Westfield America Trust Annual Financial Report 31 December 2017

Westfield America Management Limited ABN 66 072 780 619
AFSL No. 230324 as responsible entity of **Westfield America Trust** ARSN 092 058 449

Directory

Westfield Corporation
Westfield Corporation Limited
ABN 12 166 995 197

WFD Trust
ARSN 168 765 875 (responsible entity
Westfield America Management Limited
ABN 66 072 780 619,
AFS Licence No 230324)

Westfield America Trust
ARSN 092 058 449 (responsible entity
Westfield America Management Limited
ABN 66 072 780 619,
AFS Licence No 230324)

Registered Office
Level 29
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9273 2000
Facsimile: +61 2 9357 7131

United States Office
2049 Century Park East
41st Floor
Century City, CA 90067

Telephone: +1 310 478 4456
Facsimile: +1 310 481 9481

United Kingdom Office
6th Floor, MidCity Place
71 High Holborn
London WC1V 6EA

Telephone: +44 20 7061 1400
Facsimile: +44 20 7061 1401

Secretary
Simon J Tuxen

Auditors
Ernst & Young
The Ernst & Young Centre
200 George Street
Sydney NSW 2000

Investor Information
Westfield Corporation
Level 29
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9273 2010
E-mail: investor@westfield.com
Website: www.westfieldcorp.com/investors

Principal Share Registry
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone: +61 3 9415 4070
Enquiries: 1300 132 211
Facsimile: +61 3 9473 2500
E-mail: web.queries@computershare.com.au
Website: www.computershare.com

ADR Registry
Bank of New York Mellon
Depository Receipts Division
101 Barclay Street, 22nd Floor
New York, New York 10286

Telephone: +1 212 815 2293
Facsimile: +1 212 571 3050
Website: www.adrbny.com

Code: WFGPY

Listing
Australian Securities Exchange – WFD

Website
westfieldcorp.com

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Annual Financial Report

WESTFIELD AMERICA TRUST

For the financial year ended 31 December 2017

Contents

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

	Note	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%.

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

	31 Dec 17 cents	31 Dec 16 cents
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

	31 Dec 17 $million	31 Dec 16 $million
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	31 Dec 17 $million	31 Dec 16 $million
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	31 Dec 17 $million	31 Dec 16 $million
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.

	31 Dec 17 $million	31 Dec 16 $million
Future minimum rental revenues under non-cancellable operating retail property leases:		
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.

	31 Dec 17 $million	31 Dec 16 $million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
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		Corporate $million	Total $million
	Property investments $million	Property and project management $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		Corporate $million	Total $million
	Property investments $million	Property and project management $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 contracted as at the reporting date and outstanding at	**Interest rate options**		Interest rate options	
	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

Name of entity	31 Dec 17 – Interest Beneficial[i] Parent Company %	31 Dec 17 – Interest Consolidated or Equity accounted %	31 Dec 16 – Interest Beneficial[i] Parent Company %	31 Dec 16 – 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	**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.

Directors' Declaration

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

(a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the Financial Statements and Notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) complying with accounting standards and regulations in accordance with section 296 of the *Corporations Act 2001*;

(ii) giving a true and fair view of the financial position as at 31 December 2017 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the *Corporations Act 2001*;

(iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and

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

Made on 13 March 2018 in accordance with a resolution of the Board of Directors.

Sir Frank Lowy AC
Chairman

Brian Schwartz AM
Director

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Ernst & Young Centre
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent Auditor's Report to the Members of Westfield 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.

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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.

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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.

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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

Graham Ezzy
Partner

Ernst & Young

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.

1.6 Sustainability

Laws and regulations in force in the jurisdictions in which the Group operates are applicable to various areas of its operations, in particular to its development, construction and shopping centre management activities.

Westfield Corporation has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licenses. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Westfield Corporation reports on its sustainability performance each year in its Sustainability Report and via its participation in the GRESB (Global Real Estate Sustainability Benchmark), FTSE4Good, and CDP (formerly the Climate Disclosure Project) Climate Change surveys. 2017 was Westfield Corporation's second year reporting to GRESB, and our performance scored a 76 (up 17 points on prior year performance).

According to FTSE4Good's ESG Rating, Westfield Corporation scored an absolute score of 3.6 out of 5 in June 2017, which is in the 92nd percentile. This is an increase in score from 3.0 in June 2016 and 2.0 in June 2015. CDP awarded Westfield Corporation a score of 'A-' for its ESG performance, a significant improvement on our prior year score of 'C'. Westfield Corporation also received an award for "Most improved performance: Climate Change" at CDP's 2017 Australia and New Zealand Awards. Previous participation in these surveys was undertaken by Westfield Group (a predecessor entity) which in 2014 was demerged to create Westfield Corporation and Scentre Group.

Westfield Corporation is cognizant of the need to address the risks and opportunities arising from climate change. To the extent that climate change occurs Westfield Corporation may experience extreme weather which may result in physical damage or a decrease in demand for its properties and indirect impacts such as increasing insurance and energy costs. In addition, compliance with new laws or regulations related to climate change such as green building codes may require the Group to make improvements to its existing properties.

Westfield Corporation's 2018 Sustainability Report (which will be available at https://www.westfieldcorp.com/about/sustainability/ when published) addresses the risks and opportunities arising from climate change and reports on Westfield Corporation's performance across its four sustainability pillars: Environment, Our People, Community and Marketplace.

The 2018 Sustainability Report covers the period 1 January 2017 to 31 December 2017 and follows the Global Reporting Initiative G4 Sustainability Reporting Guidelines.

Key achievements set out in the 2018 Sustainability Report include:

- Reductions in Environmental Impacts
  - ~15% increase in solar generation across 5 United States sites in 2017;
  - 1,710 reduction in water consumption by our "day-to-day" UK operations;
  - 100% diversion of solid waste from landfills by our United Kingdom and European operations;
  - ~20% of total waste in the United States was recycled and ~14% was recovered, with a small amount of composting at San Francisco Center; and
  - All waste from Westfield Corporation's United Kingdom and European "day-to-day" operations was recycled (87%) or recovered for energy (13%).
- Human Resources and Risk
  - Zero fatalities;
  - Awarded Silver Banding for gender in the 'Business in the Community' benchmark (the United Kingdom's most comprehensive benchmark for workplace gender and race diversity). This was the second year of this achievement;
  - Recognised for the second year as a Top 30 Employer by the United Kingdom's "Working Families Top Employers Benchmark". This award focuses on four key areas: 1) integration which looks at culture, attitude and the scale to which flexibility has become embedded within the company; 2) policy which looks at the creation, development and deployment of flexibility; 3) consistent practice which considers how well flexibility is supported; and 4) measurements and results which look at the effects of flexibility on the organisation, and their ability to understand those effects;
  - Active member of WISE which leads the campaign for gender balance in science, technology and engineering in the UK; and
  - The Mayor of London identified Westfield Corporation as a "Mayor's Corporate Commitment Organization" in recognition of Westfield Corporation's support for community contribution as part of its staff development program.

Westfield Corporation's 2017 sustainability data is in the process of being reviewed by an independent third party sustainability expert and will be completed as part of our GRESB and CDP submission process.

2. DISTRIBUTIONS

For the six months ended 31 December 2016, the Trust distribution of 10.65 cents per ordinary unit formed part of the distribution of 12.55 cents per ordinary Westfield Corporation (WFD) stapled security paid on 28 February 2017. This distribution is an aggregate of a distribution from the Trust and a distribution from WFD Trust. The number reported here only represents that component of the aggregate Westfield Corporation distribution being the distribution of the Trust.

For the six months ended 30 June 2017, the Trust distribution of 10.20 cents per ordinary unit formed part of the distribution of 12.75 cents per ordinary Westfield Corporation (WFD) stapled security paid on 31 August 2017. This distribution is an aggregate of a distribution from the Trust and a distribution from WFD Trust. The number reported here only represents that component of the aggregate Westfield Corporation distribution being the distribution of the Trust.

For the six months ended 31 December 2017, the Trust distribution of 2.55 cents per ordinary unit formed part of the distribution of 12.75 cents per ordinary Westfield Corporation (WFD) stapled security paid on 28 February 2018. This distribution is an aggregate of a distribution from the Trust and a distribution from WFD Trust. The number reported here only represents that component of the aggregate Westfield Corporation distribution being the distribution of the Trust.

3. THE DIRECTORS

The names of the Directors of the Responsible Entity in office during the year and until the date of this report 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
Lord Peter Goldsmith QC PC	Non-Executive Director (retired effective 7 April 2017)
Jeffrey Goldstein	Non-Executive Director
Michael Gutman OBE	President and Chief Operating Officer / Executive Director
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Donald Kingsborough	Chief Executive Officer, OneMarket / Executive Director
Peter Lowy	Co-Chief Executive Officer / Executive Director
Steven Lowy AM	Co-Chief Executive Officer / Executive Director
John McFarlane	Non-Executive Director
Dawn Ostroff	Non-Executive Director

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies held by the Responsible Entity's Directors during the 3 years preceding the end of the Financial Year and up to the date of this report, and the time for which each directorship has been held.

Director	Company	Date appointed	Date resigned
Sir Frank Lowy AC	Westfield America Management Limited[(1)]	20 February 1996	Continuing
	Scentre Group Limited[(2)]	16 January 1979	5 May 2016
	Scentre Management Limited[(2)]	16 January 1979	5 May 2016
	RE1 Limited[(2)]	30 June 2014	5 May 2016
	RE2 Limited[(2)]	30 June 2014	5 May 2016
Brian Schwartz AM	Westfield America Management Limited[(1)]	6 May 2009	Continuing
	Scentre Group Limited[(2)]	6 May 2009	Continuing
	Scentre Management Limited[(2)]	6 May 2009	Continuing
	RE1 Limited[(2)]	30 June 2014	Continuing
	RE2 Limited[(2)]	30 June 2014	Continuing
	Insurance Australia Group	1 January 2005	31 March 2016
Ilana Atlas	Westfield America Management Limited[(1)]	25 May 2011	Continuing
	Australia and New Zealand Banking Group Limited	24 September 2014	Continuing
	Coca-Cola Amatil Limited	23 February 2011	Continuing
Roy Furman	Westfield America Management Limited[(1)]	29 May 2002	Continuing
Jeffrey Goldstein	Westfield America Management Limited[(1)]	28 November 2016	Continuing
Michael Gutman OBE	Westfield America Management Limited[(1)]	28 August 2014	Continuing
Mark G. Johnson	Westfield America Management Limited[(1)]	29 May 2013	Continuing
	Coca-Cola Amatil	06 December 2016	Continuing
	G8 Education Limited	01 January 2016	Continuing
Mark R. Johnson AO	Westfield America Management Limited[(1)]	27 May 2010	Continuing
Donald Kingsborough	Westfield America Management Limited[(1)]	28 August 2014	Continuing
Peter Lowy	Westfield America Management Limited[(1)]	20 February 1996	Continuing
Steven Lowy AM	Westfield America Management Limited[(1)]	20 February 1996	Continuing
	Scentre Group Limited[(2)]	28 June 1989	Continuing
	Scentre Management Limited[(2)]	28 June 1989	Continuing
	RE1 Limited[(2)]	12 August 2010	Continuing
	RE2 Limited[(2)]	12 August 2010	Continuing
John McFarlane	Westfield America Management Limited[(1)]	26 February 2008	Continuing
Dawn Ostroff	Westfield America Management Limited[(1)]	28 November 2016	Continuing

Notes:

(1) Westfield Corporation comprises Westfield Corporation Limited, Westfield America Westfield America Trust and WFD Trust (the responsible entity of both schemes being Westfield America Management Limited), the securities of which are stapled and trade on the ASX as Westfield Corporation (ASX: WFD).

(2) Scentre Group comprises Scentre Group Limited, Scentre Group Trust 1 (the responsible entity of which is Scentre Management Limited), Scentre Group Trust 2 (the responsible entity of which is RE1 Limited) and Scentre Group Trust 3 (the responsible entity of which is RE2 Limited), the securities of which are stapled and trade on the ASX as Scentre Group (ASX: SCG).

Biographies for each of the Directors can be found in the 2017 Westfield Corporation Annual Financial Report.

The names of the Directors in office and the relevant interest of each Director in stapled securities in Westfield Corporation as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in Westfield Corporation Limited and units in WFD Trust. The stapled securities trade on the Australian Securities Exchange under the code WFD.

Director	Number of Stapled Securities
Sir Frank Lowy AC	
Peter Lowy	198,886,355
Steven Lowy AM	
Ilana Atlas	30,810
Roy Furman	50,000
Jeffrey Goldstein	Nil
Michael Gutman OBE	992,802
Mark G. Johnson	20,000
Mark R. Johnson AO	100,000
Donald Kingsborough	8,000
John McFarlane	50,000
Dawn Ostroff	Nil
Brian Schwartz AM	31,110

None of the Directors hold options over any issued or unissued units in the Trust or Westfield Corporation stapled securities. No options over any issues or unissued units in the Trust or Westfield Corporation stapled securities have been issued to the Directors. None of the Directors hold debentures of Westfield Corporation.

None of the non-executive Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests in the Trust or Westfield Corporation.

5. OPTIONS

No options were issued by the Trust during or since the end of the Financial Year and no Director or member of the senior executive team holds options over issued or unissued Westfield Corporation stapled securities or units in the Trust.

6. INDEMNITIES AND INSURANCE PREMIUMS

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

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

Premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and executive officers have been paid as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

In addition, each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Responsible Entity documents and records, subject to undertakings as to confidentiality.

7. SPECIAL RULES FOR REGISTERED SCHEMES

– $4.1 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.

– Associates of the Responsible Entity held 200,434,340 units as at the end of the Financial Year.

– Details of the units issued in the Trust during the Financial Year are set out in Note 18 on page 20.

– No withdrawals were made from the scheme during the Financial Year.

– Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2b, 10 and 11 on pages 9, 14 and 15 respectively.

– Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 18 on page 20.

8. AUDIT

8.1 Audit and Risk Committee

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

8.2 Auditor's Independence Declaration

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

As lead auditor for the audit of Westfield America Trust for the financial year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westfield America Trust and the entities it controlled during the financial year.

Ernst & Young

Graham Ezzy
Partner

Sydney, 13 March 2018

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

The Trust is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have 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.

10. ASX LISTING RULE

ASX reserves the right (but without limiting its absolute discretion) to remove WCL, WAT and WFDT from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Westfield Corporation entity which are not stapled to the equivalent securities in the other entities.

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

Sir Frank Lowy AC
Chairman

Brian Schwartz AM
Director

13 March 2018

Corporate Governance Statement

The Corporate Governance Statement for Westfield America Trust has been incorporated into the Corporate Governance Statement prepared for Westfield Corporation. This Statement can be found in the 2017 Westfield Corporation Annual Financial Report. Westfield Corporation's Annual Financial Report is available on the westfieldcorp.com website.

Twenty Largest Holders of Stapled Securities in Westfield Corporation*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	721,029,600	34.70
2.	J P Morgan Nominees Australia Limited	361,395,581	17.39
3.	Citicorp Nominees Pty Limited	161,888,842	7.79
4.	National Nominees Limited	88,197,093	4.24
5.	BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	55,653,985	2.68
6.	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	53,142,000	2.56
7.	Franley Holdings Pty Ltd	48,611,723	2.34
8.	Franley Securities Pty Ltd	48,611,723	2.34
9.	Cordera Holdings Pty Limited	48,611,722	2.34
10.	Bainpro Nominees Pty Limited	31,125,136	1.50
11.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	25,183,360	1.21
12.	Hazel Equities Pty Ltd	24,473,594	1.18
13.	BNP Paribas Noms Pty Ltd <Drp>	22,225,546	1.07
14.	AMP Life Limited	14,333,726	0.69
15.	FP Pty Limited <The Frank Lowy Living A/C>	14,107,391	0.68
16.	UBS Nominees Pty Ltd	12,336,320	0.59
17.	HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	10,156,799	0.49
18.	SBN Nominees Pty Limited <10004 Account>	10,000,000	0.48
19.	Buttonwood Nominees Pty Ltd	8,600,000	0.41
20.	HSBC Custody Nominees (Australia) Limited – A/C 2	7,644,148	0.37
		1,767,328,289	**85.05**

* Ordinary shares in Westfield Corporation Ltd are stapled to units in Westfield America Trust and WFD Trust.

The stapled securities trade on the Australian Securities Exchange under the code WFD.

Voting Rights

Westfield Corporation Limited – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

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

Distribution Schedule

Category	Number of options*	Number of option holders	Number of stapled securities**	Number of securityholders	% of securities in each category
1 – 1,000	0	0	18,615,053	40,159	0.90
1,001 – 5,000	0	0	76,995,187	34,383	3.71
5,001 – 10,000	0	0	33,568,777	4,793	1.62
10,001 – 100,000	52,500	1	57,798,542	2,624	2.78
100,001 Over	27,608,709	3	1,891,112,127	181	91.00
Total	**27,661,209**	**4**	**2,078,089,686**	**82,140**	**100.00**

As at 16 February 2018, 3,997 securityholders hold less than a marketable parcel (being 59 at the closing price of $8.52) of quoted securities in Westfield Corporation.

* Westfield America Trust has on issue options to subsidiaries of Westfield Corporation which predate the reorganisation. Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities. The total number of options on issue at 15 February 2018 is 27,661,209.

** There are 22,381,487 performance rights on issue to a total of 220 Westfield Corporation participants. These rights may be satisfied by either the transfer or issue of Westfield Corporation securities to employees, or settled by way of cash payout of which the amount is calculated by reference to the market price of Westfield Corporation securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of Westfield Corporation Limited, Westfield America Trust and WFD Trust is required to issue securities on the vesting of a performance right.

*** During FY17, 4,125,591 Westfield Corporation securities (at an average rate of $9.4108) were acquired on-market by Westfield's Performance Rights Trusts to satisfy executive entitlements on the vesting of rights under Westfield's equity-linked incentive plans.

Substantial Securityholders

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

Members of the Lowy family and associates	198,886,355
State Street Corporation	104,385,331
BlackRock Group	149,636,884
The Vanguard Group, Inc	166,125,662
Unibail-Rodamco SE*	197,498,805

* On 12 December 2017, Unibail-Rodamco filed a notice of initial substantial holder, advising it had acquired a relevant interest in the Westfield Corporation securities held by members of the Lowy family and associates.