE 37 AUDITOR'S REMUNERATION

	31 Dec 15 US$000	31 Dec 14 US$000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the Group for:		
– Audit or review of the financial reports	**135**	145
	135	145
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**2,189**	2,022
– Assurance and compliance services	**120**	–
– Taxation advice and compliance	**612**	169
– Technical accounting advice and services	**530**	–
	3,451	2,191
	3,586	2,336

NOTE 38 RELATED PARTY DISCLOSURES

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

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

Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 39.

Other Related Parties

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

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

Prior to the Restructure and Merger implemented on 30 June 2014, detailed in Note 1(c), Scentre Group was a related party of the Group as it formed part of the former Westfield Group during the 2014 financial year. Scentre Group is not a related party of the Group for the 2015 financial year.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in Note 39.

Transactions with Other Related Parties

Westfield Corporation has established protocols governing transactions with other related parties which are monitored and reviewed by the Westfield Corporation Audit and Risk Committee.

(a) LFG

Westfield Corporation owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. Westfield Corporation and LFG have entered into an aircraft interchange agreement, whereby Westfield Corporation provides its aircraft (when the aircraft are not required for Westfield Corporation business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms.

During the financial year, the Westfield Corporation utilised 37.8 hours (for the six months ended 31 December 2014: 12.8 hours) of LFG's aircraft which was offset by LFG's use of the Westfield Corporation's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between Westfield Corporation and LFG in relation to the use of Westfield Corporation's aircraft by LFG and use of LFG's aircraft by Westfield Corporation. These arrangements, including rates, are at arm's length.

Westfield Corporation charged LFG US$1,341,419 during the year ended 31 December 2015 (for the six months ended 31 December 2014: US$274,124) in relation to their use of Westfield Corporation's aircraft in excess of the interchange agreement. Amounts charged were payable on 7 day terms.

Westfield Corporation also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services.

During the financial year, Westfield Corporation charged LFG US$819,038 (for the six months ended 31 December 2014: US$481,390) in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, Westfield Corporation charged LFG US$1,028,197 (for the six months ended 31 December 2014: US$483,388) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year Westfield Corporation provided security services to certain Directors.

At year end the following amounts were recorded in Westfield Corporation's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2015 US$**	2014 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, Westfield Corporation charged The Lowy Institute US$7,477 (for the six months ended 31 December 2014 US$7,468) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2015.

(c) Other Group entities

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

WAT, WFDT and WCL transacted on normal commercial terms as stapled entities with respect to the following:

(i) Manager's service charges;

(ii) Reimbursement of expenses;

(iii) Construction contracts; and

(iv) Loans and financial derivatives.

The Responsible Entity management fee for the year ended 31 December 2015 was US$3.4 million (31 December 2014: US$4.4 million) of which nil was payable at 31 December 2015 (31 December 2014: nil).

During the year, the Group paid to a subsidiary of WCL US$8.9 million in respect of corporate service fees of which no amount was payable at 31 December 2015.

NOTE 38 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with Other Related Parties (continued)

(c) Other Group entities (continued)

Cross currency swaps with WFDT

WAT had cross currency swaps with WFDT during the year. WAT paid to WFDT, on a quarterly basis, floating rate on a notional principal of A$210.8 million in exchange for WFDT paying to WAT, on a quarterly basis, floating rate on a notional principal of £90.0million. The cross currency swap started in June 2014 and matured during the year.

The net interest income including net fair value gain on interest rate derivatives of US$1.7 million (31 December 2014: loss of US$1.9 million) for the year in respect of cross currency swaps with WFDT was US$0.2 million (31 December 2014: net interest expense US$0.9 million).

Foreign currency contract with WCL

WAT and WCL entered into a foreign currency contract in 2015. WAT paid US$358.4 million to WCL in exchange for WCL paying A$461.5 million to WAT. The foreign currency contract matured during the year and the loss from the contract was US$0.6 million.

Loans to/from WFDT

During the year, WAT had A$ interest bearing loans to/from WFDT. The balance of these loans at year end is a receivable of US$336.2 million (31 December 2014: payable of US$42.4 million), with accrued interest receivable of US$0.5 million (31 December 2014: payable of US$13,509). Interest accrues on these loans based on a floating rate. The net interest income for the year in respect of the loans to/ from WFDT was US$4.6 million (31 December 2014: interest expense US$0.6 million).

During the year, WAT had an A$ non-interest bearing loan from WFDT. The balance of the loan at year end is a payable of US$2,218.7 million (31 December 2014: US$2,497.0 million)

Loans to/from WCL

During the year, WAT had A$ interest bearing loans to/from WCL. The balance of these loans at year end is a receivable of US$113.6 million (31 December 2014: payable of US$15.2 million), with accrued interest receivable of US$0.1 million (31 December 2014: payable of US$4,847). Interest accrues on these loans based on a floating rate. The net interest income for the year in respect of the loans to/ from WCL was US$4.0 million (31 December 2014: interest expense US$0.2 million).

During the year, WAT had US$ interest bearing loans to/from WCL. The balance of these loans at year end is nil (31 December 2014: a receivable of US$110.9 million), with accrued interest receivable of nil (31 December 2014: US$0.3 million). Interest accrued on these loans based on a floating rate. The net interest income for the year in respect of the loans to/from WCL was US$0.8 million (31 December 2014: US$0.4 million).

Sale of controlled entities

During the year, WEA disposed of a wholly owned subsidiary to an entity controlled by WCL for an accounting gain of $145.4 million (31 December 2014: nil).

NOTE 39 REMUNERATION OF KEY MANAGEMENT PERSONNEL

As a result of the Restructure and Merger on 30 June 2014, the Group forms part of Westfield Corporation. The Responsible Entity does not have any employees. Key Management Personnel of the Group are paid by the Group and related entities within Westfield Corporation.

As the Group forms part of Westfield Corporation, the discussion under this note relates to Westfield Corporation and the Group.

(a) Key Management Personnel

The Key Management Personnel of the Group for the twelve month period from 1 January 2015 to 31 December 2015 are set out below:

Frank Lowy	Chairman
Brian Schwartz	Deputy Chairman / Lead Independent Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith	Non-Executive Director
Michael Gutman	President / Chief Operating Officer
Mark G. Johnson	Non-Executive Director
Mark R. Johnson	Non-Executive Director
Don Kingsborough	Non-Executive Director
Peter Lowy	Co-Chief Executive Officer
Steven Lowy	Co-Chief Executive Officer
Elliott Rusanow	Chief Financial Officer
John McFarlane	Non-Executive Director
Judith Sloan (retired 14 May 2015)	Non-Executive Director

NOTE 39 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Remuneration of Key Management Personnel

The aggregate remuneration for the year ended 31 December 2015 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits(i) US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments(ii) US$	US$
KEY MANAGEMENT PERSONNEL - DIRECTORS							
31 December 2015	**8,614,751**	**6,380,000**	**139,787**	**318,300**	**93,411**	**8,529,027**	**24,075,276**
31 December 2014 (iii)	4,026,116	4,290,452	76,659	98,904	40,352	6,443,974	14,976,457
KEY MANAGEMENT PERSONNEL - NON DIRECTORS							
31 December 2015	**980,000**	**815,000**	**–**	**27,869**	**–**	**904,531**	**2,727,400**
31 December 2014 (iii)	845,690	778,925	–	37,813	–	1,756,592	3,419,020
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2015	**9,594,751**	**7,195,000**	**139,787**	**346,169**	**93,411**	**9,433,558**	**26,802,676**
31 December 2014 (iii)	4,871,806	5,069,377	76,659	136,717	40,352	8,200,566	18,395,477

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Westfield Corporation Directors' Report for further details regarding the operation of these plans.

(iii) As the first result of the new Westfield Corporation only includes six months of operations, the remuneration disclosed also includes six months. The remuneration covering the period from 1 January to 30 June 2014 was incurred by the former Westfield Group and that portion is disclosed in the Financial Report of the Scentre Group.

(c) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 38.

(ii) During the financial year, transactions occurred between Westfield Corporation and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by Westfield Corporation in respect of stapled securities held in Westfield Corporation.

NOTE 40 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 15 – Interest Beneficial* Parent Entity %	31 Dec 15 – Interest Consolidated or Equity accounted %	31 Dec 14 – Interest Beneficial* Parent Entity %	31 Dec 14 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield America Trust				
Consolidated Controlled Entities				
WFA Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES				
Consolidated Controlled Entities				
Head Acquisition, LP	**100.0**	**100.0**	100.0	100.0
Urban Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
WCI Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Valley Fair UTC, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, LP	**100.0**	**100.0**	100.0	100.0
Westfield America Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Development, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Garden State, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Growth, LP	**100.0**	**100.0**	100.0	100.0
Westfield Head, LP	**100.0**	**100.0**	100.0	100.0
Westfield, LLC	**100.0**	**100.0**	100.0	100.0
Westfield U.S. Holdings, LLC	**100.0**	**100.0**	100.0	100.0

* Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Entity's ownership interest as determined under International Financial Reporting Standards (IFRS) certain convertible redeemable preference shares/units and other redeemable preference shares/units which have been accounted for as other financial liabilities in these financial statements.

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Independent Auditor's Report to the members of Westfield America Trust

Report on the financial report

We have audited the accompanying financial report of Westfield America Trust ("the Trust"), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, 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 the Westfield America Management Limited, the Responsible Entity of the Trust, 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(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Westfield America Management 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 America Trust is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 31 December 2015 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(b).

Ernst & Young

Graham Ezzy
Partner

Sydney, 16 March 2016

Liability limited by a scheme approved under Professional Standards Legislation.

The Directors of Westfield America Management Limited (Responsible Entity), the responsible entity of Westfield America Trust submit the following report for the year ended 31 December 2015 (Financial Year).

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFDT) and Westfield America Trust (Trust). The stapling transaction is referred to as the Restructure and Merger. The Trust and its controlled entities form part of the Westfield Corporation stapled group.

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

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Group reported IFRS profit of $1,875.2 million and a distribution of $445.7 million for the Financial Year.

The Group contributed net property income of $632.2 million for the Financial Year.

Management and project income was $47.4 million for the Financial Year. This includes income from managing centres held in joint ventures and project income from our United States joint venture assets.

During the Financial Year, the Group reported property revaluations of $230.5 million. The majority of the revaluation gain was for the Flagship assets, in particular Annapolis, Montgomery, San Francisco, Southcenter and Topanga (including the completed development at The Village) in the United States.

The deferred tax credit of $1,194.0 million includes $173.2 million accrued for deferred tax on the revaluation and tax depreciation of property investments and a one off $1,367.2 million tax benefit arising from a change in applicable tax rates for accounting purposes.

During the Financial Year, the Group completed the $250 million development at The Village at Topanga in Los Angeles.

The Group has a number of projects in progress, including:

- The $1.4 billion Westfield World Trade Center (New York);
- The $800 million redevelopment of Century City (Los Angeles); and
- The $585 million expansion of UTC (San Diego) (Group's share: $293 million).

Westfield World Trade Center is now fully leased. This will be a spectacular shopping, dining, event and entertainment destination integrated into the $4 billion Transportation Hub of Lower Manhattan. The project will showcase a diverse mix of over 100 domestic and international fashion, dining, beauty, entertainment and technology retailers including flagship stores for Apple and Eataly. The project is scheduled to open in August 2016.

The Group is making good progress at Century City, to be anchored by a new Nordstrom and Macy's department store and a refurbished Bloomingdales department store. UTC is also progressing well and will be anchored by a new Nordstrom department store.

Predevelopment work also continues on the expansion at Valley Fair in Silicon Valley, to be anchored by a new Bloomingdales department store. This project is expected to commence this year.

As at 31 December 2015, the Group has proportionate balance sheet assets of $15.0 billion, including property investments of $12.7 billion.

In September 2015, Westfield Corporation issued $1 billion of 144A bonds, of which the Group was assigned $300 million.

A detailed operating and financial review for Westfield Corporation is contained in the Directors' Report of the Westfield Corporation Annual Financial Report.

1.2 Principal Activities

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

1.3 Subsequent Events

Since the end of the Financial Year, there have been no subsequent events to report.

1.4 Future Developments

The likely developments in the Group's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The likely developments in Westfield Corporation's operations in future financial years and the expected results of those operations are more fully described in the Directors' Report in the Westfield Corporation Annual Financial Report.