OFFERING MEMORANDUM
CONFIDENTIAL

NOT FOR DISTRIBUTION
IN THE UNITED STATES

Westfield America Management Limited (ABN 66 072 780 619)
in its capacity as responsible entity and trustee of

WFD Trust
(ARSN 168 765 875)

£300,000,000 2.125% Guaranteed Senior Notes due 2025
£500,000,000 2.625% Guaranteed Senior Notes due 2029

Fully and unconditionally guaranteed by
Westfield Corporation Limited
(ABN 12 166 995 197)
Westfield America Management Limited
in its capacity as responsible entity and trustee of Westfield America Trust (ARSN 092 058 449), and by
WEA Finance LLC, Westfield UK & Europe Finance plc (Reg. No. 08094102) and
WCL Finance Pty Limited (ABN 79 168 109 135)

Westfield America Management Limited, in its capacity as responsible entity and trustee of WFD Trust (the "Issuer"), is offering £300,000,000 aggregate principal amount of 2.125% Guaranteed Senior Notes due 2025 (the "2025 Notes"), and £500,000,000 aggregate principal amount of 2.625% Guaranteed Senior Notes due 2029 (the "2029 Notes"). We refer to the 2025 Notes and the 2029 Notes, together, as the "Notes." Interest on the Notes will be payable annually in arrears on March 30 of each year, beginning March 30, 2018. The Issuer may redeem the Notes in whole or in part prior to maturity at the prices determined as described under "Description of the Notes and Guarantees — Special Situations — Optional Redemption of the Notes." The Issuer may redeem the Notes in whole but not in part at 100% of their principal amount, plus accrued and unpaid interest and any additional amounts due on the date fixed for redemption if certain events occur that would cause the Issuer or any guarantor to become obligated to pay additional amounts as described under "Description of the Notes and Guarantees — Special Situations — Optional Tax Redemption."

The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank equally with all of the Issuer's existing and future unsecured and unsubordinated debt, other than indebtedness mandatorily preferred by law. The Notes will be fully and unconditionally guaranteed on a several basis by Westfield Corporation Limited and Westfield America Management Limited, in its capacity as responsible entity and trustee of Westfield America Trust (each, a "parent guarantor" and, together, the "parent guarantors"). In addition, the Notes will also be fully and unconditionally guaranteed on a joint and several basis by WEA Finance LLC, a subsidiary of Westfield America Trust, and Westfield UK & Europe Finance plc and WCL Finance Pty Limited, each a subsidiary of Westfield Corporation Limited (each, a "subsidiary guarantor" and, collectively, the "subsidiary guarantors" and, collectively with the parent guarantors, the "guarantors"). The subsidiary guarantors' guarantees of the Notes will be a joint and several obligation of the subsidiary guarantors with the guarantees of the Notes by any future subsidiary guarantors. The guarantees will be unsecured and unsubordinated obligations of the guarantors and will rank equally with all existing and future unsecured and unsubordinated debt of each guarantor, other than indebtedness mandatorily preferred by law.

The Issuer is seeking to list the Notes on the Australian Securities Exchange and, if the listing is approved, we expect trading in the Notes to begin within 30 days after the Notes are first issued. There can be no assurance that such listing will be granted or maintained.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 17.

The Notes and the guarantees have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the Notes and the guarantees are being offered and sold solely outside the United States in accordance with Regulation S under the U.S. Securities Act ("Regulation S"). The Notes may not be offered, sold or delivered within the United States (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. For a description of certain restrictions on transfers of the Notes and the guarantees, see "Notice to Investors."

The Notes will be issued in registered form in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. On the issue date of the Notes, a global note representing the Notes will be deposited and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). The Issuer expects the Notes to be ready for delivery to the initial purchasers on or about March 30, 2017. See "Description of the Notes and Guarantees — Book-Entry; Delivery and Form."

Price for the 2025 Notes: 99.251%
Price for the 2029 Notes: 99.179%

Joint Book-Running Managers

Deutsche Bank **Barclays** **HSBC** **Morgan Stanley**

Banco Bilbao Vizcaya Argentaria, S.A.
Credit Suisse

BofA Merrill Lynch
Scotiabank

Société Générale Corporate & Investment Banking

March 23, 2017

You should rely only on the information contained in this offering memorandum and in any pricing term sheet that we and the initial purchasers provide you. We have not, and the initial purchasers, as defined under "Plan of Distribution," have not, authorized anyone to provide you with different information. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum or any pricing term sheet is accurate as of any date other than the date on the front of this offering memorandum or pricing term sheet, as applicable.

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This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no copies of this offering memorandum or any documents referred to in this offering memorandum.

Neither the initial purchasers nor the trustee (as defined herein) make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers or the Trustee as to the past or future. We have furnished the information contained in this offering memorandum. Neither the initial purchasers nor the Trustee assume any responsibility for the accuracy or completeness of any such information.

Neither the U.S. Securities and Exchange Commission ("SEC"), any state securities commission nor any other regulatory authority, has approved or disapproved the Notes or the guarantees nor have any of the foregoing authorities passed judgment upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to "Plan of Distribution" and "Notice to Investors."

The Notes will be available initially only in book-entry form. The Notes sold pursuant to this offering memorandum will be issued in the form of a global note, which will be deposited with, or on behalf of, a common depositary for Euroclear and Clearstream and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global note will be shown on, and transfers of beneficial interests in the global note will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global note, Notes in certificated form will be issued in exchange for the global note only as set forth in the indenture governing the Notes. See "Description of the Notes and Guarantees — Book-Entry; Delivery and Form."

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the guarantors and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as investment, legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal investment or similar laws or regulations.

In this offering memorandum, we rely on and refer to information and statistics regarding our industry. We obtained this market data from independent industry publications or other publicly available information. Although we believe that these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information.

This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

This offering memorandum is not, and is not intended to be a disclosure document within the meaning of section 9 of the Corporations Act 2001 (Cth) (the "Australian Corporations Act") or a Product Disclosure Statement for the purposes of Chapter 7 of the Australian Corporations Act. No action has been taken by us that would permit a public offering of the Notes in Australia. In particular, this offering memorandum has not been lodged or registered with the Australian Securities and Investments Commission ("ASIC").

Notes may not be offered for sale nor may applications for the sale or purchase of any Notes be invited in Australia (including an offer or invitation that is received by a person in Australia) and neither this offering memorandum, any supplement hereto, nor any advertisement or other offering material relating to the Notes may be distributed or published in Australia unless (i) (A) the aggregate amount payable on acceptance of the offer by each offeree or invitee for the Notes is a minimum amount (disregarding amounts, if any, lent by the person offering the Notes or its associates) of A$500,000 (or its equivalent in another currency), or (B) the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Part 6D.2 or Chapter 7 of the Australian Corporations Act, (ii) the offer or invitation does not constitute an offer to a "retail client" for the purposes of Section 761G of the Australian Corporations Act, (iii) the offer, invitation or distribution complies with all applicable laws and regulations relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs, and (iv) such action does not require any document to be lodged with ASIC.

This offering memorandum does not constitute a prospectus for the purposes of the European Union's Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) and as implemented in member states of the European Economic Area (the "EEA") (the "Prospectus Directive"). This offering memorandum has been prepared on the basis that any offer of the Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Notes or otherwise will not be subject to such requirements. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes that are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish or supplement a prospectus for such offer.

The communication of this offering memorandum and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (e) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this offering memorandum relates will be engaged only with, relevant persons.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements within the meaning of the securities laws of certain jurisdictions, including Section 27A of the U.S. Securities Act, Section 21E of the U.S. Securities Exchange Act of 1934 (the "U.S. Exchange Act") and the Private Securities Litigation Reform Act of 1995. Some of these statements can be identified by terms and phrases such as "anticipate", "should", "likely", "foresee", "believe", "estimate", "expect", "intend", "continue", "could", "may", "plan", "project", "predict", "will", and similar expressions and include references to assumptions that we believe are reasonable and relate to our future prospects, developments and business strategies. Such statements reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements, include, but are not limited to:

- changes to general economic conditions in the United States, the United Kingdom and Europe;
- the performance of our real estate portfolio;
- fluctuations in the value and rental income of our properties, including the impact of credit market constraints on property values;
- our ability to relet short-term spaces;
- our reliance on anchor and specialty tenants;
- the fixed nature of significant costs in our real estate investments;
- risks associated with our acquisition and development activities;
- the illiquidity of our investments in property;
- our ability to raise future funds in the debt or equity markets for financing, refinancing and liquidity needs on favorable terms, or at all;
- our ability to pay down debt, and reduce our leverage ratio (calculated as the ratio of net debt (total borrowings less cash) to net assets (total assets less cash)), to appropriate levels following any acquisition;
- the financial health of our joint venture partners and their ability to raise future funds for any proposed joint venture development or redevelopment activities;
- fluctuations in interest rates and foreign exchange rates;
- regulatory issues and changes in laws, including tax laws;
- competition in the real estate industry;
- changes in consumer shopping patterns and preferences, including the growth of e-commerce and other consumer and retail trends;
- our properties being uninsured or underinsured against various catastrophic losses;
- the impact of a terrorist attack or other significant security incident at a mall could harm the demand for and value of our properties;
- conflicts of interest involved with our jointly-owned properties; and
- changes in our financial reporting and accounting policies or changes in applicable accounting standards.

These forward-looking statements speak only as of the date of this offering memorandum. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement included in this offering memorandum should not be construed as exhaustive. You should also read, among other things, the risks and uncertainties described in “Risk Factors” and in the documents that we refer to in “Available Information.” We qualify all of our forward-looking statements by these cautionary statements.

AVAILABLE INFORMATION

Neither Westfield Corporation (as defined below in "Certain Definitions") nor any of the stapled entities comprising Westfield Corporation is subject to the information and reporting requirements of the U.S. Exchange Act. While any Notes remain outstanding, we will during any period in which we are not subject to Section 13 or 15(d) of the U.S. Exchange Act, or are not exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, make available to any "qualified institutional buyer" ("QIB") who holds any Notes and any prospective purchaser of a Note who is a QIB designated by such holder of such Note, upon the request of such holder or prospective purchaser, the information required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the U.S. Securities Act. We file annual reports and half-year reports with the Australian Securities Exchange ("ASX"). You may obtain copies of the documents filed with the ASX from its website at www.asx.com.au.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer, the parent guarantors and certain of the subsidiary guarantors are entities organized under the laws of countries other than the United States. Substantially all the directors and officers of these entities, and some of the experts named in this document, reside outside the United States, principally in Australia and England and Wales. A portion of the assets of these entities, and the assets of the directors, officers and experts, including Westfield Corporation's independent auditors, are located outside the United States. Therefore, you may not be able to effect service of process within the United States upon these entities or persons so that you may enforce judgments of United States courts against them in the United States based on the civil liability provisions of the United States federal securities laws.

In addition, there are doubts as to the enforceability in Australia and England and Wales, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities based on United States federal securities laws. Also, judgments of United States courts (whether or not such judgments relate to United States federal securities laws) will not be enforceable in Australia or England and Wales in certain other circumstances, including, among others, where such judgments contravene local public policy, breach the rules of natural justice or general principles of fairness or are obtained by fraud, are not for a fixed or readily ascertainable sum, are subject to appeal, dismissal, stay of execution or otherwise not final and conclusive, or involve multiple or punitive damages or where the proceedings in such courts were of a revenue or penal nature.

AUSTRALIAN EXCHANGE CONTROLS

The Financial Transaction Reports Act 1988 (Cth) (the "Financial Transaction Reports Act"), the Autonomous Sanctions Act 2011 (Cth) (the "Autonomous Sanctions Act") and other Australian legislation and regulations, including the regulations made under the Charter of the United Nations Act 1945 (Cth) (the "United Nations Act") and under the Autonomous Sanctions Act, control the import and export of capital and remittance of payments involving non-residents of Australia. Unless, as required, the Department of Foreign Affairs and Trade ("DFAT") has given its specific prior approval under the regulations under the Autonomous Sanctions Act (both the "Applicable Regulations"), or the Minister for Foreign Affairs has granted a permit authorizing a transaction that would otherwise contravene a regulation made under the United Nations Act, certain payments and transactions involving or connected in certain ways with any of the following are, subject to limited exceptions, restricted or prohibited:

- prescribed governments (and their statutory authorities, agencies and entities);
- nationals of prescribed countries; and
- prescribed organizations, persons and entities.

Prescribed persons and entities currently include:

- certain persons and entities responsible for, or complicit in, the Russian threat to the sovereignty and territorial integrity of Ukraine;
- certain entities related to the Federal Republic of Yugoslavia (in limited circumstances) and known supporters associated with the former Milosevic regime;
- certain individuals and entities who engage in, or have engaged in, activities that seriously undermine democracy, respect for human rights and the rule of law in Zimbabwe;
- Al-Qaeda, Al- Qaeda related groups and the Taliban;
- certain persons and entities associated with the Democratic People's Republic of Korea (North Korea);
- certain persons and entities associated with the Democratic Republic of the Congo, Eritrea, Somalia, Sudan, Lebanon, the Central African Republic, Yemen, Burma or the Government of Iraq;
- certain persons associated with the Libyan regime of violence against people;
- certain persons and entities associated with the Syrian regime of violence against people;
- certain persons and entities associated with Iran, Hizballah or Hamas; and
- any person or entity designated from time to time by the United Nations (the "UN") in accordance with the regulations made under the United Nations Act, including South Sudan, the Islamic State of Iraq and the Levant, the Taliban and Guinea Bissau.

However, these are subject to change from time to time.

The Applicable Regulations may require DFAT authorization or impose reporting obligations on parties intending to buy, borrow, sell, lend or exchange, or otherwise deal with, "foreign securities" if they are an Australian resident (or a person acting on behalf of an Australian resident).

The Financial Transaction Reports Act imposes reporting obligations on "cash dealers" that are a party to significant physical transfers of currency from one person to another. The Financial Transaction Reports Act also requires cash dealers to report transactions that are "suspect transactions" to an agency of the Australian government known as "AUSTRAC." Under the Financial Transaction Reports Act, a person who transfers or receives A$10,000 or more (or the foreign currency equivalent) in physical currency from outside Australia, must, subject to certain exemptions, report details of such transfers or receipts to AUSTRAC.

Legislation and regulations in Australia also restrict payments, transactions and dealings with assets having a proscribed connection with certain countries or named individuals or entities that are subject to international sanctions or associated with terrorism. The UN Security Council imposed a series of obligations on UN Member States to suppress terrorism. Paragraph 1(c) of UN Security Council Resolution 1373 requires member states (which includes Australia) to freeze without delay funds and other financial assets or economic resources of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities owned or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds derived or generated from property owned or controlled directly or indirectly by such persons and associated persons and entities. In Australia, the moment an individual or entity is placed on the UN list of such individuals or entities, its assets must be frozen under Australian law. These names are automatically incorporated onto a consolidated list maintained by DFAT.

CERTAIN DEFINITIONS

In this offering memorandum, unless the context otherwise requires, all references to the "Issuer" refer only to Westfield America Management Limited, in its capacity as responsible entity and trustee of WFD Trust; all references to "Westfield Corporation", "we", "us" and "our" and similar expressions refer to the stapled group which, collectively, consists of Westfield Corporation Limited, WFD Trust and Westfield America Trust and their respective subsidiaries; all references to "WCL" refer only to Westfield Corporation Limited or Westfield Corporation Limited and its subsidiaries, as the context requires; all references to "WFD Trust" refer only to WFD Trust or WFD Trust and its subsidiaries, as the context requires; all references to "WAT" refer only to Westfield America Trust or Westfield America Trust and its subsidiaries, as the context requires; all references to "WAML" refer only to Westfield America Management Limited in its separate capacities as responsible entity and trustee of each of WFD Trust and WAT, as the context requires; all references to "WALP" refer only to Westfield America Limited Partnership; and all references to "WEA" refer only to Westfield America, Inc. All references to "Westfield Group" refer to the previously stapled group which, prior to the Restructuring (as defined below), consisted of Westfield Holdings Limited, Westfield America Trust and Westfield Trust and their respective subsidiaries. See "Restructuring."

In "Description of the Notes and Guarantees", references to "WCL", "WFD Trust" and "WAT" refer only to Westfield Corporation Limited, WFD Trust and Westfield America Trust, respectively, and not to any of their respective subsidiaries.

Certain operating statistics and financial information related to our international mall portfolio presented in this offering memorandum, such as retail sales, leased rate, rental rates, occupancy costs, number of retail outlets, gross leasable area ("GLA"), gross asset value under management, unexpired lease terms and expiry profiles, include part-owned malls on a 100% basis.

RESTRUCTURING

On December 4, 2013, Westfield Group announced a proposed restructuring (the "Restructuring"), pursuant to which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was to be separated from Westfield Group's U.S., UK and other international businesses to create two new ASX listed retail property groups:

- Scentre Group — comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and
- Westfield Corporation — comprising Westfield Group's U.S., UK and other international businesses.

The Restructuring was approved by Westfield Group securityholders on May 29, 2014, Westfield Retail Trust securityholders on June 20, 2014 and by the Supreme Court of New South Wales on June 23, 2014, and was completed on June 30, 2014.

Westfield Corporation is a stapled group which consists of WCL, WFD Trust and WAT and their respective subsidiaries. Westfield Corporation's stapled securities, which are comprised of an ordinary share of WCL, a unit of WFD Trust and a unit of WAT, are quoted and trade together as a single security on the ASX under the ticker "WFD" and cannot be traded separately. WAML is the responsible entity and trustee of each of WFD Trust and WAT. Although WCL, WFD Trust and WAT remain separate entities following the Restructuring, Westfield Corporation operates as a coordinated economic group. Each of WCL, WFD Trust and WAT is run by a common board and senior management team. Accordingly, following the Restructuring, Westfield Corporation publishes consolidated financial statements for the stapled group. See "Accounting for Establishment of Westfield Corporation."

FINANCIAL INFORMATION PRESENTATION

This offering memorandum includes financial statements of Westfield Corporation. The financial statements of Westfield Corporation as of and for the years ended December 31, 2016, 2015 and 2014 (including the respective notes thereto, the "2016 Annual Financial Statements," the "2015 Annual Financial Statements" and the "2014 Annual Financial Statements," respectively, and collectively the "Annual Financial Statements") included in this offering memorandum, and the Adjusted Financial Information (as defined below) included in this offering memorandum, have been prepared in accordance with Australian Accounting Standards ("AAS") and other authoritative pronouncements of the Australian Accounting Standards Board. The Annual Financial Statements and the Adjusted Financial Information also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

As discussed below under "Accounting for Establishment of Westfield Corporation," the Restructuring was accounted for as a business combination by contract alone (for the purposes of the stapling of WCL, WFD Trust and WAT), in accordance with AASB 3 Business Combinations, and WAT was deemed to be the "acquirer" in the business combination for accounting purposes. As a result, because the Restructuring was completed on June 30, 2014, the financial information for the year ended December 31, 2014 included in the Annual Financial Statements only include income statement and cash flow data for the U.S. operations of Westfield Corporation for the first six months of the year (and do not include income statement or cash flow data for the UK operations of Westfield Corporation for that half of the year), but include income statement and cash flow data for the U.S. and UK operations of Westfield Corporation for the second half of the year. Certain income statement data for the UK operations for the six months ended June 30, 2014 has been included in Note 49 to the 2014 Annual Financial Statements.

The Annual Financial Statements have been audited by Ernst & Young, independent auditors, in accordance with Australian Auditing Standards, and the Ernst & Young audit reports thereon are included in this offering memorandum.

Investors should note that AAS and IFRS differ from generally accepted accounting principles in the United States ("U.S. GAAP"), and investors should consult their own professional advisors for an understanding of the difference between AAS, IFRS and U.S. GAAP and how those differences might affect such financial statements, and more generally, the financial results of Westfield Corporation going forward.

In addition to the foregoing financial statements, the 2014 Annual Financial Statements have been adjusted to exclude the divestment of Westfield Group's interest in the Merry Hill, Derby and Sprucefield shopping centres in May 2014 for net proceeds of £597 million. No adjustments were made for any of our dispositions that occurred after June 30, 2014.

In addition, because the 2014 Annual Financial Statements do not include income statement or cash flow data for the UK operations of Westfield Corporation for the six months ended June 30, 2014, as discussed above, the adjusted income statements and statements of cash flow for the year ended December 31, 2014 assume the acquisition of the UK operations occurred on January 1, 2014. Such adjusted financial information for the year ended December 31, 2014 is referred to herein as the "Adjusted Financial Information" and is unaudited.

A reconciliation of the Adjusted Financial Information presented in this offering memorandum to the 2014 Annual Financial Statements is included in "Summary Consolidated Financial Data" and "Selected Consolidated Financial Data." Investors should note that the Adjusted Financial Information does not purport to be in compliance with Article 11 of Regulation S-X of the Rules and Regulations of the SEC and has not been subject to audit or review for the purposes of the offering.

ACCOUNTING FOR ESTABLISHMENT OF WESTFIELD CORPORATION

The Restructuring was accounted for as a business combination by contract alone (for the purposes of the stapling of WCL, WFD Trust and WAT) in accordance with AASB 3 Business Combinations. WAT was identified as the acquirer for accounting purposes as WAT was the stapled entity whose relative size was the largest and WAT was the only pre-existing entity prior to the Restructuring.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL was deemed to be the parent entity of Westfield Corporation as it has legal control of WFD Trust and WAT due to its subsidiary, WAML, being the responsible entity of each of WFD Trust and WAT.

In addition to the consolidated financial statements for Westfield Corporation because WAT and WFD Trust remain separate legal entities, each such entity continues to publish separate financial statements following the Restructuring, as of and for the periods ended June 30 and December 31 of each year.

NON-IFRS FINANCIAL MEASURES

Westfield Corporation utilizes a number of non-IFRS measures to assess the financial and operational performance of its shopping centre portfolio, including Funds from Operations and Net Property Income. For more information on these and other non-IFRS measures, see "Operating and Financial Review — Description of Westfield Corporation — Key Operational Measures."

We believe that these non-IFRS measures provide useful information regarding our business, and management considers these measures in analyzing our operating performance. However, these measures should not be considered indications of, or alternatives to, corresponding measures determined in accordance with AAS. In addition, such measures may not be comparable to similar measures presented by other companies.

In addition, we also present Net Property Income on a "proportionate" basis. The proportionate basis presents the net income from and net investment in, equity accounted properties on a gross basis, whereby Westfield Corporation's share of the underlying components of net income and net investment are disclosed separately as if they were revenues and expenses, and assets and liabilities of Westfield Corporation. Our management considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, retail malls), that most of the centres are under common management, and that, therefore, the drivers of their results are similar, proportionate Net Property Income provides a more useful way to understand the performance of the portfolio as a whole. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as AAS requires, which allows management to observe and analyze revenue and expense results and trends on a portfolio-wide basis.

CURRENCY OF PRESENTATION AND EXCHANGE RATES

Since the year ended December 31, 2014, Westfield Corporation has adopted United States dollars as its presentation currency, as that presentation currency most reliably reflects the global business performance of Westfield Corporation as a whole. Accordingly, the Annual Financial Statements included elsewhere in this offering memorandum are presented in United States dollars.

In this offering memorandum, references to "A$" are to Australian dollars; references to "US$" or "U.S. dollars" are to the lawful currency of the United States; references to "£" and "sterling" are to the lawful currency of the United Kingdom; and references to "€" are to the currency introduced at the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Union, as amended from time to time.

Our sterling foreign currency denominated revenues and expenses for the years ended December 31, 2016, 2015 and 2014 were translated to U.S. dollars at the following average exchange rates:

Year Ended	£	US$
December 31, 2016	1.0000	1.3492
December 31, 2015	1.0000	1.5281
December 31, 2014	1.0000	1.6480

Fluctuations in exchange rates impact, and in the future may impact, our financial information as well as our key operating statistics. See "Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in foreign exchange rates could negatively affect our earnings and our ability to satisfy our obligations under our outstanding indebtedness."

INFORMATION PRESENTED

This offering memorandum relates to an offering that is exempt from the registration requirements under the U.S. Securities Act, and it does not comply in certain respects with applicable SEC rules that would apply to a registration statement filed with the SEC in accordance with the U.S. Securities Act and the rules and regulations thereunder. In a registration statement filed with the SEC, unless the SEC otherwise agreed, Westfield Corporation would be required to include, among other things, (1) audited financial statements and related notes thereto for each of WCL, WFD Trust and WAT, (2) a discussion and analysis by the management of each of WCL, WFD Trust and WAT of its results of operations and financial condition, and (3) such other financial information as required by the U.S. Securities Act, including Regulation S-X, Form S-11 and Form 20-F thereunder. In addition, other than for the years ended December 31, 2016 and 2015, we have not included in this offering memorandum our ratio of earnings to fixed charges for the year ended December 31, 2014 due to the changes to our capital structure that resulted from the Restructuring. We do not believe that our ratios for 2014 would be representative of what the ratios would have been had the Restructuring occurred on January 1, 2014 and had Westfield Corporation operated under its current structure during the full year ended December 31, 2014.

SUMMARY

This summary highlights selected information from this offering memorandum and does not contain all of the information that may be important to you. You should read this entire offering memorandum carefully, including "Risk Factors" and our financial statements and related notes included elsewhere in this offering memorandum.

Overview of Westfield Corporation

We are one of the world's largest listed retail property groups, with an equity market capitalization of US$13.9 billion (A$18.0 billion) as of March 17, 2017. We are a pre-eminent, internally managed and vertically integrated international retail property group with properties and development activities in the United States and United Kingdom and a development site in Milan, Italy. We operate a world class, industry leading retail property operating platform with capabilities in property management, leasing, design, development, construction, marketing, digital and funds management.

We operate under a "stapled" structure, whereby WCL, WFD Trust and WAT and their respective subsidiaries operate as a single economic group with a common board of directors, management and public investor base. See "Restructuring."

As of December 31, 2016, our property investment portfolio consisted of interests in 35 malls located in the United States (or "U.S.") and the United Kingdom (or "UK") and a development site in Milan, Italy, with 6,435 retail outlets in approximately 43.2 million square feet of gross leasable area ("GLA"). As of December 31, 2016, the value of our property assets was US$19.1 billion and the gross value of our property portfolio (including the interests of joint venture partners) was US$30.9 billion. We had proportionate total assets of US$21.1 billion (including our share of assets from equity accounted entities of US$10.6 billion) as of December 31, 2016. We had proportionate property revenue of US$1.2 billion (including our share of property revenues from equity accounted entities of US$0.7 billion) for the year ended December 31, 2016. See "Non-IFRS Financial Measures" for a description of our data presented on a "proportionate" basis.

Operating Strategy

Westfield Corporation's operating strategy is to create great experiences for retailers, consumers and brands. Westfield Corporation aims to achieve its strategy by enhancing its resources and capabilities in the areas of events, entertainment, digital technology and data analytics.

Westfield Corporation's portfolio comprises world class assets and opportunities which are destinations of choice for shopping, dining, entertainment, events and socializing in some of the world's leading urban cities including New York, Los Angeles, San Francisco, San Jose, London and Milan.

Westfield Corporation is a strong, forward-thinking company and over the last decade has sought to refine its portfolio through landmark developments and strategic asset divestments. Westfield Corporation's US$9.5 billion development program is predominantly focused on flagship assets and is expected to strengthen our portfolio and generate significant long-term value for shareholders. Despite the overall trend of department stores consolidating their space, we have agreed to terms with many of the world's leading department stores for our major flagship developments including Century City, UTC, Valley Fair, Westfield London and Westfield Milan.

Westfield Corporation plans to continue its strategic repositioning of the portfolio and remain focused on improving the quality of the portfolio through the development of flagship malls in leading world markets and the divestment of non-core assets.

Westfield Corporation's evolution has anticipated not just the emerging demand by consumers for better designed buildings and improved customer services, but also the demand by retailers, and especially international and high street retailers, for space in high-profile and prestigious locations in the world's leading markets. As an example, the opening of Westfield World Trade Center, a prominent shopping, dining, event and entertainment destination incorporating a major transportation hub of Lower Manhattan, attracted many of the world's leading high street fashion brands. Our close relationships with global retailers are unique and provide us with the ability to work with these retailers at the highest quality locations on multiple continents. This interaction has accelerated the evolution towards creating the very different kinds of shopping centres from those we traditionally developed.

Innovation is crucial to our current and future flagship assets and we are delivering destinations with impressive architecture, cutting-edge design, embedded digital technologies, new retailer categories and event spaces. Our innovation is complemented by our focus on getting the simple things right such as better parking, maps and navigation systems and providing new customer services.

Westfield Corporation intends to adapt its portfolio to the next generation of retail, with a focus on:

- the quality of design and the standard of services;
- the growing internationalization of retail brands;
- the higher standard of food and its integration with fashion and entertainment; and
- the creation of great consumer experiences.

Westfield Corporation's aim is to combine these elements to make its retail destinations an essential part of the community's social and economic fabric for each city and community in which Westfield Corporation properties are located.

Westfield Corporation intends to continue its established track record of operating with the highest standards of efficiency and intensively managing its malls, including a particular emphasis on maximizing the sales productivity of retailers at each mall. This strategy is designed to attract the world's leading retail brands and provide superior experiences to consumers.

Westfield Corporation maintains a strong focus on active asset management with the aim of improving the quality of the portfolio through the diversification of income streams including the introduction of food, entertainment, lifestyle and leisure thereby enhancing the stability of cash flows.

Over recent years, in the United States, the former Westfield Group focused on introducing new retail concepts across its portfolio, comprising specialty and mini major categories including theatres, gyms and supermarkets. This transformed the portfolio with customers embracing the integration of food with fashion, leisure and entertainment, with the aim to significantly enhance the strength and sales productivity of Westfield Corporation's portfolio.

Strong relationships with the world's leading retailers due to Westfield Corporation's high quality portfolio, significant development pipeline and in depth understanding of each mall's local operating environment

The core element of Westfield Corporation's malls is the strength of the retail offering to consumers. Retailers remain the driving force in attracting consumers to Westfield malls and many of the world's leading retailers increasingly desire to be represented in flagship retail destinations.

The strength of Westfield Corporation's relationships with the world's leading retail brands is supported by the quality of Westfield Corporation's portfolio, the development projects currently under construction and the future development pipeline. Examples include our development projects at the Westfield World Trade Center in New York, New York, Westfield Century City in Los Angeles, California, Valley Fair in San Jose, California, Westfield UTC in San Diego, California and Westfield London and Stratford City in the United Kingdom, which have attracted many of the world's leading high street fashion brands.

Westfield Corporation's focus on owning and managing flagship retail destinations in leading world markets is based on the evolving nature of the global retail operating environment and the trend by many of the world's leading retailers towards focusing their presence into higher quality retail locations.

Integration of digital technology through Westfield Retail Solutions to better connect brands, retailers and consumers

The emergence and integration of digital technology into Westfield Corporation's malls and the continued growth of Westfield's global brand has created opportunities to both enhance the customer experience and generate new revenue streams.

Westfield Retail Solutions, Westfield Corporation's digital business group based in San Francisco, is focused on the innovation and development of a technological platform to better connect brands, consumers and retailers. Through Westfield Retail Solutions, we aim to enhance the consumer's experience at our properties as well as collaborate with retailers and brands to understand and shape the consumers' physical and digital shopping journeys in new and compelling ways.

Westfield Retail Solutions is developing strategies and products designed to connect the digital consumer with our malls and retailers. Westfield Retail Solutions launched an integrated suite of digital services at Westfield London, which includes smart parking, mobile app, location and wayfinding, offers from retailers and product search capabilities with a view to rolling out these services to other flagship properties beginning in 2017. We recently completed the process of unifying all of our properties onto a single digital platform in order to create operational efficiencies and enhanced product development.

Growing the prominence of the Westfield brand and flagship assets

The growing prominence of the Westfield brand and Westfield Corporation's flagship assets has created the opportunity to establish events, entertainment and brand partnerships across the portfolio, increasing the global value of the Westfield brand, growing revenues and creating a distinct experience for the consumer. In particular, Westfield World Trade Center, which opened in August 2016, provides a major boost to the scale and profile of Westfield's brand in the United States given its location and prominence. Westfield World Trade Center is a prominent shopping, dining, event and entertainment destination incorporating a major transportation hub of Lower Manhattan.

All of these key elements — international retailers, luxury brands, food, fashion, events and entertainment combined with greater use of digital technology — continue to evolve and be brought together through Westfield Corporation's business strategy to enhance the Westfield brand in the markets in which it operates and to enable Westfield Corporation to leverage the Westfield brand for the benefit of the business.

Business Segments

We are a pre-eminent, internally managed and vertically integrated international retail property group. Our activities include:

- mall ownership;
- property management, marketing and leasing;

- property development, design and construction; and
- funds and asset management.

Mall Ownership

Our malls are geographically diverse, spread across eight states in the United States and the United Kingdom with a development site in Milan, Italy. Our malls are generally located near or in major metropolitan areas, are anchored by long-term tenancies with major retailers and incorporate a wide cross-section of specialty retailers and national chain store operators.

Our mall investments are undertaken on both a wholly-owned basis and through joint ventures and co-ownership arrangements.

Following the Restructuring and consistent with the manner in which we invest our capital and operate our business, we present our portfolio on an asset class basis between our flagship and regional portfolios. Our flagship portfolio includes assets such as Westfield London and Stratford City in London; Century City, Topanga, UTC, San Francisco, Valley Fair and Roseville in California; Montgomery in Maryland; Garden State Plaza in New Jersey and Westfield World Trade Center in Lower Manhattan. See page 81 of this offering memorandum for a complete list of the assets that comprise our flagship and regional portfolio. Westfield Corporation manages the business by categorizing the portfolio between flagship assets and regional assets. From time to time we may reclassify assets between these categories. The following table summarizes our portfolio on an asset class basis as of December 31, 2016:

	Flagship	Regional	Total
Portfolio summary as of December 31, 2016			
Malls Westfield Corporation owns interests in and manages	17	18	35
Malls Westfield Corporation holds in joint ventures and co-ownership arrangements	13	15	28
Retail outlets	3,746	2,689	6,435
GLA (million sqf)	23.7	19.5	43.2
Westfield Corporation interests (billion) (1)	US$ 16.0	US$ 3.1	US$ 19.1
JV partner interests (billion)	US$ 9.4	US$ 2.4	US$ 11.8
Assets under management (billion)	US$ 25.4	US$ 5.5	US$ 30.9
Westfield Corporation's share of assets under management (%)	63%	56%	62%
Portfolio leased rate (%)	96.0%	93.0%	94.9%

(1) Westfield Corporation's share of mall assets including construction in progress and assets held for redevelopment.

Key Operating Statistics

The following table sets forth key operating statistics according to our flagship and regional core assets (including part-owned malls on a 100% basis) as of and for the year ended December 31, 2016. We believe this presentation reflects how we invest our capital and operate our business. This presentation also highlights the increasing importance of, and focus on, our flagship portfolio.

	Flagship	Regional	Total
As of and for the year ended December 31, 2016			
Portfolio leased rate (%)	96.0%	93.0%	94.9%
Specialty occupancy cost (%)	15.1%	13.7%	14.8%
Specialty retail sales (psf) (2)	US$ 898	US$ 457	US$ 725
Specialty retail sales growth (%)	3.5%	0.5%	2.2%
Average specialty rent (psf)	US$109.37	US$54.25	US$88.64
Average specialty rent growth (%)	9.5%	1.1%	7.6%
Comparable NOI growth (%)	4.0%	0.6%	3.2%

The following table sets forth key operating statistics for our mall portfolio (including part-owned malls on a 100% basis, unless otherwise noted):

	As of and for the year ended	
	December 31, 2016	December 31, 2015(1)
Leases		
Weighted average unexpired lease term (years)	7.3	7.2
— for anchor tenants(years)	23.4	16.9
— for specialty tenants(years)	5.5	5.5
Largest Retailer Group		
% of total GLA occupied	18.7%	18.8%
% of total rental income	3.0%	2.5%
Ten Largest Specialty Retailers		
% of total GLA occupied	9.6%	9.6%
% of total rental income	18.0%	17.0%
Rental Income (2)		
% directly related to retailer sales	2.6%	2.9%
% derived from rent at contracted levels	97.4%	97.1%

(1) Excludes non-core assets that were sold in December 2015.
(2) Westfield Corporation's proportionate share.

The ten largest anchors across our portfolio occupied approximately 46.2% of the total GLA as of December 31, 2016 and contributed approximately 4.3% of total rental income for the year ended December 31, 2016, with no single anchor contributing more than 1.6% of total rental income.

The ten largest specialty retailers across our portfolio occupied approximately 9.6% of the total GLA as of December 31, 2016 and contributed approximately 18.0% of total rental income for the year ended December 31, 2016, with no single tenant contributing more than 3.0% of total rental income.

Property Management, Marketing and Leasing

Property management involves leasing and day-to-day management and marketing of our mall portfolio and other properties. Our malls are designed to provide an efficient and dynamic environment for retailers and a quality shopping experience for consumers, creating a platform for our retailers to enhance their performance and for us to maximize our returns. We work to build and maintain long-term relationships with our retailers in addition to developing strong relationships with consumers by supporting the local community of each mall through various marketing activities. We believe that our management style has the potential to improve the performance of our retail property assets, resulting in income growth and long term capital appreciation for investors. We also develop, lease and operate retail projects at seven airports in the United States.

Property Development, Design and Construction

Our property development, design and construction business involves the development, design, construction, initial leasing and redevelopment of malls. Our property development activities are focused on redeveloping and expanding our existing properties as well as developing flagship properties in leading world markets.

Our property development activities are vertically integrated and involve all of the elements of development, design, construction and leasing with a view to maximizing returns on investment from both increased rental income and capital appreciation of the asset. Our development activities include purchasing land, obtaining approvals from regulatory authorities, conducting negotiations with major retailers and tenants, preparing feasibility studies and acting as architect, project manager and general contractor for mall development and redevelopment projects.

Funds and Asset Management

We provide asset management services to co-investors in our jointly owned malls and we have the capability to invest funds on behalf of institutional and other investors, for which we may earn management fees.

Competitive Advantages

We believe we have the following competitive advantages:

High Quality Portfolio. The strength of our portfolio is underpinned by the high quality of our malls. Our malls are generally located in prime trade areas, are anchored by long-term tenancies with major retailers and incorporate a wide cross-section of high-quality specialty retailers and national chain store operators. We have an ongoing development and redevelopment program for our mall portfolio with the objective of achieving strong market penetration and ensuring they remain relevant to both retailers and shoppers. The capital we invest in redeveloping our malls contributes to the high quality of our assets and enhances their ability to weather economic downturns.

Geographic and Tenant Diversity. Our malls are geographically diverse, spread across eight states in the United States and the United Kingdom with a development site in Milan, Italy. The size and geographic diversity of our property portfolio and revenue base significantly reduces our dependence upon any single tenant or property to generate revenue. On a proportionate basis, as of December 31, 2016, our largest mall represented 11.4% of the total book value of our mall investments (excluding work in progress), and our ten largest properties represented 66.6% of the total book value of our mall investments (excluding work in progress).

Redevelopment Capability and Global Redevelopment Program. Our redevelopment capabilities are vertically integrated and involve the development, design, construction and leasing of malls, which allows us to control design and construction costs and amend or alter redevelopment plans during the course of construction, if necessary. Redevelopments are designed to maximize returns on investment from both increased rental income and capital appreciation of the asset. We have extensive experience and a solid track record of completing projects on time and within budget. We believe our development and redevelopment program enhances our internal growth potential and ensures that our malls remain competitive in their existing markets.

Financial Strength. We believe our financial strength provides us with an advantage over many of our competitors. The foundation of our financial strength is our portfolio of high quality properties across multiple geographies, which provides us with a diverse revenue base and strong cash flows. Our financial strength gives us the ability to take advantage of development, redevelopment and other investment opportunities when they arise and is expected to afford us consistent access to debt and equity markets to fund these activities from time to time, which, subject to market conditions and other factors, may include an offering of notes denominated in U.S. dollars in the near term following this offering.

Our corporate credit ratings are "A3" (outlook negative) by Moody's Investors Service ("Moody's") and "BBB+" (outlook stable) by Standard & Poor's (Australia) Pty Limited ("S&P"). As of December 31, 2016, on a proportionate basis, we had US$10.6 billion of committed financing facilities and total available liquidity of US$2.8 billion made up of undrawn, predominantly long term, unsecured committed bank loan facilities of US$2.4 billion and cash and cash equivalents of US$0.4 billion.

Experienced Management Team. Our management team has extensive experience in the retail real estate industry, including experience in the acquisition, disposition, leasing, management, financing, redevelopment and development of real estate assets and managing relationships with joint venture partners.

Structure and Listing of Westfield Corporation

In June 2014, WCL, WFD Trust and WAT completed the Restructuring. For further information on the Restructuring, see "Restructuring." WCL and various of its subsidiaries are the primary entities through which mall development, design, construction, management and leasing operations and funds and asset management activities are conducted in the United Kingdom. WAT and various of its subsidiaries are the primary entities through which we own and manage our mall interests in the United States. Interests in our United Kingdom properties are held through WCL and WFD Trust. Although WCL, WFD Trust and WAT each continue to exist separately, WCL, WFD Trust and WAT and their respective subsidiaries operate as a coordinated economic group, with a common public investor base, common business objectives and a common membership of Westfield Corporation's board of directors and management.

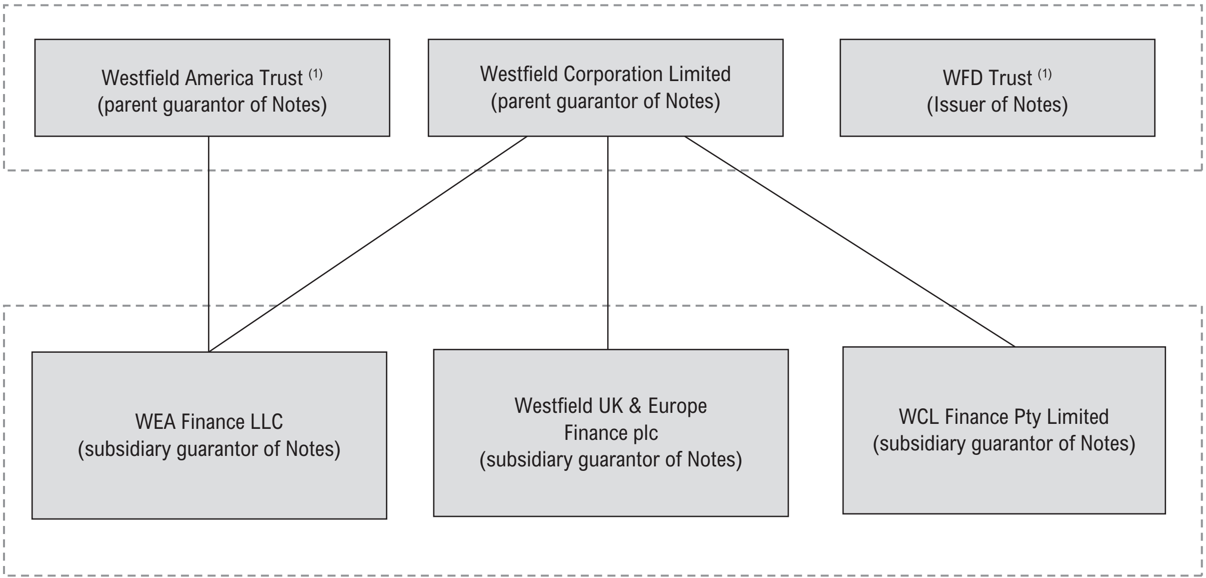
WCL was incorporated in Australia as a public company limited by shares on November 28, 2013 and was listed on the ASX in June 2014 in connection with the Restructuring. WFD Trust and WAT are managed investment schemes registered under the Australian Corporations Act. WFD Trust was organized in March 2014 and listed on the ASX in June 2014 in connection with the Restructuring. WAT was organized and listed on the ASX in 1996. The stapled securities of Westfield Corporation are quoted and trade together as a single security on the ASX under the code "WFD." We also have an American Depositary Receipt ("ADR") program in the United States for which The Bank of New York Mellon is the depositary. The ADRs are traded over-the-counter in the United States under the symbol "WFGPY" and each ADR represents two stapled securities of Westfield Corporation.

Issuer

Westfield America Management Limited, in its capacity as responsible entity and trustee of WFD Trust, is the Issuer of the Notes. All of the operations of Westfield America Management Limited are conducted at, and assets are owned by, each of the respective trusts (to which WAML is the responsible entity as trustee) and the subsidiaries of the respective trusts. WFD Trust is a managed investment scheme registered under the Australian Corporations Act, and is one of the primary entities through which we own interests in certain of our UK properties.

Borrowing and Credit Structure for the Notes

The following chart sets forth Westfield Corporation's borrowing and credit structure for the Notes:



(1) Westfield America Management Limited, in its separate capacities as responsible entity and trustee of each of Westfield America Trust and WFD Trust.

As indicated in the chart above, the obligations of the Issuer under the Notes will be fully and unconditionally guaranteed on a several basis by WCL and WAML, in its capacity as responsible entity and trustee of WAT, and will be guaranteed on a joint and several basis by WEA Finance LLC, Westfield UK & Europe Finance plc and WCL Finance Pty Limited. Because the obligations of the Issuer are guaranteed by WCL and WAML, in its capacity as responsible entity and trustee of WAT, and by Westfield UK & Europe Finance plc and WCL Finance Pty Limited, holders of the Notes will receive the benefit of the credit of those guarantors.

Corporate Information

Westfield Corporation's principal executive offices are located at Level 29, 85 Castlereagh St., Sydney NSW Australia 2000. Westfield Corporation's telephone number is +61 2 9273 2000. Our website is located at www.westfieldcorp.com. The information on the Westfield Corporation website is not part of or incorporated by reference in this offering memorandum.

Our registered address is located in Sydney, Australia. Our senior management members reside in Australia, the United States and the United Kingdom.

The Offering

Notes being offered	2.125% Guaranteed Senior Notes due 2025 (the "2025 Notes"). 2.625% Guaranteed Senior Notes due 2029 (the "2029 Notes"). The 2025 Notes and the 2029 Notes are referred to, together, as the "Notes".
Issuer	Westfield America Management Limited in its capacity as responsible entity and trustee of WFD Trust (the "Issuer").
Guarantors	WCL and WAML, in its capacity as responsible entity and trustee of WAT (each, a "parent guarantor" and, together, the "parent guarantors"), WEA Finance LLC, a subsidiary of WAT, and Westfield UK & Europe Finance plc and WCL Finance Pty Limited, each a subsidiary of WCL (each, a "subsidiary guarantor" and, collectively, the "subsidiary guarantors" and, collectively with the parent guarantors, the "guarantors"). See "Description of the Notes and Guarantees — Guarantees."
ISIN and Common Code	ISIN for the 2025 Notes: XS1588768926 ISIN for the 2029 Notes: XS1587946911 Common Code for the 2025 Notes: 158876892 Common Code for the 2029 Notes: 158794691
Principal amount	£300,000,000 aggregate principal amount due 2025. £500,000,000 aggregate principal amount due 2029.
Maturity date	2025 Notes—March 30, 2025 2029 Notes—March 30, 2029
Interest rate	The 2025 Notes will bear interest at a rate of 2.125% per year from March 30, 2017, and the 2029 Notes will bear interest at a rate of 2.625% per year from March 30, 2017, in each case on the basis of an Actual/Actual (ICMA) (as defined in the primary market handbook of International Capital Markets Association) day count convention.
Interest payment dates	Interest on the Notes will be payable annually in arrears on March 30 of each year, beginning March 30, 2018.
Guarantees	Each of the parent guarantors will fully and unconditionally guarantee, on a several basis, the obligations of the Issuer under the Notes, including the payment of the principal of, premium, if any, and interest on the Notes (the "parent guarantees"). In addition, the subsidiary guarantors will fully and unconditionally guarantee, on a joint and several basis, the obligations of the Issuer under the Notes (the "subsidiary guarantees" and, together with the parent guarantees, the "guarantees"). The subsidiary guarantees will be joint and several obligations of the subsidiary guarantors together with any guarantees by any future subsidiary guarantors.

Ranking	The Notes will constitute unsecured and unsubordinated obligations of the Issuer and, subject to the limitation on liability and recourse in respect of WAML (see "Description of the Notes and Guarantees — General — Limitation on Obligor Liability"), will rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Issuer, except indebtedness mandatorily preferred by law. Each guarantee will constitute unsecured and unsubordinated obligations of the relevant guarantor and, subject to the limitation on liability and recourse in respect of WAML, will rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of each guarantor, except indebtedness mandatorily preferred by law.
Use of proceeds	We anticipate that the net proceeds from the issue and sale of the Notes will be approximately £789.9 million (or US$987.3 million based on the average exchange rate of £1.00/US$1.2498 on March 23, 2017 (the date of this memorandum)). We expect to use the net proceeds to repay outstanding borrowings under our U.S. revolving credit facility and for general corporate purposes. See "Use of Proceeds."
Further issues	The Issuer may from time to time, without notice to or the consent of the registered holders of its Notes, create and issue additional debt securities having the same terms as and ranking equally and ratably in all respects with its Notes sold in this offering, as described more fully in "Description of the Notes and Guarantees — General — Principal Amount, Maturity Dates and Interest."
Additional amounts	In the event that withholding taxes are required to be withheld or deducted from payments on the Notes sold in this offering or under the guarantees, the Issuer and the guarantors will, subject to certain exceptions described in this offering memorandum (including an exception for United States withholding taxes), pay such additional amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts that would have been payable in respect of such Notes or under the guarantees had no such withholding or deduction been required. See "Description of the Notes and Guarantees — Special Situations — Payment of Additional Amounts."
Optional redemption for tax reasons	The Notes may be redeemed at the option of the Issuer in whole but not in part, at 100% of the principal amount thereof plus accrued interest and any additional amounts due on the date fixed for redemption if certain events occur that would cause the Issuer or any guarantor to become obligated to pay additional amounts as described under "Description of the Notes and Guarantees — Special Situations — Optional Tax Redemption."
Optional redemption	The Issuer may redeem the Notes in whole or in part from time to time prior to maturity at the redemption prices set forth under "Description of the Notes and Guarantees — Special Situations — Optional Redemption of the Notes."

Form and denomination	It is expected that delivery of the Notes will be made on or about March 30, 2017. All Notes sold in the offering will be delivered against payment in immediately available funds. Except as described below, the Notes will be issued only in registered form without coupons and in denominations of £100,000 principal amount and integral multiples of £1,000 in excess thereof. On the issue date of the Notes, a Global Note representing the Notes, will be deposited and registered in the name of a common depositary for Euroclear and Clearstream and registered in the name of the nominee for the common depositary. If definitive registered notes are issued in respect of the Notes, they will be issued only in minimum denominations of £100,000 in principal amount and integral multiples of £1,000 in excess thereof. Interests in the Global Note will be exchangeable for definitive registered notes only in certain limited circumstances. See "Description of the Notes and Guarantees — Book-Entry; Delivery and Form."
Transfer restrictions	The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act and are subject to restrictions on transfers. See "Notice to Investors."
Restrictive covenants	The Issuer and each of the parent guarantors have agreed to observe the following covenants: • as of June 30 and December 31 of each year, the ratio of net debt to net assets will be no more than 65%; • as of June 30 and December 31 of each year, the ratio of secured debt to total assets will be no more than 45%; • as of June 30 and December 31 of each year, the ratio of EBITDA for the 12 months ending on each of those dates to interest expense for the same period will be at least 1.50:1; and • as of June 30 and December 31 of each year, unencumbered assets will be at least 125% of the aggregate principal amount of unsecured debt. See "Description of the Notes and Guarantees — Special Situations — Restrictive Covenants", and, in particular, the definitions of the terms used in such restrictive covenants.
Trustee	Citibank, N.A., London Branch is the trustee under the indenture under which the Notes will be issued. The address of the trustee is Canada Square, Canary Wharf, London E14 5LB, United Kingdom.
Paying Agent	Citibank, N.A., London Branch
Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank, N.A., London Branch

Listing	We are seeking to list the Notes on the Australian Securities Exchange and, if the listing is approved, we expect trading in the Notes to begin within 30 days after the Notes are first issued. There can be no assurance that such listing will be granted or maintained.
Governing law	The indenture, the Notes, the guarantees and the supplemental indenture will be governed by New York law.
Risk factors	Prospective purchasers of the Notes should consider carefully all of the information set forth in this offering memorandum and, in particular, the information set forth under "Risk Factors" before making an investment in the Notes.
Ratings of the Notes	A3 (outlook negative) (Moody's) BBB+ (outlook stable) (S&P) Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings may be changed, withdrawn or suspended at any time.

Summary Consolidated Financial Data

The summary consolidated financial data (included in Table 1.0 below) of Westfield Corporation has been derived from our financial statements included elsewhere in this offering memorandum. See "Financial Information Presentation" for a discussion of the basis of preparation of such financial statements.

The financial statements as of and for the year ended December 31, 2015 are the first audited financial statements of Westfield Corporation that include a full year of financial reporting from the UK and U.S. operations and the restructure of the debt portfolio that was completed in the fourth quarter of 2014. The financial statements as of and for the year ended December 31, 2014 include the U.S. and UK operations for the six months ended December 31, 2014 but include only the results of the U.S. operations for the six months ended June 30, 2014. See Note 49 to the 2014 Annual Financial Statements for certain income statement data for the UK operations for the six-months ended June 30, 2014. As a result, we have included adjusted income statement and cash flow information for the year ended December 31, 2014, which include the results and cash flow of the UK operations for the full year. See "Financial Information Presentation."

The Annual Financial Statements and the Adjusted Financial Information have been prepared in accordance with the recognition and measurement principles of AAS and IFRS, which differ from U.S. GAAP. You should read the following financial information together with the information in "Financial Information Presentation," "Selected Consolidated Financial Data," "Operating and Financial Review," "Risk Factors," and our financial statements and related notes included elsewhere in this offering memorandum.

Table 1.0 below presents summary income statement data from the years ended December 31, 2016, 2015 and 2014. Investors should note that because the Restructuring was completed on June 30, 2014 and the financial information for the year ended December 31, 2014 is deemed to be a continuation of the financial statements of WAT, such financial statements do not include income statement data for the UK operations of Westfield Corporation for the six months ended June 30, 2014. Certain income statement data for the UK operations for the six months ended June 30, 2014 has been included in Note 49 to the 2014 Annual Financial Statements. For comparative purposes, the December 31, 2014 Adjusted Financial information has been presented below to include the results of the UK operations for the six months ended June 30, 2014. Investors should note that while the Adjusted Financial Information has been derived from financial statements that have been audited or reviewed, the Adjusted Financial Information is unaudited.

	Annual Financial Statements (audited)			Adjusted Income Statement (unaudited)
Table 1.0 Income Statement (in millions)	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**	**Year Ended December 31, 2014 (1)**	**Year Ended December 31, 2014 (2)**
Revenue				
Property revenue	US$ 512.0	US$ 620.3	US$ 572.5	US$ 641.0
Property development and management revenue	610.6	657.1	246.1	283.2
Total revenue	**1,122.6**	**1,277.4**	**818.6**	**924.2**
Share of after tax profits of equity accounted entities				
Property revenue	675.8	661.7	564.0	616.9
Property revaluations	491.2	426.3	418.0	547.9
Property expenses, outgoings and other costs	(224.4)	(210.0)	(168.9)	(191.0)
Net interest expense	(80.0)	(86.5)	(67.7)	(75.9)
Tax (expense)/benefit	(0.5)	(0.3)	(0.3)	(0.2)
	862.1	**791.2**	**745.1**	**897.7**

Table 1.0 Income Statement (in millions)	Annual Financial Statements (audited) Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014 (1)	Adjusted Income Statement (unaudited) Year Ended December 31, 2014 (2)
Expenses				
Property expenses, outgoings and other costs	US$ (223.2)	US$ (247.6)	US$ (209.7)	US$ (227.6)
Property development and management costs	(484.5)	(496.1)	(165.9)	(173.4)
Overheads	(116.1)	(116.8)	(105.5)	(131.9)
	(823.8)	**(860.5)**	**(481.1)**	**(532.9)**
Currency gain/(loss)	8.6	11.4	(117.5)	(117.9)
Gain/(loss) in respect of capital transactions	1.7	(97.3)	(7.6)	—
Property revaluations	513.8	205.7	152.3	160.1
Earnings before interest and tax	**1,685.0**	**1,327.9**	**1,109.8**	**1,331.2**
Interest income	18.8	5.3	7.9	
Financing costs	(60.5)	(103.0)	(326.8)	
Charges and credit in respect of the Restructure and Merger	—	—	(800.8)	
Tax (expense)/benefit	(277.2)	1,093.3	(205.1)	
Profit/(loss) after tax	**1,366.1**	**2,323.5**	**(215.0)**	

(1) Includes the results of the U.S. operations for the six months ended June 30, 2014 and the U.S. and UK operations for the six months ended December 31, 2014. See Note 49 to the 2014 Annual Financial Statements for certain income statement data for the UK operations for the six months ended June 30, 2014.

(2) Includes the results of the UK and U.S. operations for the entire year ended December 31, 2014, including the results of the UK operations for the six months ended June 30, 2014 (which are not included in the 2014 Annual Financial Statements). See "Financial Information Presentation."

Westfield Group had undertaken a number of divestments and joint venture transactions in 2014. See "Financial Information Presentation." The proceeds from these divestments were mainly used to repay debt and fund the buyback of Westfield Group's securities. In addition, as a result of the Restructuring, significant debt restructuring occurred. As a consequence, Westfield Corporation does not believe that finance costs and tax expense prior to the Restructuring are representative of what such costs and expense would have been if the Restructuring had been before January 1, 2014 and Westfield Group had operated from that time under the capital structure in place following the Restructuring.

Table 2.0 sets out a reconciliation of EBIT of Westfield Corporation derived from our historical financial statements for the years ended December 31, 2016, 2015 and 2014, included elsewhere in this offering memorandum, to the profit/(loss) after tax in the Annual Financial Statements. For comparative purposes, a reconciliation of EBIT of Westfield Corporation derived from the Adjusted Financial Information for the year ended December 31, 2014 to the profit/(loss) after tax in the 2014 Annual Financial Statements has been presented below in the Adjusted column.

Table 2.0 EBIT Reconciliation (in millions)	Actual Year Ended December 31, 2016	 Year Ended December 31, 2015	Adjusted Year Ended December 31, 2014
Historical Westfield Corporation profit/(loss) after tax	**US$1,366.1**	**US$ 2,323.5**	**US$ (215.0)**
Less: Westfield Corporation interest income	(18.8)	(5.3)	(7.9)
Add: Westfield Corporation financing costs	60.5	103.0	326.8
Add: Westfield Corporation charges and credits in respect of the Restructure and Merger	—	—	800.8
Add: Westfield Corporation tax (credit)/expense	277.2	(1,093.3)	205.1
Historical Westfield Corporation EBIT	**1,685.0**	**1,327.9**	**1,109.8**
Adjustments for EBIT relating to:			
- UK Operations	—	—	247.5
- Divestment of United Kingdom centres (1)	—	—	(25.3)
- Reversal of gain in respect of capital transactions	—	—	(0.8)
Actual and Adjusted Westfield Corporation EBIT	**1,685.0**	**1,327.9**	**1,331.2**

(1) Consists of the divestment of Westfield Group's interest in the Merry Hill, Derby and Sprucefield shopping centres in May 2014.

Table 2.1 below sets out a reconciliation of the consolidated revenue of Westfield Corporation from our historical financial statements for the years ended December 31, 2016 and 2015 and for the year ended December 31, 2014, included elsewhere in this offering memorandum, to the consolidated revenue in the 2014 Annual Financial Statements and Adjusted Financial Information, respectively.

Table 2.1 (in millions)	Actual Year Ended December 31, 2016	 Year Ended December 31, 2015	Adjusted Year Ended December 31, 2014
Westfield Corporation consolidated revenue	US$1,122.6	US$1,277.4	US$818.6
- UK Operations	—	—	109.2
- Divestment of United Kingdom centres (1)	—	—	(3.6)
Actual and Adjusted Westfield Corporation consolidated revenue	**1,122.6**	**1,277.4**	**924.2**

(1) Consists of the divestment of Westfield Group's interest in the Merry Hill, Derby and Sprucefield shopping centres in May 2014.

Table 2.2 below shows Westfield Corporation's Actual Property Revenue and Net Property Income on a proportionate basis for the years ended December 31, 2016, 2015 and 2014. It also shows Westfield Corporation's Adjusted Property Revenue and Adjusted Net Property Income on a proportionate basis for the year ended December 31, 2014. As required under AAS and IFRS, in our financial statements we account for property assets held through entities that we do not control on an equity accounted basis. Net Property Income is property revenue less property expenses, outgoings and other costs. The Adjusted Property Revenue and Adjusted Net Property Income, for the year ended December 31, 2014, has been adjusted to exclude the divestment and joint venture transactions described in "Financial Information Presentation" and to include the UK operations for the six months ended June 30, 2014.

Table 2.2 Actual and Adjusted Property Revenue and Net Property Income (in millions)	**Actual** Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	**Adjusted** Year Ended December 31, 2014
Property Revenue				
- Consolidated	US$ 512.0	US$ 620.3	US$ 572.5	US$ 641.0
- Equity accounted	675.8	661.7	564.0	616.9
	1,187.8	**1,282.0**	**1,136.5**	**1,257.9**
Net Property Income				
- Consolidated	288.8	372.7	362.8	413.4
- Equity accounted	451.4	451.7	395.1	425.9
	740.2	**824.4**	**757.9**	**839.3**
Flagship and Regional Net Property Income (1)				
- Flagship (2)	546.7	554.0	470.5	547.0
- Regional and Other Property Investments	193.5	270.4	287.4	292.3
	740.2	**824.4**	**757.9**	**839.3**

(1) See "Business Description – Property Portfolio" for details of the properties classified as Flagship and Regional.
(2) Includes Westfield London and Stratford City.

Table 3.0 below sets out summary balance sheet information of Westfield Corporation derived from our financial statements for the years ended December 31, 2016, 2015 and 2014 included elsewhere in this offering memorandum.

Table 3.0 Balance Sheet (in millions)	**As of December 31, 2016 (audited)**	**As of December 31, 2015 (audited)**	**As of December 31, 2014 (audited)**
Cash assets	US$ $292.1	US$ 1,106.8	US$ 308.5
Investment properties	8,625.7	7,478.0	8,849.6
Working capital (1)	(1,214.4)	(440.5)	(346.8)
Total assets (2)	18,765.5	17,582.4	17,487.3
Deferred tax liability	1,967.2	1,761.3	2,922.2
Total liabilities	9,155.3	8,282.6	9,753.5
Net assets	9,550.0	9,299.8	7,733.8

(1) Current assets less current liabilities.
(2) At December 31, 2016, we had US$5,664.3 million of assets that are either (a) property interests subject to encumbrances or (b) interests in equity accounted entities that own properties subject to encumbrances.

Table 4.0 below sets out summary cash flow information of Westfield Corporation. The cash flow information for the years ended December 31, 2016, 2015 and 2014 has been derived from the Annual Financial Statements included elsewhere in this offering memorandum. The cash flow information for the year ended December 31, 2014 was adjusted to include the UK operations for the six months ended June 30, 2014. See "Financial Information Presentation."

Table 4.0 Cash Flow Statement (in millions)	**Actual** Year Ended December 31, 2016	Year Ended December 31, 2015	**Adjusted** Year Ended December 31, 2014
Net cash flow from operating activities	US$ 552.8	US$ 853.6	US$ 631.1
Net cash flow from investing activities	(1,599.6)	354.2	135.0
Net cash flow from financing activities	265.8	(407.2)	n.a.

RISK FACTORS

Investing in the Notes offered by this offering memorandum involves risk. You should consider carefully the risks described below before you decide to purchase the Notes. If any of the following risks actually occurs, our business, financial condition and results of operations are likely to suffer. In this case, the trading price of the Notes could decline, and you may lose all or part of your investment.

Risks Relating to Our Business and Industry

Recessionary or low economic growth conditions in our key markets may have an adverse effect on our business.

Recessionary or low economic growth conditions in our key markets have impacted our business in recent years, and future periods of recession or low growth could impact our business and financial performance and may heighten the potential for realization of one or more of the risks outlined in this section, including:

- a reduced ability to lease space in our malls;
- impaired financial condition of our tenants or joint venture partners;
- reduced rental income;
- adverse movements in the valuation of our assets; and
- reduced ability to undertake our development and redevelopment activity.

Our real property portfolio and the returns from our investments could be adversely affected by economic conditions, fluctuations in the value and rental income of our retail properties and other factors.

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

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

- the overall conditions in the national and local economies in which we operate, such as growth (or contraction) in gross domestic product, employment trends, consumer sentiment, retail sales and the level of inflation and interest rates;
- local real estate conditions, such as the level of demand for and supply of retail space;
- our ability to develop and redevelop our properties in order to maximize returns on investment from both increased rental income and capital appreciation of the asset;
- our ability to attract and retain tenants;
- the perception of prospective tenants and shoppers of the attractiveness, convenience and safety of the malls;
- the convenience and quality of competing malls and other retail options such as the growth of e-commerce, as well as other trends in the consumer retail industry;
- the financial condition of our tenants and, in particular, our anchor tenants;
- high or increasing vacancy rates;
- changes in retail tenancy laws;

- terrorist attacks on, or other significant security incidents at, one or more of our malls; and
- external factors including major world events such as war, or natural disasters such as floods and earthquakes.

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

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

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

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

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

If we are unable to raise funds on favorable terms, including to refinance our existing debt and for our development and redevelopment program, our business, our cost of funding and our ability to develop or redevelop existing properties could be adversely affected.

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

Any disruption in global credit markets, such as the disruptions associated with the global financial crisis and the European sovereign debt crisis, significantly increases the risks associated with refinancing our existing debt facilities or obtaining new funding for our development and redevelopment program on acceptable terms, or at all. If funding is unavailable to us, we may not be able to proceed or continue with our development and redevelopment program and may need to seek alternative funding, including divestments or equity raisings. To the extent we require funding to refinance existing debt, we may need to take one or more of the actions described under "— Risks Relating to the Notes — Our significant debt level may affect the way we carry on our business in the future and have other adverse effects on us. We currently have a significant amount of debt."

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

In accordance with AAS, we carry our property investments on our balance sheet at their fair market values. At each reporting date, our board of directors assesses the carrying value of our investment property portfolio, and where the carrying value differs materially from the board of directors' assessment of fair value, we record an adjustment to the carrying value as appropriate. The board of directors' assessment of fair value of each mall takes into account the latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable malls. As a result, we can have significant non-cash gains or write-downs depending on the change in fair market value of our properties from period to period, whether or not we sell such properties. If a substantial decrease occurs in the fair market value of our properties, our results of operations could be adversely affected and, as a result, we may have difficulty maintaining our desired leverage ratio and other financial measures. This may reduce our flexibility in planning for, or reacting to, changes in our business or industry including our ability to commence new redevelopment projects. There can be no assurance that we will not incur non-cash write-downs arising from property revaluations in future periods.

In addition, a number of our financing agreements, including the Notes, contain leverage ratio covenants that are typically calculated as the ratio of our total borrowings less cash to total assets less cash. Accordingly, a reduction in the value of our properties as a result of revaluations will have an adverse impact on the leverage ratios contained in our financing agreements. See "Description of the Notes and Guarantees — Restrictive Covenants" for details of the leverage ratio covenant of Net Debt to Net Assets contained, and as those terms are defined, in the indenture and supplemental indenture that will govern the Notes.

Our results of operations could be adversely affected by our inability to continue to lease space in malls on economically favorable terms, if at all, or by tenant default.

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

We have temporary leasing programs pursuant to which we lease some shopping mall space on a short-term basis, usually for a term of between 30 days to two years, either pending our ability to secure suitable long-term tenants or as a deliberate strategic decision. We may be unable to re-lease any such space upon expiration of a short-term lease, which could adversely affect our results of operations.

As of December 31, 2016, leases of specialty retailers representing approximately 10.5% of specialty GLA, were due to expire during the year ending December 31, 2017.

A negative effect on the financial condition of an anchor tenant could adversely affect our results of operations.

As of December 31, 2016, anchor stores occupied approximately 48.2% of the total GLA of our malls. The largest anchor store within our total portfolio, measured by GLA, is Macy's Inc., which occupied approximately 38.7% of our total anchor GLA and approximately 18.7% of our total GLA as of December 31, 2016. The remaining 5 largest anchor tenants are also the other 5 largest tenants within our shopping mall portfolio as measured by GLA. The approximate total anchor GLA occupied by each of them as a percentage of our total GLA are JC Penney in the United States (7.2%), Sears in the United States (6.1%), Nordstrom in the United States (5.1%), Target in the United States (3.1%) and Dillard's in the United States (1.8%). See "Business Description — Properties — Key Operating Statistics." In our malls in the United States, GLA includes both spaces available for lease to anchor retailers and anchor-owned GLA (as in the United States anchor retailers typically own their retail space).

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

In August 2016, Macy's announced they would be closing up to 100 stores, and in January 2017 they listed 68 stores selected for closure. One of those closures is the Macy's store located at Sarasota Square in Sarasota, Florida, one of our regional properties, which store closed on January 31, 2017. Sears has also announced a number of expected store closures in 2017, but none of those closures are expected to affect Sears stores located in our malls. More recently, on February 24, 2017, JC Penney announced that it plans to close as many as 140 stores. JC Penney announced on March 17, 2017 the list of stores they intend to close and one of those closures is their store located at Sunrise in Massapequa, New York, one of our regional properties. Over the past 10 years, we have been proactively purchasing anchor tenant stores and have acquired a total of 23 stores in our existing portfolio through December 31, 2016, facilitating redevelopments at our malls. We cannot give any assurances that these or other anchor tenants may not determine to close more or other stores in our malls, or that our strategy of proactively purchasing anchor tenant stores will be successful.

In the United States, many of our anchor tenants have a clause in their leases that allows the anchor tenants to cease operating, reduce their rent, or terminate their lease if other anchor stores or a percentage of non-anchor tenants at the same property are not occupied and operating. Some non-anchor tenants may be entitled to modify the economic or other terms of their existing leases in the event of such closures. Also, some of the non-anchor tenant leases permit those tenants to terminate their leases or reduce their rent if a number of anchor tenants or a percentage of non-anchor tenants cease to operate at such properties for a specified period of time. Further, these actions could adversely affect our ability to re-lease the space that is vacated and could adversely affect our results of operations.

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

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

We may be unable to expand and redevelop our existing properties or develop new properties successfully.

Our financial performance depends in part upon the continued development of new properties and improvement of our existing properties. As of December 31, 2016, we had five major redevelopment projects under construction in the United States and United Kingdom, at an estimated total investment of US$3.7 billion, with our share being approximately US$2.5 billion with an estimated yield range of between 7.0% and 8.0%. As of the same date we had incurred expenditures of US$1.2 billion in respect of our share of the estimated total investment with the balance of US$1.3 billion still to be incurred. We are currently undertaking pre-development activity on approximately US$5.8 billion of future retail development opportunities as well as future residential opportunities adjacent to our properties, which cost is not included in the US$5.8 billion. We will be subject to the risks associated with our expansion and development activities, including risks resulting from:

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

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

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

If a redevelopment or development project is unsuccessful or does not proceed, our investment cost may exceed the value of the project on completion or we may incur pre-development costs that have to be written off. Our financial performance may be adversely affected in these circumstances.

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

Given the significant size and scale of our expansion and development activities, we may incur additional indebtedness at any time and from time to time to fund required capital expenditures. For a discussion of risks relating to our debt levels, see the discussion in "— Risks Relating to the Notes — Our significant debt levels may affect the way we carry on our business in the future and have other adverse effects on us. We currently have a significant amount of debt."

We may have conflicts of interest and/or disputes with our joint venture partners or co-owners in jointly owned properties.

A number of malls in our portfolio are held through joint ventures or co-ownership arrangements. Historically, we have generally held a 50% ownership interest in these co-owned malls although, in a number of cases, our ownership interest is greater than or less than 50%. As of December 31, 2016, approximately 81% of our portfolio (total assets under management) by fair value was held through joint ventures. In a number of our joint ventures or co-ownership arrangements we do not have exclusive control over the development, financing, leasing, management and other aspects of the malls.

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

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

There is also the risk that these co-owners might become bankrupt or default on their obligations, resulting in their interests becoming subject to external administration, transferred to creditors or sold to third parties, or otherwise act in a manner that adversely affects us.

We may be adversely affected if third parties terminate their management and development agreements with us.

Due to the increase in the number of our joint venture arrangements over recent years, the portion of our income derived from property management and development fees has increased and the portion of our income derived from direct property ownership has decreased. We may undertake additional transactions in the future that expand our property management activities and the fees we derive from this part of our business.

We have management and development agreements with third parties under which we undertake management, leasing, development and other services. Each of these agreements may be terminated by our counterparty if we breach the agreement (subject to specified cure periods) or under certain other conditions.

If third parties with whom we have management and development agreements were to terminate those agreements, our income may be adversely affected. In addition, Westfield Corporation may be liable to third parties for damages if it breaches these management and development agreements.

Illiquidity of our investments in property could adversely affect our ability to vary our investment portfolio if necessary.

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

The financial performance and the value of a mall would be adversely affected if the revenue from that mall declines and other related expenses remain unchanged.

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

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

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

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

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

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

Consumers spending may become increasingly directed to alternative retail channels, such as “big box” shopping centres, discount malls and clubs, outlet malls, catalogues, video and home shopping networks, direct mail order, telemarketing, e-commerce websites and mobile applications. A shift in consumer spending towards alternative retail channels may lead to a decline in consumer traffic in our properties, which could result in, among other things, a decline in the revenue of our tenants and in a decline in demand for retail space at our properties, each of which could have an adverse impact on our results of operations. In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional “bricks and mortar” retailing in recent years. With consumers increasingly preferring to shop online, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels. Many retailers are as advanced as the consumers in adopting digital and mobile technology. Our malls may gradually lose their appeal and relevance for new age consumers and retailers, and may be unable to compete successfully with such online retail platforms. Whether we are able to meet this challenge depends on our ability to execute our strategy to connect both groups of consumers and retailers (and the digital world) to our physical malls and ensure our malls continue to play a significant role in modern day life.

Our properties and operations may be uninsured or underinsured against various catastrophic losses and failure to maintain adequate insurance may result in a default under our debt instruments.

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

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

We also carry earthquake insurance on our properties located in seismically active areas in an amount and with deductibles that we believe are commercially reasonable.

If an uninsured loss occurs, we could lose both our invested capital in and anticipated profits from the affected property. Additionally, although we carry specific insurance against cyber security events, such insurance coverage may be inadequate to compensate us for any related losses we incur. See “— Cyber security risks and cyber incidents could adversely affect our business and disrupt operations.”

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

Failure to hedge effectively against adverse fluctuations in interest rates could negatively impact our results of operations.

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

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

Although our interest rate hedging transactions are undertaken to achieve economic outcomes in line with our treasury policy, there can be no assurance that such transactions or treasury policy will be effective.

Fluctuations in foreign exchange rates could negatively affect our earnings and our ability to satisfy our obligations under our outstanding indebtedness.

We derive £ denominated earnings from our mall investments in the United Kingdom. In the future we expect to derive € denominated earnings from our mall investment in Milan, Italy and we may enter into new markets where the U.S. dollar is not the principal currency. If our business expands into other jurisdictions it will be exposed to the currencies of those jurisdictions. To the extent we do not hedge or do not hedge effectively against movements in the exchange rate of these currencies, such exchange rate movements may adversely affect our earnings and / or balance sheet. We may manage the impact of exchange rate movements on both our earnings and balance sheet by entering into hedging transactions, including derivative financial instruments.

Due to documentation, designation and effectiveness requirements under AAS, our currency derivative financial instruments used for hedging exchange rate exposure do not usually qualify for hedge accounting. As a consequence, we may experience volatility in our reported earnings due to changes in the mark-to-market valuations of our currency derivative financial instruments. There can be no assurance that we will not incur such non-cash losses in future periods which will have an adverse effect on our results of operations.

Although our exchange rate hedging transactions are undertaken to achieve economic outcomes in line with our treasury policy, there can be no assurance that such transactions or treasury policy will be effective.

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

The United Kingdom held a referendum on June 23, 2016 in which a majority of voters voted that the United Kingdom should exit the European Union ("Brexit"). Negotiations are expected to commence in 2017 to determine the future terms of the UK's relationship with the European Union, including the terms of trade between the UK and the European Union

The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies in which we conduct business. As described elsewhere in this offering memorandum, we own real estate in foreign jurisdictions, including the UK and other European countries, and we convert revenue denominated in foreign currency into U.S. dollars in our financial statements. During periods in which the U.S. dollar strengthens, our reported international lease revenue decreases, as foreign currencies convert into fewer U.S. dollars.

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

We face a number of risks in connection with any acquisitions of property assets and related redevelopment projects that we may undertake.

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

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

Acquisition activities will also involve the following risks:

- the acquired properties may not achieve anticipated rental rates or leased rates;
- assumptions or judgments with respect to improvements to the financial returns (including the leased rates and rents of a completed project) of acquired properties may prove inaccurate;
- we may abandon acquisition opportunities that we use funds to explore and incur transaction costs that cannot be recovered;
- we may be unable to obtain anchor tenants, financier and co-owner or joint venture approvals, if applicable, for expansion activities; and
- we may be unable to obtain necessary regulatory licenses and approvals for expansion activities.

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

Furthermore, if we acquire property assets or undertake development projects outside of the countries in which we currently operate, such as our entry into Milan, Italy, the above risks would be heightened. This arises from our possible unfamiliarity and lack of experience with local conditions. We may also face additional risks to those stated above.

We may also face financial risks associated with incurring additional indebtedness to make acquisitions as described in "— Risks Relating to the Notes — Our significant debt levels may affect the way we carry on our business in the future and have other adverse effects on us. We currently have a significant amount of debt." To the extent acquisitions are funded by short term or bridge financing facilities, we also face the risk of not being able to refinance such financing facilities prior to their stated maturities on favorable terms, or at all. During times of economic uncertainties or global credit market disruption, this risk increases.

We face risks associated with operating in multiple countries and expanding into new markets outside of the United States and the United Kingdom / Europe.

As of December 31, 2016, we owned, including through joint ventures, and/or operated properties in the United States and the United Kingdom and were in the process of developing a site in Milan, Italy. In the future, we may pursue expansion and development opportunities in additional markets. International development and ownership activities carry risks that may be different from those related to our existing properties and operations. These risks generally include, among others:

- the costs and difficulties of managing operations in multiple jurisdictions with wide geographical reach;
- differing foreign political and economic environments, regionally, nationally and locally;
- difficulties of complying with the variety of laws and regulations of each of the jurisdictions, including obtaining and maintaining authorizations, laws affecting funding, corporate governance, property ownership, development activities, operations, anti-corruption, taxes and litigation;
- managing any extra-territorial reach of the laws of jurisdictions such as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act;
- differences in business practices, including lending, employment and labor practices;
- differences in cultures, social expectations and language;
- adverse tax consequences or inefficiencies arising from carrying on operations in a large number of countries and potentially in new jurisdictions;
- obstacles to repatriation of earnings and cash; and
- multiplicity of cross-border transactions and exchange rate risks.
- We also face a number of risks as we grow our business and expand into new markets.
- Development and acquisition activities in different markets carry different inherent risks, such as those described above. These differences may mean that practices and strategies that have been successful in one market may not be able to be successfully adopted for another market.
- The difficulties in managing these different risks increase due to our unfamiliarity with and lack of experience in the new markets, especially during the initial period when we first enter the markets and learn to adapt our strategies in those markets.
- Integration of new businesses may be costly and may occupy a large amount of management time and there is a risk that we will not derive the optimum value which we expect from the integration of new businesses. Any failure of the execution of growth initiatives may have an adverse effect on our future financial performance and position.
- While we will initially have operations in developed markets (United States and United Kingdom, and a development site in Milan, Italy) we may expand our business to emerging or developing markets. Investments in such markets involve risks not typically associated with investments in developed markets. While some of the more advanced emerging market countries have experienced rapid growth and industrialization, there is no assurance that this growth rate will be maintained. Such markets are more likely than developed markets to experience volatility, inefficiencies and anomalies which are not necessarily compensated by higher return in investment.

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

We are exposed to counterparty credit risk from our financing activities and insurance policies that may adversely affect our financial performance.

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

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

Regulatory issues and changes in laws could adversely affect our income and our ability to take advantage of acquisition opportunities.

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

Regulatory issues and changes in laws and accounting standards could adversely affect our reported earnings and our reported financial performance.

We are subject to the usual risk that there may be changes in laws and accounting standards as well as changes in the interpretation of such laws and accounting standards that may change the basis we are required to use to prepare our financial statements, which may adversely affect our reported earnings and our reported financial performance.

Changes in tax laws may adversely impact our expected tax liabilities.

Changes in tax laws, or changes in the way tax laws are interpreted in the various jurisdictions in which we operate, may impact our tax liabilities.

Under the Australian taxation law governing the taxation of trusts and current practice, WAT and WFDT are not liable for Australian income tax, including capital gains tax, provided that members of each trust are presently entitled to the income of the trust as determined in accordance with each trust's constitution. Alternatively, if WAT and WFDT elect into the recently enacted attribution managed investment trust regime, WAT and WFDT will not be liable for Australian income tax provided the trusts attribute all of the taxable income of the trusts to members within three months of the end of the year of income.

While we believe that WAT and WFDT operate in a manner such that the trusts are not currently subject to income tax, if either of WAT or WFDT fail to satisfy the exclusions from the application of Division 6C of Part III of the Income Tax Assessment Act 1936 they would be taxed at the corporate tax rate of 30% on their net taxable income.

Adverse consequences could arise in the event WEA, a United States subsidiary of WAT, fails to qualify as a real estate investment trust (a "REIT") under United States federal income tax laws.

Qualification as a REIT involves the application of highly technical provisions. Although we believe that WEA has operated and currently operates in a manner so as to qualify as a REIT, no assurance can be given that WEA is, or will remain, so qualified. Although we are not aware of pending legislation that would adversely affect WEA's ability to operate as a REIT, no assurance can be given that new legislation, regulations, administrative interpretations or court decisions will not change the laws with respect to its qualification as a REIT.

If WEA fails to qualify as a REIT in any taxable year, then WEA will be required to pay United States federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. If WEA loses its REIT status, then net earnings of WEA available for investment or distribution to shareholders would be significantly reduced for each of the years involved.

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

A number of United States and United Kingdom laws and regulations, including the U.S. Americans with Disabilities Act of 1990, exist that may require modifications to existing buildings on our properties or restrict some renovations by requiring improved access to such buildings by disabled persons. Additional legislation or regulations may impose further obligations on owners with respect to improved access by disabled persons. The costs of compliance with such laws and regulations may be substantial, and limits or restrictions on completion of some renovations may limit implementation of our investment strategy in some instances or reduce overall returns on our investments. We could be adversely affected by the costs of compliance with such laws and regulations.

We are subject to extensive environmental regulations that could impose significant costs or liabilities on us.

As an owner and operator of real property in the United States, the United Kingdom and of a development site in Milan, Italy, we are subject to extensive regulation under environmental laws. These laws vary by jurisdiction and are subject to change. Current and future environmental laws could impose significant costs or liabilities on us.

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

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

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

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

Terrorist attacks or other security incidents or war could harm the demand for and the value of our properties.

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

Cyber security risks and cyber incidents could adversely affect our business and disrupt operations.

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

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

Risks Relating to the Notes

Our significant debt levels may affect the way we carry on our business in the future and have other adverse effects on us. We currently have a significant amount of debt.

As of December 31, 2016, on a consolidated basis, we had net debt (total borrowings less cash) of US$5.8 billion. Our leverage ratio, calculated in accordance with the leverage ratio covenant of Net Debt to Net Assets contained, and as those terms are defined, in the indenture and supplemental indenture that will govern the Notes, was 30.6% on a consolidated basis as of the same date. We expect to maintain a leverage ratio of 30% to 40% over the long term. As a result, we expect that our leverage ratio will increase in the future.

Some of the material consequences of having significant debt levels are as follows:

- we will need to use a substantial portion of cash from our operating activities to pay interest on our debt. Our ability to generate sufficient cash from our business to repay our debts is subject to various factors including many which are beyond our control (see "— We may not be able to generate sufficient cash flow to satisfy our existing and future debt obligations");
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited because our available cash flow after repaying principal and paying interest on our debt may not be sufficient to meet the capital and other expenditures needed to address these changes;
- adverse economic, credit or financial market or industry conditions are more likely to have a negative effect on our business because, during periods in which we experience lower earnings and cash flow, we will be required to devote a proportionally greater amount of our cash flow to repaying principal and paying interest on our debt;
- we may be at a competitive disadvantage to our competitors that have relatively less debt and have more cash flow available to devote to capital expenditures and other strategic purposes;
- our ability to obtain financing in the future for our development and redevelopment program, working capital, capital expenditures or other purposes on acceptable terms or at all may be limited because of the restrictions contained in existing debt agreements and debt levels;
- our ability to make acquisitions and take advantage of significant business opportunities may be negatively affected if we need to obtain the consent of our lenders to take any such action or if, because of existing debt levels, we are not able to obtain additional financing for these opportunities; and
- our credit rating may be adversely affected, which may impact our ability to access new financing and/or the price of new financing.

In addition, leverage levels may be reviewed and modified from time to time without notice to or approval of our securityholders. Specifically, we may decide to exceed our current debt level for a major acquisition or to fund our development program provided that we believe it is in keeping with our strategy at that time which may include returning to our desired leverage ratio over a period of time.

If our cash flow and capital resources are not sufficient to make principal repayments and interest payments on our debt and fund our working capital and other business needs, we could be forced to:

- reduce or delay scheduled capital expenditures, development and redevelopment programs or forgo acquisitions or other business opportunities;

- sell material assets or operations;
- raise additional equity capital (including hybrid equity capital);
- restructure or refinance our debt; or
- undertake other protective measures.

Some of these transactions could occur at times or on terms that are disadvantageous to us.

Slow economic growth conditions, such as those recently experienced in the United States, the United Kingdom and Europe, or disruptions in global credit markets such as those associated with the global financial crisis and the European sovereign debt crisis since 2007, could result in a higher than normal risk that, if we were required to take such steps in these circumstances, the transaction terms would be disadvantageous to us, or such options may not be available at all.

The credit rating agencies review the credit ratings they have assigned to us from time to time, including at the half-year periods. Any downgrade of our credit rating or adverse change in credit outlook assigned by a credit rating agency could adversely affect our financial condition and our business operations by increasing our costs for, or limiting or preventing us from securing, additional financing for future business or liquidity needs. There can be no assurance that the credit ratings assigned to us will not change.

We may not be able to generate sufficient cash flow to satisfy our existing and future debt obligations.

Our ability to pay the principal and interest on our debt depends on the future performance of our business, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. Our historical financial results have been, and we anticipate that our future financial results will continue to be, subject to fluctuations. Our business may not generate sufficient cash flow from operations to enable us to satisfy our debt and other obligations. In addition, we may not have sufficient future financing facilities available to us to enable us to pay our debt, including the Notes and amounts outstanding under our other financing arrangements, or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we may attempt to restructure or refinance our debt or seek additional equity capital (including hybrid equity capital) or we may be required to sell assets. These financing transactions could occur at times or on terms that are disadvantageous to us. During times of economic recession or low economic growth, this risk increases. In addition, because of the terms of our other indebtedness, we may not be able to restructure or refinance our debt on satisfactory terms.

Despite our current debt levels, we may be able to incur substantially more debt, which could increase the risks described above.

We may be able to incur substantial additional debt from time to time in a variety of currencies. We intend to maintain our leverage ratio in the 30% to 40% range over the long term. We may review and modify our leverage levels from time to time without notice to or any approval of our security holders. Specifically, we may decide to exceed our current debt level for a major acquisition provided that we believe we can return to our desired leverage ratio within a short period of time.

Our ability to incur indebtedness depends, in part, upon our continued compliance with the financial covenants contained in the agreements governing our indebtedness, including the indenture and supplemental indenture that will govern the Notes. The amount of indebtedness that we can incur will vary as a result of changes in our earnings and cash flows and the value of our assets. As of December 31, 2016, on a consolidated basis, our leverage ratio, calculated in accordance with the leverage ratio covenant of Net Debt to Net Assets contained, and as those terms are defined, in the indenture and supplemental indenture that will govern the Notes, was 30.6%.

As the Notes and the guarantees are unsecured, your right to receive payment may be adversely affected.

The Notes and the guarantees will be unsecured. As of December 31, 2016, on a consolidated basis, we had outstanding indebtedness of US$6.1 billion, of which US$5.5 billion was unsecured and US$0.6 billion was secured. To the extent that the Issuer or the guarantors have granted security interests over their assets, the secured lenders will be entitled to exercise the remedies available to them under applicable laws. Depending on the relevant circumstances and applicable laws, if the Issuer defaults on the Notes or the guarantors default on the guarantees, or after the bankruptcy, liquidation or reorganization of any of them, then any assets that are secured will be used to satisfy the obligations under that secured indebtedness before payment on the Notes or the guarantees can be made. In such case, there may only be limited assets available to make payments on the Notes or the guarantees in the event of an acceleration of the Notes. There can be no assurance that there will be sufficient assets to pay amounts due on the Notes. As a result, you may receive less ratably than the lenders of our secured indebtedness. If there is not enough collateral to satisfy the obligations of the secured indebtedness, then, subject to the provisions of applicable laws, the amounts remaining unpaid on the secured indebtedness would share equally with all unsubordinated unsecured indebtedness.

Your right to receive payments on the Notes or the guarantees may be adversely affected by laws relating to creditors' rights, fraudulent conveyance, Australian and English insolvency laws and similar laws.

WCL, WFD Trust, WAT and WCL Finance Pty Limited, one of the subsidiary guarantors, are constituted or organized under the laws of the Commonwealth of Australia and, therefore, insolvency proceedings with respect to them would be likely to proceed under, and be governed by, Australian insolvency laws, as applicable. The procedural and substantive provisions of Australian insolvency laws afford debtors and unsecured creditors only limited protection from the claims of secured creditors. It may not be possible for the guarantors, the Issuer or other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them. As of December 31, 2016, on a consolidated basis, we had secured borrowings of US$0.6 billion.

Fraudulent conveyance laws or similar provisions or principles have been enacted or exist for the protection of creditors in a number of jurisdictions (including, in addition to those jurisdictions referenced above, the United States), and guarantees of the Notes by the guarantors may be subject to claims that they should be subordinated or avoided in favor of creditors of the guarantors.

Even if a court determined that a guarantor was not insolvent at the time the Notes were issued, payments under the guarantees may constitute fraudulent transfers or preferences or may be otherwise avoided on other grounds. To the extent that the guarantee of any of the guarantors is voided as a fraudulent conveyance or otherwise held to be unenforceable, your claim against that guarantor could be lost or limited, and you could be required to return payments previously received from any such guarantor.

Under Australian law, if an order to wind up were to be made against any guarantor and a liquidator was appointed for any such guarantor, the liquidator would have the power to investigate the validity of past transactions and may seek various court orders, including orders to void certain transactions entered into prior to the winding up of such guarantor and for the repayment of money. These include transactions entered into within a specified period of the winding up that a court considers uncommercial transactions or transactions entered into when winding up was imminent that had the effect of preferring a creditor or creditors or otherwise defeating, delaying or interfering with the rights of creditors.

As a matter of English Law, if Westfield UK & Europe Finance plc is the subject of a formal insolvency process, certain types of antecedent transaction which are entered into by Westfield UK & Europe Finance plc before the start of the insolvency process may be challenged under the provisions of the Insolvency Act 1986. These include, but are not limited to, transactions at an undervalue, preferences, and transactions defrauding creditors. Subject to certain conditions, an office holder may apply to the court for an order to set aside such a transaction and if the office holder is successful, the court has a wide discretion to make an order reversing the effect of such a transaction.

In addition to the matters described above, under the laws of the jurisdictions where the guarantors are organized, the guarantees given by those other guarantors may be set aside, subordinated or otherwise avoided by the application of fraudulent conveyance, financial assistance, bankruptcy, insolvency and administration, statutory management, equitable subordination principles or other similar provisions or principles existing under the laws of the relevant jurisdiction, including as a result of the application of laws in relation to the duties of directors to act in good faith and for proper purposes. In addition, other debts and liabilities of those guarantors, such as certain employee entitlements or amounts owed to tax authorities, may rank ahead of claims under the guarantees in the event of administration or insolvency or statutory management or similar proceedings. If one or more of the guarantees are set aside or otherwise avoided, your claim against the guarantors giving those guarantees could be lost or limited and it is possible that you will only have a claim against the Issuer and any remaining guarantors.

There is no established trading market for the Notes that the Issuer is offering and one may not develop.

The Notes will be new securities for which there currently is no established trading market. There can be no assurance that a liquid market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. The Notes are subject to restrictions on transfer, which are described under "Notice to Investors." The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of the Notes;
- our operating performance and financial condition;
- changes to credit ratings assigned to the Notes or the withdrawal of an existing credit rating;
- the market for similar securities;
- the risk aversion of investors, which may be associated with events such as the recent European sovereign debt crisis;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

An active market for the Notes may not develop and, if it develops, it may not continue. While we are seeking to list the Notes on the Australian Securities Exchange, there can be no assurance that such listing will be granted or maintained. Even if the Notes are approved for listing, there may be little or no secondary market for the Notes. The lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a holder's ability to dispose of the Notes.

Transfers of the Notes will be subject to certain restriction.

The Issuer has not agreed to register and does not intend to register the Notes under the U.S. Securities Act or any securities laws of any state or any other jurisdiction of the United States. The holders of the Notes may not offer to sell the Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or any other jurisdiction of the United States. The Issuer has not undertaken to register the Notes or to effect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered and does not intend to register the Notes under any other country's securities laws. Prospective investors in the Notes should read the discussion in the section entitled "Notice to Investors" for further information about these transfer restrictions. It is the obligation of the investors in the Notes to ensure that their subscription for or subsequent offers, sales or transfers of the Notes comply with any applicable securities laws.

Redemption may adversely affect your return on the Notes.

The Notes are redeemable at our option and, therefore, we may choose to redeem the Notes at times when prevailing interest rates are relatively low. As a result, if we redeem the Notes, notwithstanding any make-whole premium, you may not obtain your expected return on the Notes and may not be able to reinvest the proceeds received from a redemption of the Notes in an investment that yields a comparable return.

Exchange rate risks and exchange controls may reduce the return on the Notes.

The Issuer will pay principal and interest on the Notes and the guarantors will make any payments under the guarantees in British pounds sterling. This may present certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit other than British pounds sterling (the "Investor's Currency"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the British pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the British pounds sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes. See "— Risks Relating to Our Business and Industry — Economic conditions, currency exchange rate fluctuations and regulatory changes leading up to and following the United Kingdom's potential exit from the European Union could have a material adverse effect on our business and results of operations."

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected.

The Notes will initially be held in book-entry form and therefore prospective investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or the holders of the Notes. The common depositary for Euroclear and Clearstream, or its nominee, will be the sole holder of the global note representing the Notes. After payment to the common depositary, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests.

Accordingly, if an investor owns a book-entry interest, it must rely on the procedures of Euroclear or Clearstream, as applicable, and if it is not a participant in Euroclear or Clearstream, on the procedures of the participant through which it owns its interest, to exercise any rights and obligations as a holder of the Notes. See "Description of the Notes and Guarantees — Book-Entry; Delivery and Form." Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon our solicitations for consents, requests for waivers or other actions from the holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, or if applicable, from a participant in these systems. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable investors to vote on any matters or otherwise exercise their rights with respect to the Notes on a timely basis.

Similarly, upon the occurrence of an event of default, unless and until definitive registered Notes are issued in respect of all book-entry interests, if an investor owns a book-entry interest it will be restricted to acting through Euroclear or Clearstream, as applicable. We can provide no assurance that the procedures to be implemented through Euroclear or Clearstream, as applicable, will be adequate to ensure the timely exercise of the investors' rights under the Notes. See "Description of the Notes and Guarantees — Book-Entry; Delivery and Form."

Credit ratings may not reflect all risks of investing in the Notes.

The credit ratings may not reflect the potential impact of all risks that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

Except in limited circumstances, the liability of WAML will be limited to the extent to which such liability can be satisfied out of the assets of the trust of which it is trustee and responsible entity.

WAML, in its capacity as responsible entity and trustee of WFD Trust, is the issuer of the Notes and, in its capacity as responsible entity and trustee of WAT, severally guarantees the obligations of the Issuer under the Notes. The liability of WAML as responsible entity of a trust in relation to the Notes or its guarantee of the Notes is limited to and can be enforced against it only to the extent to which such liability can be satisfied out of the assets of that trust from which WAML is actually indemnified for the liability. A liability of WAML as trustee and responsible entity of one trust cannot be satisfied out of the available assets of the other trust.

None of the assets of WAML (other than assets that are held by WAML in its capacity as responsible entity and trustee of the relevant trust and out of which WAML is actually indemnified for the liability and that are available to WAML in accordance with the terms of the constitution of the relevant trust to meet its obligations in relation to its guarantee of Notes) are available to meet claims under the Notes issued by, or the guarantee of the Notes given by, WAML.

WAML is not entitled to indemnification out of the assets of the relevant trust (and therefore an investor's ability to recover amounts owing under the Notes issued by, or the guarantee of the Notes given by, WAML will be limited to an action against the personal assets of WAML) if WAML acts fraudulently, negligently or breaches its duty with respect to the relevant trust (whether or not such breach is in respect of the Notes issued by, or the guarantee of the Notes given by, WAML). WAML is not liable to satisfy any obligation or liability from its personal assets, except to the extent that the obligation or liability is not satisfied because there is a reduction in the extent of WAML's indemnification out of the assets of the relevant trust as a result of any fraud, negligence or breach of duty in respect of the relevant trust on the part of WAML. Please refer to "Description of the Notes and Guarantees — General — Limitation on Obligor Liability."

Since the Issuer and the parent guarantors conduct their operations through other subsidiaries, your right to receive payments on the Notes or such guarantees of the parent guarantors is dependent on the payment of dividends or distributions to the Issuer and the parent guarantors by their respective subsidiaries.

WAML is the trustee and responsible entity of each of WFD Trust and WAT. All of the operations are conducted and assets are owned by each of the respective trusts to which WAML is the responsible entity and trustee and the subsidiaries of the respective trusts. WAML, as Issuer and parent guarantor, will only be able to satisfy the claims of its creditors, including claims of holders of the Notes issued by WAML (in its capacity as trustee and responsible entity of WFD Trust) and guaranteed by WAML (in its capacity as trustee and responsible entity of WAT) under the Notes or the guarantees, as applicable, out of the assets of the respective trusts, including any dividends, loan repayments, distributions or other intercompany transfers of funds that such trust receives from its respective subsidiaries. There is no contractual obligation for subsidiaries of WFD Trust or WAT to make regular dividend payments or distributions to WAML as the responsible entity of WFD Trust and of WAT. Claims of creditors of subsidiaries of the trusts have priority to the assets of such subsidiaries over the claims of WAML. Consequently, in the event of the insolvency of either WFD Trust or WAT, the claims of the holders of Notes issued by WAML (in its capacity as trustee and responsible entity of WFD Trust) and guaranteed by WAML (in its capacity as trustee and responsible entity of WAT) will be structurally subordinated to the claims of the creditors of subsidiaries of WFD Trust and WAT (other than the subsidiary guarantor that is a subsidiary of WAT).

WCL is a holding company and substantially all of its operations are carried on through its subsidiaries. Its principal source of income is dividends, and its ability to meet its financial obligations is dependent on the level of dividends, loan repayments, distributions and other intercompany transfers of funds it receives from its subsidiaries. There is no contractual obligation for WCL's subsidiaries to make regular dividend payments to it. Under English law, distributions may only be paid if the subsidiary has "profits available" to make the distribution, justified by reference to specially prepared initial or interim accounts or the subsidiary's annual accounts. In addition, the ability of the directors of a subsidiary of WCL to declare dividends or the amount of dividends they may pay will depend on that subsidiary's operating results and will be subject to applicable laws and regulations. For example, under Australian law, a company may not pay a dividend unless it satisfies certain balance sheet solvency requirements. Claims of creditors of WCL's subsidiaries have priority to the assets of such subsidiaries over the claims of WCL. Consequently, the claims of the holders of Notes issued by the Issuer and guaranteed by WCL are structurally subordinated, in the event of the insolvency of WCL and its subsidiaries, to the claims of the creditors of subsidiaries of WCL (other than the subsidiary guarantors that are subsidiaries of WCL).

Your right to receive payment under the Notes will be effectively subordinated to the creditors of our subsidiaries not guaranteeing the Notes.

Not all of the current and future subsidiaries of WCL, WFD Trust or WAT will guarantee the Notes. In addition, there are no provisions in the indenture or supplemental indenture that will govern the Notes that would require any future finance subsidiaries, or any other subsidiary, of WCL, WFD Trust or WAT that guarantees the indebtedness of its parent or any of their subsidiaries, to become a subsidiary guarantor.

One of our finance subsidiaries that is neither an issuer nor a guarantor of the Notes is a guarantor under our existing debt facilities and derivative contracts. This finance subsidiary is not an obligor under the Notes because we intend to wind down its activities over time.

In the event that any of our non-guarantor subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, the assets of that non-guarantor subsidiary will be used first to satisfy the claims of its creditors. Where such a non-guarantor subsidiary has on-lent the proceeds of borrowings to, or undertaken internal derivative contracts with, other non-guarantor subsidiaries, the assets available to its creditors will include the non-guarantor subsidiary's claims as a creditor of such non-guarantor subsidiary, which will rank ahead of noteholders' indirect claims on the equity of such non-guarantor subsidiaries. Consequently, your claims will be structurally subordinated to all of the claims of the creditors of (including lenders to, or beneficiaries of guarantees given by) such non-guarantor subsidiaries.

Noteholders will not be entitled to the benefits of the Master Negative Pledge Deed Poll and Master Guarantee Deed Poll.

In connection with the Restructuring, WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) entered into a Master Negative Pledge Deed Poll, or Master Negative Pledge, which contains certain undertakings and financial covenants, representations and warranties by WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) in respect of themselves and certain other controlled entities. See "Business Description — Policies and Objectives with Respect to Investments, Financing and Other Activities — Master Negative Pledge Deed Poll." The Master Negative Pledge is given for the benefit of each present and future "finance party." The term "finance party" is defined as any person designated as a finance party for the purposes of the Master Negative Pledge in a finance document. To the extent that a document relating to our financing arrangements is designated as a finance document and the bank or financial institution providing such arrangements to us is designated a finance party, such bank or financial institution will be entitled to the benefits of the Master Negative Pledge. The holders of the Notes will not be designated as finance parties and, therefore, will not be entitled to the benefits of the Master Negative Pledge.

In addition to the Master Negative Pledge, WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) and certain subsidiaries of WCL, WFD Trust and WAT (not including WEA and WALP but including the subsidiary guarantors) entered into a Master Guarantee Deed Poll, or Master Guarantee, pursuant to which WCL and WAML severally, and those subsidiaries of WCL and WAML, jointly and severally, agreed to guarantee unconditionally and irrevocably the monetary obligations of a "debtor" to a "guarantee beneficiary." A "debtor" is defined as those finance subsidiaries of WCL, WFD Trust and WAT which are party to the Master Guarantee: this includes the subsidiary guarantors, but also includes other subsidiaries of WCL, WFD Trust and WAT. The term "guarantee beneficiary" is defined as any person designated as a "guarantee beneficiary" for the purposes of the Master Guarantee in respect of a finance document. As in the case of the Master Negative Pledge, only persons given the benefit of the Master Guarantee can rely on it. The holders of Notes will not have the benefit of the Master Guarantee and accordingly will have no claim against those finance subsidiaries which are bound by the Master Guarantee but are not a subsidiary guarantor. See "Business Description — Policies and Objectives with Respect to Investments, Financing and Other Activities — Master Guarantee Deed Poll."

USE OF PROCEEDS

We anticipate that the net proceeds from this offering will be approximately £789.9 million (or US$987.3 million based on the average exchange rate of £1.00/US$1.2498 on March 23, 2017 (the date of this memorandum)) after deducting estimated underwriting discounts and commissions and before deducting estimated offering expenses payable by us.

The Issuer intends to use the net proceeds to repay outstanding borrowings under its U.S. revolving credit facility (the "Credit Facility") and for general corporate purposes. The Credit Facility matures on June 30, 2018 (which may be extended pursuant to two six-month extensions at the Issuer's option) and, as of March 17, 2017, had outstanding borrowings of US$1.35 billion, which bore interest based on the London Interbank Offered Rate, or benchmark rate for applicable borrowing currency, plus a margin of 0.875%. Borrowings in 2016 and year-to-date in 2017 under the Credit Facility were used to fund working capital and developments.

Affiliates of certain of the initial purchasers are lenders under our Credit Facility and will receive their pro rata amounts repaid under the Credit Facility.

In connection with this offering, WCL and WAML, pursuant to a co-obligor agreement, will agree to reimburse the other party to the extent that such other party or any of its finance subsidiaries makes any payment in respect of the Notes, including under its respective guarantee.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows the ratio of earnings to fixed charges, on a proportionate basis and as adjusted to eliminate the non-cash effects of property revaluations and mark-to-market valuations of derivatives and other financial liabilities for the years ended December 31, 2016 and 2015. The ratio has been calculated based on data derived from the 2016 Annual Financial Statements. In addition, we have not included in this offering memorandum our ratio of earnings to fixed charges for the year ended December 31, 2014 due to the changes to our capital structure that resulted from the Restructuring. We do not believe that our ratios for the year ended December 31, 2014 would be representative of what the ratios would have been had the Restructuring occurred on January 1, 2014 and had Westfield Corporation operated under its current structure during the full year ended December 31, 2014. See "Summary — Summary Consolidated Financial Data" and "Selected Consolidated Financial Data" for further information.

	Year ended December 31, 2016	Year ended December 31, 2015
Ratio of earnings to fixed charges (1)	6.5	4.7
Ratio of earnings to fixed charges (adjusted) (2)	3.5	4.4

(1) The ratio of earnings to fixed charges is calculated by dividing the amount of earnings by the amount of fixed charges. For the purposes of calculating this ratio, earnings consist of proportionate earnings before interest (adjusted for amortized premiums and discounts) and tax. Fixed charges consist of interest costs, both expensed and capitalized, and pre-tax earnings required to cover any preferred stock dividend requirements of consolidated subsidiaries.

(2) For the purposes of calculating the adjusted ratio, earnings consist of proportionate earnings before net interest (adjusted for amortized premiums and discounts), and exclude property revaluations, mark-to-market valuations of currency derivatives and net profits or losses from capital transactions. Fixed charges consist of net interest costs, both expensed and capitalized, adjusted to exclude the impact of mark-to-market valuations of interest rate derivatives and other financial liabilities and pre-tax earnings required to cover any preferred stock dividend requirements of consolidated subsidiaries.

Under IFRS, Westfield Corporation's reported earnings and, therefore, ratio of earnings to fixed charges are subject to significant changes from period to period. Some of the reasons contributing to this volatility in reported earnings of Westfield Corporation are as follows:

- under IFRS, any change in the fair value of our property investments is recorded in the income statement;
- under IFRS, financial instruments, including derivatives that do not qualify for hedge accounting, are revalued to fair value, with the mark-to-market movements recorded in the income statement; and
- under IFRS, we are required to recognize the deferred tax on unrealized capital gains or write-downs on revaluation of property investments and on the unrealized capital gains or losses on mark-to-market valuations of other financial liabilities.

The ratio of earnings to fixed charges (adjusted) has been calculated to exclude the impact of non-cash gains and write-downs on property valuations, non-cash gains and losses on mark-to market valuations of currency derivatives and interest rate derivatives which do not qualify for hedge accounting, and non-cash gains and losses on mark-to-market valuations of other financial liabilities, each of which have contributed to the volatility in the reported earnings of Westfield Corporation.

THE ISSUER

General

Westfield America Management Limited, in its capacity as responsible entity and trustee of WFD Trust, is the Issuer of the Notes. All of the operations of Westfield America Management Limited are conducted and assets are owned by each of the respective trusts to which WAML is the responsible entity and trustee and the subsidiaries of the respective trusts. WFD Trust is a managed investment scheme registered under the Australian Corporations Act, and is one of the primary entities through which we own interests in certain of our UK properties. The liability of WAML as responsible entity of WFD Trust in relation to the Notes is limited to and can be enforced against it only to the extent to which such liability can be satisfied out of the assets of WFD Trust from which WAML is actually indemnified for the liability. See "Description of the Notes and Guarantees — General — Limitation on Obligor Liability" and "Risk Factors — Risks Relating to the Notes — Except in limited circumstances, the liability of WAML will be limited to the extent to which such liability can be satisfied out of the assets of the trust of which it is trustee and responsible entity.

Directors

For the boards of directors of Westfield America Management Limited, see "Management."

Capitalization and Indebtedness of the WFD Trust

The following table sets out the capitalization and indebtedness of WFD Trust as of December 31, 2016:

	As of December 31, 2016
	(in million) (unaudited)
WFD Trust	
Cash and cash equivalents	US$ 5.1
Total borrowings	US$ —
Member's equity:	
Contributed equity	5,643.2
Reserves and retained profits	(1,159.2)
Funds attributable to members of WFD Trust	4,484.0
Total member's equity	4,484.0
Total capitalization (1)	US$ 4,484.0

(1) Total capitalization does not include "Cash and cash equivalents."

CAPITALIZATION OF WESTFIELD CORPORATION

The following table sets forth the cash and cash equivalents and capitalization of Westfield Corporation on a historical consolidated basis as of December 31, 2016 and on an as adjusted basis to reflect this offering and the application of proceeds from the sale of the Notes. See "Use of Proceeds."

You should read the following table in conjunction with "Selected Consolidated Financial Data," "Operating and Financial Review," and our financial statements and related notes included elsewhere in this offering memorandum.

	As of December 31, 2016	
	Actual	**As Adjusted**
	(in millions)	
Cash and cash equivalents	US$ 292.1	US$ 343.8
Indebtedness		
Short-term borrowings:		
Unsecured borrowings	750.6	750.6
Secured borrowings	3.3	3.3
Total short-term borrowings	753.9	753.9
Long-term borrowings:		
Unsecured borrowings	4,724.7	3,789.1
Secured borrowings	575.4	575.4
Notes offered hereby	—	999.8(3)
Total long-term borrowings	5,300.1	5,364.3
Total borrowings	6,054.0	6,118.2
Other financial liabilities (1)	226.4	226.4
Equity		
Aggregate stapled security holders' interests:		
Contributed equity	11,424.1	11,424.1
Reserves and retained profits	(1,874.1)	(1,874.1)
Total equity attributable to members of Westfield Corporation	9,550.0	9,550.0
Total capitalization (2)	US$ 15,830.4	US$15,894.6

(1) Other financial liabilities comprise convertible redeemable preference shares/units of US$72.5 million and other redeemable preference units of US$153.9 million.

(2) Total capitalization does not include "Cash and cash equivalents."

(3) Reflects the translation of £800.0 million aggregate principal amount of the Notes to U.S. dollars based on the average exchange rate of £1.00/US$1.2498 on March 23, 2017 (the date of this memorandum).

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data (included in Table 1.0 below) of Westfield Corporation has been derived from our financial statements included elsewhere in this offering memorandum. See "Financial Information Presentation" for a discussion of the basis of preparation of such financial statements.

The financial statements as of and for the year ended December 31, 2015 are the first audited financial statements of Westfield Corporation that include a full year of financial reporting from the UK and U.S. operations and the restructure of the debt portfolio that was completed in the fourth quarter of 2014. The financial statements as of and for the year ended December 31, 2014 include the U.S. and UK operations for the six months ended December 31, 2014 but include only the results of the U.S. operations for the six months ended June 30, 2014. See Note 49 to the 2014 Annual Financial Statements for certain income statement data for the UK operations for the six-months ended June 30, 2014. As a result, we have included adjusted income statement and cash flow information for the year ended December 31, 2014, which include the results and cash flow of the UK operations for the full year. See "Financial Information Presentation."

The Annual Financial Statements and the Adjusted Financial Information have been prepared in accordance with the recognition and measurement principles of AAS and IFRS, which differ from U.S. GAAP. You should read the following financial information together with the information in "Financial Information Presentation," "Summary Consolidated Financial Data," "Operating and Financial Review," "Risk Factors," and our financial statements and related notes included elsewhere in this offering memorandum.

Table 1.0 below presents summary income statement data from the years ended December 31, 2016, 2015 and 2014. Investors should note that because the Restructuring was completed on June 30, 2014 and the financial information for the year ended December 31, 2014 is deemed to be a continuation of the financial statements of WAT, such financial statements do not include income statement data for the UK operations of Westfield Corporation for the six months ended June 30, 2014. Certain income statement data for the UK operations for the six months ended June 30, 2014 has been included in Note 49 to the 2014 Annual Financial Statements. For comparative purposes, the December 31, 2014 Adjusted Financial information has been presented below to include the results of the UK operations for the six months ended June 30, 2014. Investors should note that while the Adjusted Financial Information has been derived from financial statements that have been audited or reviewed, the Adjusted Financial Information is unaudited.

	Annual Financial Statements (audited)			Adjusted Income Statement (unaudited)
Table 1.0 Income Statement (in millions)	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**	**Year Ended December 31, 2014 (1)**	**Year Ended December 31, 2014 (2)**
Revenue				
Property revenue	US$ 512.0	US$ 620.3	US$ 572.5	US$ 641.0
Property development and management revenue	610.6	657.1	246.1	283.2
Total revenue	**1,122.6**	**1,277.4**	**818.6**	**924.2**
Share of after tax profits of equity accounted entities				
Property revenue	675.8	661.7	564.0	616.9
Property revaluations	491.2	426.3	418.0	547.9
Property expenses, outgoings and other costs	(224.4)	(210.0)	(168.9)	(191.0)
Net interest expense	(80.0)	(86.5)	(67.7)	(75.9)
Tax (expense)/benefit	(0.5)	(0.3)	(0.3)	(0.2)
	862.1	**791.2**	**745.1**	**897.7**

Table 1.0 Income Statement (in millions)	Annual Financial Statements (audited) Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014 (1)	Adjusted Income Statement (unaudited) Year Ended December 31, 2014 (2)
Expenses				
Property expenses, outgoings and other costs	US$ (223.2)	US$ (247.6)	US$ (209.7)	US$ (227.6)
Property development and management costs	(484.5)	(496.1)	(165.9)	(173.4)
Overheads	(116.1)	(116.8)	(105.5)	(131.9)
	(823.8)	**(860.5)**	**(481.1)**	**(532.9)**
Currency gain/(loss)	8.6	11.4	(117.5)	(117.9)
Gain/(loss) in respect of capital transactions	1.7	(97.3)	(7.6)	—
Property revaluations	513.8	205.7	152.3	160.1
Earnings before interest and tax	**1,685.0**	**1,327.9**	**1,109.8**	**1,331.2**
Interest income	18.8	5.3	7.9	
Financing costs	(60.5)	(103.0)	(326.8)	
Charges and credit in respect of the Restructure and Merger	—	—	(800.8)	
Tax (expense)/benefit	(277.2)	1,093.3	(205.1)	
Profit/(loss) after tax	**1,366.1**	**2,323.5**	**(215.0)**	

(1) Includes the results of the U.S. operations for the six months ended June 30, 2014 and the U.S. and UK operations for the six months ended December 31, 2014. See Note 49 to the 2014 Annual Financial Statements for certain income statement data for the UK operations for the six months ended June 30, 2014.

(2) Includes the results of the UK and U.S. operations for the entire year ended December 31, 2014, including the results of the UK operations for the six months ended June 30, 2014 (which are not included in the 2014 Annual Financial Statements). See “Financial Information Presentation.”

Westfield Group had undertaken a number of divestments and joint venture transactions in 2014. See “Financial Information Presentation.” The proceeds from these divestments were mainly used to repay debt and fund the buyback of Westfield Group’s securities. In addition, as a result of the Restructuring, significant debt restructuring occurred. As a consequence, Westfield Corporation does not believe that finance costs and tax expense prior to the Restructuring are representative of what such costs and expense would have been if the Restructuring had been before January 1, 2014 and Westfield Group had operated from that time under the capital structure in place following the Restructuring.

Table 2.0 sets out a reconciliation of EBIT of Westfield Corporation derived from our historical financial statements for the years ended December 31, 2016, 2015 and 2014, included elsewhere in this offering memorandum, to the profit/(loss) after tax in the Annual Financial Statements. For comparative purposes, a reconciliation of EBIT of Westfield Corporation derived from the Adjusted Financial Information for the year ended December 31, 2014 to the profit/(loss) after tax in the 2014 Annual Financial Statements has been presented below in the Adjusted column.

Table 2.0 EBIT Reconciliation (in millions)	Actual Year Ended December 31, 2016	 Year Ended December 31, 2015	Adjusted Year Ended December 31, 2014
Historical Westfield Corporation profit/(loss) after tax	**US$1,366.1**	**US$ 2,323.5**	**US$ (215.0)**
Less: Westfield Corporation interest income	(18.8)	(5.3)	(7.9)
Add: Westfield Corporation financing costs	60.5	103.0	326.8
Add: Westfield Corporation charges and credits in respect of the Restructure and Merger	—	—	800.8
Add: Westfield Corporation tax (credit)/expense	277.2	(1,093.3)	205.1
Historical Westfield Corporation EBIT	**1,685.0**	**1,327.9**	**1,109.8**
Adjustments for EBIT relating to:			
- UK Operations	—	—	247.5
- Divestment of United Kingdom centres (1)	—	—	(25.3)
- Reversal of gain in respect of capital transactions	—	—	(0.8)
Actual and Adjusted Westfield Corporation EBIT	**1,685.0**	**1,327.9**	**1,331.2**

(1) Consists of the divestment of Westfield Group's interest in the Merry Hill, Derby and Sprucefield shopping centres in May 2014.

Table 2.1 below sets out a reconciliation of the consolidated revenue of Westfield Corporation from our historical financial statements for the years ended December 31, 2016 and 2015 and for the year ended December 31, 2014, included elsewhere in this offering memorandum, to the consolidated revenue in the 2014 Annual Financial Statements and Adjusted Financial Information, respectively.

Table 2.1 (in millions)	Actual Year Ended December 31, 2016	 Year Ended December 31, 2015	Adjusted Year Ended December 31, 2014
Westfield Corporation consolidated revenue	US$1,122.6	US$1,277.4	US$818.6
- UK Operations	—	—	109.2
- Divestment of United Kingdom centres (1)	—	—	(3.6)
Actual and Adjusted Westfield Corporation consolidated revenue	**1,122.6**	**1,277.4**	**924.2**

(1) Consists of the divestment of Westfield Group's interest in the Merry Hill, Derby and Sprucefield shopping centres in May 2014.

Table 2.2 below shows Westfield Corporation's Actual Property Revenue and Net Property Income on a proportionate basis for the years ended December 31, 2016, 2015 and 2014. It also shows Westfield Corporation's Adjusted Property Revenue and Adjusted Net Property Income on a proportionate basis for the year ended December 31, 2014. As required under AAS and IFRS, in our financial statements we account for property assets held through entities that we do not control on an equity accounted basis. Net Property Income is property revenue less property expenses, outgoings and other costs. The Adjusted Property Revenue and Adjusted Net Property Income, for the year ended December 31, 2014, has been adjusted to exclude the divestment and joint venture transactions described in "Financial Information Presentation" and to include the UK operations for the six months ended June 30, 2014.

Table 2.2 Actual and Adjusted Property Revenue and Net Property Income (in millions)	Actual Year Ended December 31, 2016	Actual Year Ended December 31, 2015	Actual Year Ended December 31, 2014	Adjusted Year Ended December 31, 2014
Property Revenue				
- Consolidated	US$ 512.0	US$ 620.3	US$ 572.5	US$ 641.0
- Equity accounted	675.8	661.7	564.0	616.9
	1,187.8	**1,282.0**	**1,136.5**	**1,257.9**
Net Property Income				
- Consolidated	288.8	372.7	362.8	413.4
- Equity accounted	451.4	451.7	395.1	425.9
	740.2	**824.4**	**757.9**	**839.3**
Flagship and Regional Net Property Income (1)				
- Flagship (2)	546.7	554.0	470.5	547.0
- Regional and Other Property Investments	193.5	270.4	287.4	292.3
	740.2	**824.4**	**757.9**	**839.3**

(1) See "Business Description – Property Portfolio" for details of the properties classified as Flagship and Regional.
(2) Includes Westfield London and Stratford City.

Table 3.0 below sets out summary balance sheet information of Westfield Corporation derived from our financial statements for the years ended December 31, 2016, 2015 and 2014 included elsewhere in this offering memorandum.

Table 3.0 Balance Sheet (in millions)	As of December 31, 2016 (audited)	As of December 31, 2015 (audited)	As of December 31, 2014 (audited)
Cash assets	US$ $292.1	US$ 1,106.8	US$ 308.5
Investment properties	8,625.7	7,478.0	8,849.6
Working capital (1)	(1,214.4)	(440.5)	(346.8)
Total assets (2)	18,765.5	17,582.4	17,487.3
Deferred tax liability	1,967.2	1,761.3	2,922.2
Total liabilities	9,155.3	8,282.6	9,753.5
Net assets	9,550.0	9,299.8	7,733.8

(1) Current assets less current liabilities.
(2) At December 31, 2016, we had US$5,664.3 million of assets that are either (a) property interests subject to encumbrances or (b) interests in equity accounted entities that own properties subject to encumbrances.

Table 4.0 below sets out summary cash flow information of Westfield Corporation. The cash flow information for the years ended December 31, 2016, 2015 and 2014 has been derived from the Annual Financial Statements included elsewhere in this offering memorandum. The cash flow information for the year ended December 31, 2014 was adjusted to include the UK operations for the six months ended June 30, 2014. See "Financial Information Presentation."

Table 4.0 Cash Flow Statement (in millions)	Actual Year Ended December 31, 2016	Actual Year Ended December 31, 2015	Adjusted Year Ended December 31, 2014
Net cash flow from operating activities	US$ 552.8	US$ 853.6	US$ 631.1
Net cash flow from investing activities	(1,599.6)	354.2	135.0
Net cash flow from financing activities	265.8	(407.2)	n.a.

OPERATING AND FINANCIAL REVIEW

You should read the following operating and financial review together with our financial statements and related notes included elsewhere in this offering memorandum. Certain statements in this section are "forward-looking statements" and are subject to risks and uncertainties, which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Please see "Forward-Looking Statements" and "Risk Factors" for more information.

Overview

This Operating and Financial Review is divided into the following sections:

Description of Westfield Corporation — a general description of our corporate and business structures, our business activities, the key drivers of our financial results and economic factors affecting our business and results of operations.

Results of Operations — a discussion and analysis of our results of operations for the year ended December 31, 2016 compared to the year ended December 31, 2015 and for the year ended December 31, 2015 compared to the year ended December 31, 2014.

Liquidity and Capital Resources — an analysis of our cash flows and sources and uses of cash.

Contractual Obligations and Other Commitments — a summary of our debts and contractual obligations.

Quantitative and Qualitative Disclosures About Market Risk — disclosures regarding our market risk.

Critical Accounting Policies — a discussion of our accounting policies that require critical judgments and estimates.

Description of Westfield Corporation

Structure of Westfield Corporation and Basis of Presentation

Westfield Corporation was formed in June 2014 as a result of the Restructuring when Westfield Group separated its Australian and New Zealand business from the international business of Westfield Group and merged Westfield Group's Australian and New Zealand business with Westfield Retail Trust. This created two new listed retail property groups, Scentre Group (which owns the Australian and New Zealand assets) and Westfield Corporation (which owns the U.S., UK and Italian assets). For accounting purposes, in accordance with AASB 3 Business Combinations, WAT gained control of Westfield Corporation Limited (a newly incorporated entity) and WFD Trust (which holds the UK investments), with WAT consolidating the accounts of Westfield Corporation Limited and WFD Trust and their controlled entities. Each of WAT, WCL and WFD Trust is run by a common board and senior management team. The effect of the Restructuring is that Westfield Corporation functions as an internally managed and vertically integrated international retail property group with an initial focus on the United States and the United Kingdom / Europe. This new stapled group is known as and trades as Westfield Corporation on the ASX under the ticker "WFD."

The 2016 Annual Financial Statements and 2015 Annual Financial Statements of Westfield Corporation included in this offering memorandum have been prepared in accordance with AAS and IFRS.

Because the Restructuring was completed on June 30, 2014, our financial statements for the year ended December 31, 2014 only include income statement and cash flow data for the U.S. operations of Westfield Corporation for the first six months of the year (and do not include income statement or cash flow data for the

UK operations of Westfield Corporation for that half of the year), but include income statement and cash flow data for the U.S. and UK operations of Westfield Corporation for the second half of the year. Certain income statement data for the UK operations for the six months ended June 30, 2014 has been included in Note 49 to the 2014 Annual Financial Statements.

Our Business

We are one of the world's largest listed retail property groups, with an equity market capitalization of US$13.9 billion (A$18.0 billion) as of March 17, 2017.

As of December 31, 2016, our property investment portfolio consisted of interests in 35 malls located in the United States (or "U.S.") and the United Kingdom (or "UK") and a development site in Milan, Italy, with 6,435 retail outlets in approximately 43.2 million square feet of gross leasable area ("GLA"). As of December 31, 2016, the value of our property assets was US$19.1 billion and the gross value of our property portfolio (including the interests of joint venture partners) was US$30.9 billion. We had proportionate total assets of US$21.1 billion (including our share of assets from equity accounted entities of US$10.6 billion) as of December 31, 2016. We had proportionate property revenue of US$1.2 billion (including our share of property revenues from equity accounted entities of US$0.7 billion) for the year ended December 31, 2016.

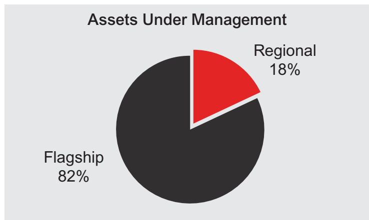
Our income is derived primarily from properties owned by us either wholly or through joint ventures or co-ownership arrangements with third parties. We also develop, lease and operate retail projects at seven airports in the United States.

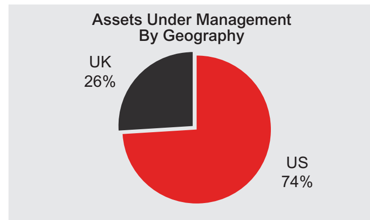
We are a pre-eminent, internally managed and vertically integrated international retail property group. Our activities include:

- ***Mall Ownership*** — Our malls are geographically diverse, spread across eight states in the United States and the United Kingdom and include a development site in Milan, Italy. Our size and geographic diversity significantly reduces our dependence upon any single tenant or property for revenue. Our malls are generally located near or in major metropolitan areas, are anchored by long-term tenancies with major retailers and incorporate a wide cross-section of specialty retailers and national chain store operators. Our mall investments are undertaken on both a wholly owned basis and through joint ventures and co-ownership arrangements, primarily with major institutional investors.
- ***Property Management, Marketing and Leasing*** — Property management involves leasing and day-to-day management and marketing of our mall portfolio and other properties. Our malls are designed to provide an efficient and dynamic environment for retailers and a quality shopping experience for consumers, creating a platform for our retailers to enhance their performance and for us to maximize our returns. We work to build and maintain long-term relationships with our retailers in addition to developing strong relationships with consumers by supporting the local community of each mall through various marketing activities. We believe that our management style has the potential to improve the performance of our retail property assets, resulting in income growth and long-term capital appreciation for investors.
- ***Property Development, Design and Construction*** — Our development and redevelopment program is one of the primary drivers for sustained long term earnings growth for Westfield Corporation. Our property development business involves the development, design, construction, initial leasing and redevelopment of malls. Our property development activities are focused on redeveloping and expanding our existing properties as well as developing flagship properties in leading world markets. We undertake these activities in relation to properties we manage or own an interest in, with a view to maximizing returns on investment from both increased rental returns and capital appreciation of the asset.

- ***Funds and Asset Management*** — We provide asset management services to co-investors in our jointly owned malls and we have the capability to invest funds on behalf of institutional and other investors, for which we may receive fund management fees.

The weighting of our mall portfolio by assets under management as of December 31, 2016, is set out in the following charts:





As of December 31, 2016, we had five major redevelopment projects under construction in the United States and the United Kingdom, at an estimated total investment of US$3.7 billion, of which our share would be US$2.5 billion with an estimated yield range of between 7.0% and 8.0%. Our projects under construction at December 31, 2016 in the United States include the US$300 million next phase at the Westfield World Trade Center in New York, New York, the US$1 billion expansion of Century City in Los Angeles, California, the US$600 million expansion of UTC in San Diego, California, the £600 million Phase II development of Westfield London and the US$1.1 billion expansion of Valley Fair in San Jose, California. Of the US$2.5 billion we have committed to these projects, we had incurred expenditures of US$1.2 billion as of December 31, 2016. We will continue to invest capital and resources in pre-development work on a number of our malls with strategic redevelopment opportunities. Consistent with our strategy, our development program is focused on flagship assets in leading world markets. We are currently undertaking pre-development activity on approximately US$5.8 billion of future retail development opportunities as well as future residential opportunities adjacent to our properties, which cost is not included in the US$5.8 billion.

As of December 31, 2016, on a consolidated basis, we had secured borrowings of US$0.6 billion, unsecured borrowings of US$5.5 billion, and US$2.4 billion available to be drawn down under undrawn, predominantly long term, unsecured committed bank facilities. As of December 31, 2016, our leverage ratio, calculated in accordance with the leverage ratio covenant of Net Debt to Net Assets contained, and as those terms are defined, in the indenture and supplemental indenture that will govern the Notes, was 30.6%.

Key Components of Our Financial Results and Their Drivers

In this section, we discuss the key components of our revenue and expenses and discuss the internal and external factors that affect our results.

Property Revenue and Property Expenses and Outgoings — We derive the majority of our revenue from leases with retail tenants at our malls. Property revenue includes minimum base rents, cart and kiosk rentals, expense recoveries and percentage rent based on tenants' sales volumes. Property expenses and outgoings consist of costs in connection with the ownership and operation of retail malls such as property rates and taxes, repairs and maintenance, cleaning, security, advertising and promotions, consumer services, insurance, ground rent, utilities and leasing expenses. A significant portion of these expenses and outgoings are recovered from our tenants. Key factors that affect the level of property revenue and property expenses and outgoings include: (i) our ability to negotiate higher minimum rents and reimbursements from existing or new tenants; (ii) our ability to lease our malls at near full or full occupancy; and (iii) our level of acquisitions and dispositions as well as the level of development and redevelopment of our existing malls, which changes the size and nature of our property portfolio. We refer to the excess of property revenue over property expenses and outgoings as "Net Property Income" (refer also to "Net Property Income" under "— Key Operational Measures" below).

Property Revaluations — Our investment properties include freehold and leasehold land, buildings, leasehold improvements and redevelopment and development projects. In accordance with AAS, we carry our property investments on our balance sheet at their fair market values. At each reporting date, our board of directors assesses the carrying value of our investment property portfolio, and where the carrying value differs materially from the board of directors' assessment of fair value, we record an adjustment to the carrying value as appropriate. The board of directors' assessment of fair value of each mall takes into account the latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable malls. Investment properties undergoing redevelopment are independently valued on completion. The independent valuations are conducted using two methods — the "capitalization of net income" method and/or the "discounting of future cash flows to their present value" method. See "— Critical Accounting Policies — Investment Properties" below.

The "capitalization of net income" method involves directly capitalizing stabilized net income based on the yields (calculated as the ratio of net income to sale price) produced by sales of comparable property investments, which we refer to as "capitalization rates", and subtracting an amount equal to the forecasted capital expenditure for the property for a one to three year period.

In a simplistic example, if the stabilized net income for a property was US$10.0 million, the capitalization rate was 5.0% and forecast capital expenditure for the next one to three years was US$2.0 million, then the fair value of this property would be US$200.0 million with an accrual of US$2.0 million for forecast capital expenditure, i.e. US$10.0 million divided by 5.0% less US$2.0 million of forecast capital expenditure for the next one to three years.

To determine stabilized net income, valuers adjust the budgeted net income for the next 12 months from the valuation date to incorporate: (i) adjustments to the rental revenues achieved as of the valuation date for any expiring tenancies that will occur within the next year, thereby taking into account the opportunity (or risk) of adjusting these revenues to the current market conditions; (ii) adjustments to take into account vacancy allowances; and (iii) adjustments to the level of tenant allowances that have been forecast to be spent during the period.

Factors that affect capitalization rates include:

- the underlying financial and operational performance of the property and comparable properties;
- the general economic conditions in the areas where the comparable properties are located;
- the level of competition in the trade area that the comparable properties are located; and
- availability of funding.

Capitalization rates are a useful tool for identifying industry wide conditions. Rising capitalization rates may indicate higher initial property yields due to rising rents, falling property prices or both. In addition to capitalization rates, property revaluations may be affected by the size of our development and redevelopment program.

The discounting of future cash flows approach involves calculating the present value of estimated future net cash flows (i.e. property receipts less property payments and an assumed end of period sale) over a ten-year period discounted at an appropriate risk adjusted rate. This is the principal method used to value our properties in the United States.

Because our investment properties are carried at fair value on our balance sheet, changes in the fair market value of our investment properties from period to period may result in significant non-cash gains or write-downs, resulting in significant periodic fluctuations in our reported income statements.

Property Development and Project Management Revenue and Property Development and Project Management Costs — Our development and redevelopment program is one of the primary drivers for long term earnings growth for Westfield Corporation. We incur costs to develop and manage projects at our properties and earn revenue from our joint venture partners for property development and project management services we provide at the jointly-owned and third party properties that we are developing. The key driver for property development and project management revenue and costs is the level of development activity we undertake at jointly-owned and third party properties for which we derive income. As the number of joint ventures and the level of development activity at jointly-owned and third party properties within our property portfolio increases, we would expect our property development and project management revenue and costs to increase.

Property and Funds Management Income and Property and Funds Management Costs — We manage certain assets on behalf of institutions and other investors for which we receive management fees. The income and costs that we record relate to the third parties' share of the costs of managing these joint venture properties. These fees are affected by the number of joint venture malls we hold, the level of development activity with our joint venture partners and the gross income generated by our properties. As the number of joint ventures across our property portfolio increases, we would expect our property and funds management income and costs to increase.

Property Acquisitions and Divestments — We acquire properties that satisfy our investment criteria, which are described under "Business Description — Policies and Objectives With Respect to Investments, Financing and Other Activities," and divest assets that no longer meet our investment criteria. These acquisitions can take the form of a direct property acquisition or the acquisition of investment vehicles. The accounting treatment of acquired properties and the impact of property acquisitions on our financial results are more fully described below under "— Critical Accounting Policies."

Interest Including Mark-to-Market — Our interest rate hedging reflects our objectives for the overall business and our financial goals, including financial covenant compliance and management of the impact of interest rate movements on our earnings. We actively hedge our interest rate exposure on our borrowings and investments on a portfolio basis using a combination of fixed rate debt and derivative financial instruments. For details of our interest rate hedging profile, see "— Quantitative and Qualitative Disclosures About Market Risk" below.

We do not enter into derivative financial instruments for speculative purposes and our hedging policies are approved and monitored by our board. We enter into derivative financial instruments to achieve economic outcomes in line with our treasury policy. However, accounting standards under AAS include documentation, designation and effectiveness requirements before a derivative financial instrument can qualify for hedge accounting. The AAS documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, all derivative financial instruments, other than cross currency swaps that hedge investments in foreign operations, do not qualify for hedge accounting and are recorded at fair value through the income statement. As a consequence, we may have large movements in interest expense due to changes in the mark-to-market valuations of our interest rate derivatives.

Key Operational Measures

We use a number of non-IFRS measures to assess the financial and operational performance of our properties. The key measures are:

Net Property Income and Comparable Net Property Income — Net Property Income measures the rental revenue from our malls less the expenses in operating those malls, including our share of rental revenues less expenses in operating our equity accounted malls. Comparable Net Property Income is the equivalent measure on a same mall basis (i.e. excluding malls that became operational or are impacted by redevelopment activities or were sold during the comparative prior period and any abnormal items), measured in local currency. Our management uses Net Property Income as a measure of the underlying operational performance of our property assets, without regard to our capital structure, our tax position and the real estate value of our malls. Net Property Income is also a key measure used by valuers in determining the valuation of our malls.

Under AAS, property investments held in joint venture sub-trusts and associates are equity accounted (with revenues and expenses and assets and liabilities disclosed on a net basis). We consolidate investments in subsidiaries and our proportionate interest in direct property investments (in each case, revenues and expenses and assets and liabilities are disclosed on a gross basis).

In addition to presenting Net Property Income calculated on the foregoing basis, we also discuss Net Property Income on a "proportionate" basis. The proportionate basis presents the net income from, and net investment in, equity accounted properties on a gross basis, whereby the underlying components of net income and net investment are disclosed separately as if they were revenues and expenses, and assets and liabilities of Westfield Corporation.

Our management considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, retail malls), that most of the malls are under common management, and that, therefore, the drivers of their results are similar, proportionate Net Property Income provides a more useful way to understand the performance of the portfolio as a whole. 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 malls and only reflecting their performance as a single item of profit or loss, as AAS requires. This allows management to observe and analyze revenue and expense results and trends on a portfolio-wide basis.

Table 2.2 included above in "Selected Consolidated Financial Data" shows Net Property Income on a proportionate basis and provides a breakdown of the components of revenue and net property income that are derived from the consolidated and equity accounted malls, respectively.

Gross Leasable Area (GLA) — this generally measures the amount of space in our malls that we can lease to tenants, expressed in square feet. In the United Kingdom, GLA includes the space leased, or available for lease, to anchor tenants. In the United States, GLA includes both spaces available for lease to anchor retailers and anchor-owned GLA because in the United States anchor retailers typically own their retail space.

Leased Rate — this measures the percentage of total GLA that is leased at a point in time. For the United States, calculation of leased rate excludes anchor GLA and temporary leases which have a term of less than one year. For the United Kingdom, anchors typically lease their stores and, therefore, the calculation of leased rate includes anchor GLA together with specialty shops and temporary leases which have a term of less than one year.

Average Specialty Shop Rent — this measures the average total rent we earn per square foot of space that we lease to specialty shop retailers (excluding anchor tenants) in our malls during the period. By excluding anchor tenants, which typically own their own space in our United States malls, average specialty shop rent allows for rental income of our malls across different geographic regions to be measured on a comparable basis.

Specialty Shop Sales Growth — this measures the period-on-period change in the sales of the specialty shops in our malls. Because it measures the sales of the retailers, it is not a measure of revenue that we expect to earn, except to the limited extent that certain of our lease agreements entitle us to a percentage of our tenants' revenue. However, it is an indirect measure of the performance of our business because higher sales at our malls will generally correlate over time with higher demand for retail space in the malls, resulting in higher leased rates and/or higher rents.

We provide data on GLA, leased rates, average specialty shop rents and specialty shop sales growth with respect to our mall portfolios (including part-owned malls on a 100% basis) on an asset class basis under "Business Description — Properties — Operating Data." Some of this data may exclude malls or sites which are development impacted.

Funds from Operations ("FFO") — FFO is a widely used measure of the performance of real estate investment groups within the property industry, and we believe it is a useful supplemental measure of operating performance.

The National Association of Real Estate Investment Trusts (NAREIT), a U.S. based representative body for publicly traded real estate companies with an interest in U.S. real estate and capital markets, defines FFO as net income (computed in accordance with the United States Generally Accepted Accounting Principles), including interest capitalized on property development and excluding gains (or losses) from sales of property plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis.

Westfield Corporation's measure of FFO is based upon the NAREIT definition, adjusted to reflect profit after tax reported in accordance with the Australian Accounting Standards and IFRS. Westfield Corporation's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealized currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortization of tenant allowances from the reported IFRS profit after tax.

Our management uses FFO as a key measure of the underlying performance of the business operations. We use this measure internally to evaluate the operating performance of our portfolio and provide a basis for comparison with other real estate companies. However, FFO should not be considered to be an indication of, or alternative to, measures of profitability or cash flow determined in accordance with IFRS. In addition, our computation of FFO may not be comparable to FFO presented by other companies.

The table below shows a reconciliation of profit after tax to FFO for the year ended December 31, 2016:

FFO (in millions)	**Year ended December 31, 2016**
Profit after tax	US$ 1,366.1
Property revaluations	(1,005.0)
Deferred tax	255.9
Amortization of tenant allowances	54.9
Net fair value gain of currency derivatives that do not qualify for hedge accounting	(8.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	68.5
Net fair value gain on other financial liabilities	(29.7)
Gain in respect of assets dispositions	(1.7)
FFO	**700.4**

Taxation

Westfield Corporation comprises taxable and non-taxable entities. A liability for current and deferred taxation is only recognized in respect of taxable entities that are subjected to income and capital gains tax. Details of the non-taxable entities are below.

WAT and WFD Trust — Under current Australian income tax legislation, WAT and WFD Trust are not liable for Australian income tax, including capital gains tax, *provided* that members are presently entitled to the income of the Trusts as determined in accordance with the Trusts' constitutions.

WEA — WEA intends to continue to qualify as a REIT for United States federal 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 and certain subsidiaries of WCL are subject to United States dividend withholding tax.

The tax expense included in the financial statements attached to this offering memorandum has been compiled from the tax expense included in the financial statements of the legal entities of Westfield Group's United States and United Kingdom operations.

Seasonality

The mall industry is seasonal in nature, with retailer occupancy and retail sales typically at their highest levels in the fourth quarter of the calendar year. Consequently, mall earnings are generally highest in the fourth quarter of each calendar year. This does have an impact on rental income from our malls as a result of earning additional rent based on specialty shops exceeding a certain level of sales, which we refer to as percentage rent, and due to a higher level of fourth quarter specialty leasing on space not under long-term leases. See "Business Description — Properties" for details of the percentage of our total annual rental income that is directly related to the level of retailer sales with respect to our mall portfolio.

The following table sets forth specialty shop sales by quarter and percentage of stores leased at quarter end for the periods indicated on an asset class basis:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(in US$ millions)			
2016 Quarterly Data:				
Specialty shop sales	1,751.4	1,849.2	1,907.7	2,584.6
Leased rate	94.5%	94.8%	94.6%	94.9%
2015 Quarterly Data (1):				
Specialty shop sales	1,808.9	1,857.4	1,933.3	2,448.5
Leased rate	94.3%	95.0%	95.7%	95.9%
2014 Quarterly Data (2):				
Specialty shop sales	1,676.2	1,796.8	1,880.7	2,433.7
Leased rate	93.9%	94.4%	94.8%	95.8%

(1) Excludes non-core assets sold in December 2015.
(2) Excludes non-core assets sold in December 2014.

Inflation

Inflation can impact our operations through its effect on costs and hence the profitability and performance of individual malls. A decline in the overall performance of our malls due to inflation can potentially reduce our real earnings.

Substantially all of our retailers' leases contain provisions designed to lessen the impact of inflation on our results. In the United States, such provisions include clauses enabling us to receive periodic contractual rent increases during the term of the lease or, to a much lesser extent, percentage rents based on retailer's gross sales, which generally increase as prices rise, or both. In the United Kingdom, standard lease terms provide for upward only market reviews every five years during the term of the lease. Some of the leases (except for most anchor and mini-major leases in the United States) require the retailers to pay a proportionate share of operating expenses, including common area maintenance, real estate taxes and insurance, reducing our exposure to increases in costs and operating expenses resulting from inflation. However, the substantial majority of our leases in the

United States require the retailers to pay fixed amounts for common area expenses with fixed annual escalations which are intended to cover inflation. As a result, we may not be able to recover all of our expenses if inflation exceeds the fixed annual increases for these tenants.

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

Results of Operations

Our sterling foreign currency denominated revenues and expenses for the years ended December 31, 2016, 2015 and 2014 were translated to U.S. dollars at the following average exchange rates:

Year Ended	£	US$
December 31, 2016	1.0000	1.3492
December 31, 2015	1.0000	1.5281
December 31, 2014	1.0000	1.6480

Significant Development and Transactions Impacting Comparisons by Year

2016 Developments. In August 2016, we successfully opened the US$1.2 billion first stage of Westfield World Trade Center. The center has performed well since opening and we expect it will become the most productive flagship asset in our portfolio. Financially, the project has generated substantial value and a significant revaluation gain.

During 2016, Westfield Corporation made significant progress on its US$9.5 billion development program including current projects underway and future retail projects.

As of December 31, 2016, Westfield Corporation had US$3.7 billion of projects in progress, including:

- the US$1 billion redevelopment of Century City;
- the US$600 million expansion of UTC (our share: US$300 million);
- the £600 million expansion of Westfield London (our share: £300 million);
- the US$300 million balance of the Westfield World Trade Center; and
- the US$1.1 billion expansion of Valley Fair (our share: US$550 million).

2015 Developments. During 2015, Westfield Corporation made significant progress on its development program. We completed the US$250 million development at The Village at Topanga in Los Angeles and the UK£260 million Bradford development in the United Kingdom, on behalf of a third party.

2015 Significant Transactions

O'Connor Transaction. In February 2015, Westfield Corporation entered into a series of transactions with O'Connor Capital Partners ("O'Connor") which resulted in a US$925 million joint venture for three of its regional shopping centres. O'Connor's investment represents a 47.4% interest in the joint venture which comprises Westfield Palm Desert, Westfield Trumbull and Westfield Wheaton. As a result of the transactions, the properties which were previously consolidated are now equity accounted at our 52.6% interest.

Rouse Transaction. In November 2015, we divested our interest in Westfield Carlsbad in California, in the United States to Rouse Properties, Inc. in exchange for US$30 million cash and preferred equity interests in Rouse Properties L.P. representing US$140 million in value.

Centennial Transaction. In December 2015, we divested five regional shopping centres in the United States to a newly formed joint venture comprising Centennial Real Estate Company as managing member, together with Montgomery Street Partners (an affiliate of Blum Capital Partners), and USAA Real Estate for US$1.1 billion. Westfield Corporation retained a 20 percent non-managing common equity interest.

Comparison of the Year Ended December 31, 2016 to the Year Ended December 31, 2015

See "Financial Information Presentation" for important information regarding the basis for the preparation of the 2016 and 2015 Annual Financial Statements. The following analysis is based on the actual financial statements for years ended December 31, 2016 and December 31, 2015:

Earnings before Interest and Tax ("EBIT"). For the year ended December 31, 2016, EBIT was US$1.685.0 million, compared to US$1,327.9 million for the year ended December 31, 2015, a US$357.1 million improvement. This improvement was primarily due to an increase in property revaluations, our share of after tax profits from equity accounted entities and a reduction in the loss from capital transactions.

Proportionate Net Property Income decreased by US$84.2 million or 10.2% to US$740.2 million for the year ended December 31, 2016 compared to US$824.4 million for the year ended December 31, 2015. This decrease was mainly due to the divestment of Westfield Corporation's regional shopping centres to Centennial, Rouse and O'Connor Capital Partners in 2015 (refer to Centennial, Rouse, and O'Connor Transactions noted above). Further details are discussed in "— Property Revenue and Property Expenses, Outgoings and Other Costs" below.

Proportionate property revaluations increased by US$373.0 million to US$1,005.0 million for the year ended December 31, 2016 compared to US$632.0 million for the year ended December 31, 2015. This increase was primarily due to revaluation gains from the completed developments, including Westfield World Trade Center in New York, during the year ended December 31, 2016.

Our income and expenses are also affected by fluctuations in exchange rates. The movement in the average rates used to translate our foreign currency denominated revenue and expenses are set out above. Our foreign currency denominated Net Property Income is partially hedged by interest expense on borrowings denominated in the same foreign currency.

Property Revenue and Property Expenses, Outgoings and Other Costs. Consolidated property revenue decreased US$108.3 million or 17.5% to US$512.0 million for the year ended December 31, 2016 compared to US$620.3 million for the year ended December 31, 2015. Consolidated property expenses, outgoings and other costs decreased US$24.4 million or 9.9% to US$223.2 million for the year ended December 31, 2016 compared to US$247.6 million for the year ended December 31, 2015. Consequently, consolidated Net Property Income decreased US$83.9 million or 22.5% to US$288.8 million for the year ended December 31, 2016 compared to US$372.7 million for the year ended December 31, 2015. As discussed above, the decrease was mainly due to the divestment of Westfield Corporation's regional shopping centres to Centennial and Rouse in 2015 and reduction in income from centers under development, primarily Century City.

On a proportionate basis, property revenue decreased US$94.2 million or 7.3% to US$1,187.8 million for the year ended December 31, 2016 compared to US$1,282.0 million for the year ended December 31, 2015. Proportionate property expenses, outgoings and other costs decreased US$10.0 million or 2.2% to US$447.6 million for the year ended December 31, 2016 compared to US$457.6 million for the year ended December 31, 2015. Consequently, proportionate Net Property Income decreased US$84.2 million or 10.2% to US$740.2 million for the year ended December 31, 2016 compared to US$824.4 million for the year ended December 31, 2015.

As discussed above in "Results of Operations," since the Restructuring, the portfolio is managed on a Flagship and Regional basis. The Flagship and Regional Net Property Income is disclosed in the financial statements for the year ended December 31, 2016. Our proportionate Net Property Income for the year ended December 31, 2016 on a Flagship and Regional basis is described below.

- ***Flagship*** — Our Flagship proportionate Net Property Income was US$546.7 million for the year ended December 31, 2016 compared to US$554.0 million for the year ended 31 December 2015. This decrease of US$7.3 million or 1.3% was primarily due to exchange differences from our UK shopping centres and centres under development, partially offset by increases in Comparable Net Property Income. Comparable Net Property Income grew by 4.0% over the twelve months ended December 2016. The 4.0% increase in Comparable Net Property Income is primarily due to a 9.5% increase in Specialty Shop Average Annual Total Rent. Occupancy at December 31, 2016 was 96.0% as compared to 96.6% for the year ended December 31, 2015. The reduction in occupancy reflects the transformation of our portfolio as we remerchandize and invest in upgrading and enhancing our retail mix with the introduction of many new concepts and brands, and replacing the underperforming and outdated retail formats. See "Business Description — Properties — Flagship — Operating Data" for further information with respect to the movements in our Flagship specialty store leased rates and average specialty shop rental rates as well as other operational statistics as of and for the year ended December 31, 2016.
- ***Regional*** — Our Regional proportionate Net Property Income was US$193.5 million for the year ended December 31, 2016 compared to US$270.4 million for the year ended 31 December 2015. This decrease was primarily due to the divestment of Westfield Corporation's regional shopping centres to Centennial, Rouse, and the transaction with O'Connor in 2015. Comparable Net Property Income grew by 0.6% over the twelve months ended December 2016. The 0.6% increase in Comparable Net Property Income is primarily due to a 1.1% increase in Specialty Shop Average Annual Total Rent. Occupancy at December 31, 2016 was 93.0% as compared to 94.8% for the year ended December 31, 2015. The reduction in occupancy reflects store closures over 2016 and the timing to re-lease the space, including a focus on remerchandising and remixing in our centres. See "Business Description — Properties — Regional — Operating Data" for further information with respect to the movements in our Flagship specialty store leased rates and average specialty shop rental rates as well as other operational statistics as of and for the year ended December 31, 2016.

Property Revaluations. For the year ended December 31, 2016, we recorded property revaluation gains (excluding our share of the property revaluations of equity accounted entities) of US$513.8 million compared to US$205.7 million for the year ended December 31, 2015, an increase of US$308.1 million. This was primarily attributable to the completed development at Westfield World Trade Center in New York during the year ended December 31, 2016 and an improvement in capitalization rates. As of December 31, 2016, the weighted average capitalization rate of the property portfolio (including both consolidated properties and our share of equity accounted properties) was 4.6%. As of December 31, 2015, the weighted average capitalization rate of the property portfolio (including both consolidated properties and our share of equity accounted properties) was 4.9%.

Share of After Tax Profits/(Loss) of Equity Accounted Entities. For the year ended December 31, 2016, our share of the after tax profit of equity accounted entities was US$862.1 million compared to US$791.2 million for the year ended December 31, 2015, an increment of US$70.9 million. The majority of this increase was due to an increase in property revaluations.

Net Property Income for equity accounted properties decreased US$0.3 million or 0.1% to US$451.4 million for the year ended December 31, 2016 compared to US$451.7 million for the year ended December 31, 2015. Net interest and tax expense related to equity accounted properties decreased by US$6.3 million or 7.3% to US$80.5 million for the year ended December 31, 2016 compared to US$86.8 million for the year ended December 31, 2015.

Property revaluation gains related to equity accounted properties were US$491.2 million for the year ended December 31, 2016 compared to US$426.3 million for the year ended December 31, 2015, an increase of US$64.9 million. This was primarily attributable to changes to the weighted average capitalization rates of our property portfolio between December 31, 2016 and 2015 noted above.

Property Development and Project Management Revenue and Costs. Property development and project management revenue derived from properties owned under joint venture or co-ownership arrangements decreased US$40.3 million or 6.8% to US$555.4 million for the year ended December 31, 2016 compared to US$595.7 million for the year ended December 31, 2015. Property development and project management costs for such properties decreased US$9.1 million or 1.9% to US$462.4 million for the year ended December 31, 2016 compared to US$471.5 million for the year ended December 31, 2015. Consequently, net property development and project management income derived from properties owned under joint venture or co-ownership arrangements decreased US$31.2 million or 25.1% to US$93.0 million for the year ended December 31, 2016 compared to US$124.2 million for the year ended December 31, 2015. The decrease was primarily due to movements in exchange rates and the timing on the recognition of development profits including UTC and Valley Fair in California, both in the United States, and the third party project at Bradford, in United Kingdom.

Property and Funds Management Income and Costs. Property and funds management income from assets managed on behalf of institutions and other investors decreased US$6.2 million or 10.1% to US$55.2 million for the year ended December 31, 2016 compared to US$61.4 million for the year ended December 31, 2015. Property and funds management costs for such assets decreased US$2.5 million or 10.2% to US$22.1 million for the year ended December 31, 2016 compared to US$24.6 million for the year ended December 31, 2015. Consequently, net property and funds management income on account of assets managed on behalf of institutions and other investors decreased US$3.7 million or 10.1% to US$33.1 million for the year ended December 31, 2016 compared to US$36.8 million for the year ended December 31, 2015. This decrease was primarily attributable to a decrease in airport management income in the United States due to the expiration of certain concessions management agreements partially offset by additional income from joint venture partners as a result of the O'Connor transaction.

Currency Derivatives. Our gain on currency derivatives was US$8.6 million for the year ended December 31, 2016 compared to gain of US$11.4 million for the year ended December 31, 2015. This was due to an increase in the fair value of currency derivatives of US$8.6 million for the year ended December 31, 2016 compared to an increase in fair value of currency derivatives of US$11.4 million for the year ended December 31, 2015.

Overheads. Overheads decreased US$0.7 million or 0.6% to US$116.1 million for the year ended December 31, 2016 compared to US$116.8 million for the year ended December 31, 2015. This decrease was primarily due to the movement in exchange rates.

Net Gain/(Loss) from Capital Transactions. Our gain from capital transactions was US$1.7 million for the year ended December 31, 2016 compared to a loss of US$97.3 million for the year ended December 31, 2015, an improvement of US$99.0 million. The loss in 2015 was primarily due to the divestment of our malls in the United States.

Comparison of the Year Ended December 31, 2015 to the Year Ended December 31, 2014

See "Financial Information Presentation" for important information regarding the basis for the preparation of the Annual Financial Statements. The following analysis is based on the actual financial statements for the year ended December 31, 2015, and the adjusted results for the year ended December 31, 2014 (which include the results of the UK and U.S. operations for the entire year ended December 31, 2014).

Earnings before Interest and Tax. For the year ended December 31, 2015, EBIT was US$1,327.9 million, compared to US$1,331.2 million for the year ended December 31, 2014, a US$3.3 million decrement. This decrease was primarily due to a decrease in property revaluations, partially offset by increases in net property development and property management income.

Proportionate Net Property Income decreased by US$14.9 million or 1.8% to US$824.4 million for the year ended December 31, 2015 compared to US$839.3 million for the year ended December 31, 2014. This decrease was mainly due to the divestment of a 47.4% interest in three regional shopping centres to O'Connor Capital Partners in February 2015 (refer to O'Connor Transaction noted above). Further details are discussed in "— Property Revenue and Property Expenses, Outgoings and Other Costs" below.

Proportionate property revaluations decreased by US$76.0 million to US$632.0 million for the year ended December 31, 2015 compared to US$708.0 million for the year ended December 31, 2014. This decrease was primarily due to revaluation gains from the completed development at Garden State Plaza in the United States during the year ended December 31, 2014.

Our income and expenses are also affected by fluctuations in exchange rates. The movement in the average rates used to translate our foreign currency denominated revenue and expenses are set out above. Our foreign currency denominated Net Property Income is partially hedged by interest expense on borrowings denominated in the same foreign currency.

Property Revenue and Property Expenses, Outgoings and Other Costs. Consolidated property revenue decreased US$20.7 million or 3.2% to US$620.3 million for the year ended December 31, 2015 compared to US$641.0 million for the year ended December 31, 2014. Consolidated property expenses, outgoings and other costs increased US$20.0 million or 8.8% to US$247.6 million for the year ended December 31, 2015 compared to US$227.6 million for the year ended December 31, 2014. Consequently, consolidated Net Property Income decreased US$40.7 million or 9.8% to US$372.7 million for the year ended December 31, 2015 compared to US$413.4 million for the year ended December 31, 2014. This decrease was mainly due to consolidated assets divested in the O'Connor Transaction noted above and lost income from centres under development.

On a proportionate basis, property revenue increased US$24.1 million or 1.9% to US$1,282.0 million for the year ended December 31, 2015 compared to US$1,257.9 million for the year ended December 31, 2014. Proportionate property expenses, outgoings and other costs increased US$39.0 million or 9.3% to US$457.6 million for the year ended December 31, 2015 compared to US$418.6 million for the year ended December 31, 2014. Consequently, proportionate Net Property Income decreased US$14.9 million or 1.8% to US$824.4 million for the year ended December 31, 2015 compared to US$839.3 million for the year ended December 31, 2014. As discussed above, the decrease was mainly due to the divestment of a 47.4% interest in three regional shopping centres to O'Connor Capital Partners in February 2015.

As discussed above in "Results of Operations," since the Restructuring, the portfolio is managed on a Flagship and Regional basis. The Flagship and Regional Net Property Income is disclosed in the financial statements for the year ended December 31, 2015. Our proportionate Net Property Income for the year ended December 31, 2015 on a Flagship and Regional basis is described below.

- ***Flagship*** — Our Flagship proportionate Net Property Income was US$554.0 million for the year ended December 31, 2015 compared to US$547.0 million for the year ended 31 December 2014, an increase of US$7.0 million or 1.3%. The increase was due to completion of the US$250 million development at The Village at Topanga. Comparable Net Property Income growth by 4.2% over the twelve months ended December 2015. Occupancy at December 31, 2015 was 96.6%. See "Business Description — Properties — Flagship — Operating Data" for further information with respect to the movements in our Flagship specialty store leased rates and average specialty shop rental rates as well as other operational statistics as of and for the year ended December 31, 2015.

- ***Regional*** — Our Regional proportionate Net Property Income was US$270.4 million for the year ended December 31, 2015 compared to US$292.3 million for the year ended 31 December 2014, a decrease of US$21.9 million or 7.5%. The decrease was primarily due to the divestment of a 47.4% interest in three regional shopping centres to O'Connor Capital Partners completed in February 2015, partially offset by increases in Comparable Net Property Income. Comparable Net Property Income grew by 2.7% over the twelve months ended December 2015. Occupancy at December 31, 2015 was 94.8%. See "Business Description — Properties — Regional — Operating Data" for further information with respect to the movements in our Flagship specialty store leased rates and average specialty shop rental rates as well as other operational statistics as of and for the year ended December 31, 2015.

Property Revaluations. For the year ended December 31, 2015, we recorded property revaluation gains (excluding our share of the property revaluations of equity accounted entities) of US$205.7 million compared to US$160.1 million for the year ended December 31, 2014, an increase of US$45.6 million. This was primarily attributable to changes to the weighted average capitalization rates of our property portfolio between December 31, 2015 and 2014, as described below, and the revaluation of our completed development at The Village at Topanga.

As of December 31, 2015, the weighted average capitalization rate of the property portfolio (including both consolidated properties and our share of equity accounted properties) was 4.9%. As of December 31, 2014, the weighted average capitalization rate of the property portfolio (including both consolidated properties and our share of equity accounted properties) was 5.3%.

Share of After Tax Profits/(Loss) of Equity Accounted Entities. For the year ended December 31, 2015, our share of the after tax profit of equity accounted entities was US$791.2 million compared to US$897.7 million for the year ended December 31, 2014, a decrease of US$106.5 million. The majority of this decrease was due to a decrease in property revaluations and net property income discussed below.

Net Property Income for equity accounted properties increased US$25.8 million or 6.1% to US$451.7 million for the year ended December 31, 2015 compared to US$425.9 million for the year ended December 31, 2014. Net interest and tax expense related to equity accounted properties increased by US$10.7 million or 14.1% to US$86.8 million for the year ended December 31, 2015 compared to US$76.1 million for the year ended December 31, 2014.

Property revaluation gains related to equity accounted properties were US$426.3 million for the year ended December 31, 2015 compared to US$547.9 million for the year ended December 31, 2014, a decrease of US$121.6 million. This was primarily attributable to the completed development at Garden State Plaza in the United States during the year ended December 31, 2014, partially offset by changes to the weighted average capitalization rates of our property portfolio between December 31, 2015 and 2014 noted above.

Property Development and Project Management Revenue and Costs. Property development and project management revenue derived from properties owned under joint venture or co-ownership arrangements increased US$379.7 million or 175.8% to US$595.7 million for the year ended December 31, 2015 compared to US$216.0 million for the year ended December 31, 2014. Property development and project management costs for such properties increased US$330.5 million or 234.4% to US$471.5 million for the year ended December 31, 2015 compared to US$141.0 million for the year ended December 31, 2014. Consequently, net property development and project management income derived from properties owned under joint venture or co-ownership arrangements increased US$49.2 million or 65.6% to US$124.2 million for the year ended December 31, 2015 compared to US$75.0 million for the year ended December 31, 2014. The increase was primarily due to timing on the recognition of development profits including UTC and Valley Fair in California, both in the United States, and the third party project at Bradford, in United Kingdom.

Property and Funds Management Income and Costs. Property and funds management income from assets managed on behalf of institutions and other investors increased US$7.5 million or 11.2% to US$74.7 million for the year ended December 31, 2015 compared to US$67.2 million for the year ended December 31, 2014. Property and funds management costs for such assets decreased US$1.5 million or 4.6% to US$30.9 million for the year ended December 31, 2015 compared to US$32.4 million for the year ended December 31, 2014. Consequently, net property and funds management income on account of assets managed on behalf of institutions and other investors increased US$9.0 million or 25.9% to US$43.8 million for the year ended December 31, 2015 compared to US$34.8 million for the year ended December 31, 2014. This increase was primarily attributable to the increase in airport management income in the United States and additional income from joint venture partners as a result of the O'Connor transaction.

Currency Derivatives. Our gain on currency derivatives was US$11.4 million for the year ended December 31, 2015 compared to loss of US$117.9 million for the year ended December 31, 2014. This was due to an increase in the fair value of currency derivatives of US$11.4 million for the year ended December 31, 2015 compared to a decrease in fair value of US$129.6 million offset by a realized gain of US$11.7 million for the year ended December 31, 2014.

Overheads. Overheads decreased US$15.1 million or 11.4% to US$116.8 million for the year ended December 31, 2015 compared to US$131.9 million for the year ended December 31, 2014. This decrease was primarily due to cost savings from the divestment of our malls in the United States.

Net Gain/(Loss) from Capital Transactions. Our loss from capital transactions was US$97.3 million for the year ended December 31, 2015. This loss was primarily due to the divestment of our regional shopping centres outlined above.

Liquidity and Capital Resources

Cash Flows

Comparison of cash flows for the Year Ended December 31, 2016 with the Year Ended December 31, 2015

The following analysis is based on the actual financial statements for years ended December 31, 2016 and December 31, 2015:

Net cash inflows from operating activities decreased by US$300.8 million or 35.2% from US$853.6 million for the year ended December 31, 2015 to US$552.8 million for the year ended December 31, 2016. This decrement was primarily due to a decrease in receipts in the course of operations of US$165.1 million from US$1,511.0 million for the year ended December 31, 2015 to US$1,345.9 million for the year ended December 31, 2016, an increase in payments in the course of operations of US$91.5 million from US$869.7 million for the year ended December 31, 2015 to US$961.2 million for the year ended December 31, 2016, an increase in sales tax paid of US$42.1 million from US$37.7 million for the year ended December 31, 2015 to US$79.8 million for the year ended December 31, 2016, and a decrease in dividends and distributions received from equity accounted joint ventures of US$17.2 million from US$313.2 million for the year ended December 31, 2015 to US$296.0 million for the year ended December 31, 2016. These items were partially offset by an increase in interest received of US$14.9 million (US$4.9 million for the year ended December 31, 2015 compared to US$19.8 million for the year ended December 31, 2016).

Net cash flows from investing activities decreased by US$1,953.8 million from a cash inflow of US$354.2 million for the year ended December 31, 2015 to a cash outflow of US$1,599.6 million for the year ended December 31, 2016. This decrement was primarily due to a decrease in proceeds from the disposition of property investments of US$1,202.9 million (US$1,257.8 million for the year ended December 31, 2015 compared to US$54.9 million for the year ended December 31, 2016), an increase in acquisition of property investments of US$280.6 million (US$85.1 million for the year ended December 31, 2015 compared to US$365.7 million for the year ended December 31, 2016), a decrease in capital distribution received from equity accounted associates of US$268.7 million (US$268.7 million for the year ended December 31, 2015 compared to nil for the year ended December 31, 2016), and an increase in capital expenditures on property investments and plant and equipment of US$207.2 million (US$954.1 million for the year ended December 31, 2015 compared to US$1,161.3 million for the year ended December 31, 2016).

Net cash flows from financing activities increased by US$673.0 million from a cash outflow of US$407.2 million for the year ended December 31, 2015 to a cash inflow of US$265.8 million for the year ended December 31, 2016. This increment was primarily due to an increase in net proceeds from interest bearing liabilities and other financial liabilities of US$678.2 million (US$109.2 million for the year ended December 31, 2015 compared to US$787.4 million for the year ended December 31, 2016), partially offset by an increase in dividends and distributions paid of US$5.2 million (US$516.4 million for the year ended December 31, 2015 compared to US$521.6 million for the year ended December 31, 2016).

Comparison of cash flows for the Year Ended December 31, 2015 with the Year Ended December 31, 2014

See "Financial Information Presentation" for important information regarding the basis for the preparation of the Annual Financial Statements. The following analysis is based on the actual financial statements for the year ended December 31, 2015, and the adjusted financial information for the year ended December 31, 2014 (which include the results of the UK and U.S. operations for the entire year ended December 31, 2014).

Net cash inflows from operating activities increased by US$222.5 million or 35.3% from US$631.1 million for the year ended December 31, 2014 to US$853.6 million for the year ended December 31, 2015.

This improvement was primarily due to an increase in receipts in the course of operations of US$593.1 million from US$917.9 million for the year ended December 31, 2014 to US$1,511.0 million for the year ended December 31, 2015, and an increase in payments in the course of operations of US$286.4 million from US$583.3 million for the year ended December 31, 2014 to US$869.7 million for the year ended December 31, 2015. These items were partially offset by an increase in sales tax paid of US$29.9 million (US$7.8 million for the year ended December 31, 2014 compared to US$37.7 million for the year ended December 31, 2015), an increase in income and withholding taxes paid of US$14.7 million (US$30.7 million for the year ended December 31, 2014 compared to US$45.4 million for the year ended December 31, 2015), a decrease in cash flow from settlement of income hedging currency derivatives of US$20.7 million (cash inflow of US$20.7 million for the year ended December 31, 2014 compared to nil cash inflow for the year ended December 31, 2015), and a reclassification of net payment of interest on borrowings and derivatives, interest received, and financing costs capitalised to inventories and work in progress of US$17.8 million from cash flows from financing activities.

Net cash inflows from investing activities increased by US$219.2 million from US$135.0 million for the year ended December 31, 2014 to US$354.2 million for the year ended December 31, 2015.

This improvement was primarily due to a decrease in acquisition of property investments of US$555.3 million (US$640.4 million for the year ended December 31, 2014 compared to US$85.1 million for the year ended December 31, 2015), and a decrease in tax paid on disposition of property investments of US$47.0 million (US$84.0 million for the year ended December 31, 2014 compared to US$37.0 million for the year ended December 31, 2015). These items were partially offset by an increase in capital expenditure on property investments and plant and equipment of US$312.9 million (US$641.2 million for the year ended December 31, 2014 compared to US$954.1 million for the year ended December 31, 2015), an increase in financing costs capitalized to qualifying development projects and construction in progress of US$21.4 million (US$74.7 million for the year ended December 31, 2014 compared to US$96.1 million for the year ended December 31, 2015), and a decrease in capital distribution received from equity accounted associates of US$55.3 million (US$324.0 million for the year ended December 31, 2014 compared to US$268.7 million for the year ended December 31, 2015).

Gearing Policy and Debt Facilities

We intend to maintain a leverage ratio in the 30% to 40% range over the long term. Our real estate assets are the primary component of our total assets. As a result, upward or downward revaluations of our real estate assets may affect our leverage ratio. We may from time to time re-evaluate our policy with regard to our leverage ratio in light of then-prevailing economic conditions, relative costs of debt and equity capital, changes in our market capitalization, growth and acquisition opportunities or other factors, and modify our leverage policy accordingly. As a result, we may increase our leverage ratio beyond the limits described above.

None of our organizational documents limit the amount of indebtedness that we may incur. However, certain of our financing agreements, including the indenture and supplemental indenture that will govern the Notes, contain certain financial covenants, including leverage ratio covenants. Based on our consolidated balance sheet as of December 31, 2016, our leverage ratio, calculated in accordance with the leverage ratio covenant of Net Debt to Net Assets contained, and as those terms are defined, in the indenture and supplemental indenture that will govern the Notes, was 30.6%.

If our board determines that additional funding is desired or needed, we may raise such funds through equity offerings, hybrid equity raisings, debt financing, the disposal of or joint venturing of properties, the establishment of wholesale funds managed by us which will hold interests in certain of our properties, the retention of operating cash flow or a combination of these methods, subject to restrictions under applicable law and our debt agreements, including limitations under the indenture and supplemental indenture that will govern the Notes.

Indebtedness incurred by us may be in the form of publicly or privately placed debt instruments, financing from banks, institutional investors or other lenders, any of which indebtedness may be denominated in one or more currencies and may be unsecured or may be secured by mortgages or other interests in our assets. Such indebtedness may be recourse, non-recourse or cross-collateralized and, if subject to recourse, such recourse may include our general assets and, if non-recourse, may be limited to the particular property or properties to which the indebtedness relates. In addition, we may invest in properties subject to existing loans secured by mortgages, deeds of trust or similar liens on the properties, or may refinance properties acquired on a leveraged basis. The proceeds from any borrowings by us may be used for working capital, to purchase additional interests in joint ventures or partnerships in which we participate, to refinance existing indebtedness or to finance acquisitions, expansions or redevelopment of new and existing properties. We may also incur indebtedness for other purposes when, in the opinion of our board, it is advisable to do so, which, subject to market conditions and other factors, may include an offering of notes denominated in U.S. dollars in the near term following this offering.

Our debt facilities comprise floating rate unsecured loan facilities and fixed and floating rate secured loan facilities. The loan facilities are provided by a number of lenders and have various maturities to minimize credit risk and refinancing risk. The unsecured loan facilities are subject to negative pledge arrangements including requirements to comply with financial covenants on specified dates and/or for specified periods.

We believe that we have sufficient sources of funds to meet our financing requirements and that existing covenants in our debt facilities will not materially impact our liquidity or our ability to operate our business. We will continue to investigate both debt and equity alternatives to finance our business and to finance potential investments.

Available Liquidity and Debt Maturity Profile

As of December 31, 2016, on a proportionate basis, we had total available liquidity of US$2.8 billion made up of undrawn, predominantly long term, unsecured committed bank loan facilities of US$2.4 billion after taking into account outstanding guarantees, and cash and cash equivalents of US$0.4 billion (including our proportionate share of cash and cash equivalents of equity accounted entities of US$0.1 billion). These facilities are subject to negative pledge arrangements which, among other things, require us to comply with certain financial covenants.

The maturity profile of our current and non-current interest bearing liabilities and our committed financing facilities, which are comprised of fixed rate unsecured debt security issues, floating rate unsecured loan facilities and fixed and floating rate secured loan facilities, as of December 31, 2016 is set out below:

	As of December 31, 2016 (in millions)	
	Committed Financing Facilities	**Total Interest Bearing Liabilities**
Consolidated Year ending:		
December 31, 2017	US$ 753.9	US$ 753.9
December 31, 2018	4.2	4.2
December 31, 2019	4,504.4	2,131.1
December 31, 2020	1,322.8	1,231.7
December 31, 2021	0.7	0.7
December 31, 2022	275.8	275.8
December 31, 2023	0.9	0.9
December 31, 2024	1,000.9	1,000.9
December 31, 2025	1.0	1.0
December 31, 2026	122.0	122.0
Due thereafter	531.8	531.8
	US$ 8,518.4	**US$6,054.0**
Equity Accounted Year ending:		
December 31, 2017	US$ 4.9	US$ 4.9
December 31, 2018	34.4	34.4
December 31, 2019	469.7	469.7
December 31, 2020	188.6	188.6
December 31, 2021	3.2	3.2
December 31, 2022	3.4	3.4
December 31, 2023	501.4	501.4
December 31, 2024	437.6	437.6
December 31, 2025	269.3	269.3
December 31, 2026	218.6	218.6
Due thereafter	9.9	9.9
	US$ 2,141.0	**US$2,141.0**
Proportionate Total	**US$10,659.4**	**US$8,195.0**

Recent Financing Transactions

During the year ended December 31, 2016, we completed the following significant financing transactions:

- Refinanced our secured mortgage on San Francisco Centre in an aggregate amount of US$558 million (our share: US$339.5 million) to August 2026; and
- Extended our US$150 million Multi-Option Facility Agreement from 2017 to 2020.

Contractual Obligations and Other Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2016, December 31, 2015 and December 31, 2014. Further information regarding our operating lease and capital expenditure commitments is set forth in Note 30 ("Capital Expenditure Commitments") of the 2016 Annual Financial Statements, which are included elsewhere in this offering memorandum.

	As of December 31,		
(in millions)	**2016**	**2015**	**2014**
Pro rata share of borrowings			
Wholly owned and consolidated joint ventures	US$ 6,054.0	US$5,271.4	US$5,430.2
Equity accounted joint ventures	2,141.0	2,230.9	1,998.7
Total pro rata share of borrowings	8,195.0	7,502.3	7,428.9
Operating lease commitments	567.4	595.4	112.9
Capital expenditure commitments	1,385.5	1,733.6	733.5
Total	US$10,147.9	US$9,831.3	US$8,275.3

Off-Balance Sheet Arrangements

Other than as disclosed in the above table, there are no other significant off-balance sheet contractual obligations or other commitments.

Quantitative and Qualitative Disclosures About Market Risk

Derivative Financial Instruments and the Effects of Translation of Foreign Currency Transactions on Results of Operations

Our activities expose us to changes in interest rates and foreign exchange rates. We have policies and limits in respect of the use of derivative and other financial instruments to hedge cash flows subject to interest rate and currency risks. We have a hedging program that is used to manage interest rate and foreign exchange rate risk. We do not enter into derivatives for speculative purposes and our hedging policies are approved and monitored by our board.

Foreign currency denominated investments are funded by equity and borrowings. Where the equity and borrowings are denominated in a currency other than that of the underlying asset, a mismatch of the currency denomination of the assets and the equity and liabilities arises, creating an exposure to risks associated with exchange rate movements.

We may manage our exposure to these risks by funding a portion of our foreign currency investments with loans denominated in the same currency, or by the use of currency derivatives to convert funding in one currency into funding in the currency in which the asset is denominated.

As a result of hedging our foreign currency denominated investments through currency derivatives and foreign currency loans, we may be exposed to risks associated with interest rate movements on:

- the principal amount of US$ denominated borrowings and other debt and principal amount of US$ receivable on currency derivatives;
- the principal amount of £ denominated borrowings and other debt and principal amount of £ payable on currency derivatives; and
- the principal amount of € denominated borrowings and other debt, if any.

As part of the management of the risks associated with interest rate movements on the above principal amounts, we have entered into fixed rate interest derivatives. The remaining principal amounts are unhedged and remain exposed to floating interest rate movements. Fixed and floating rate interest income and expense on such fixed rate interest derivatives are recorded in the income statement.

In addition, we may hedge all, part or none of our exposure to foreign exchange rate movements on our foreign currency denominated business revenues and expenses by forward selling or buying foreign currency for a fixed amount with forward foreign exchange contracts and options.

Our treasury transactions are undertaken to achieve economic outcomes in line with our treasury policy.

However, as mentioned above, due to the documentation, designation and effectiveness requirements under AAS, our hedges (other than cross currency swaps that hedge investments in foreign operations) do not qualify for hedge accounting.

Interest Rate Derivatives

We enter into interest rate derivatives to reduce our exposure to the effects of fluctuations in interest rates on interest expense relating to our debt. We also manage our exposure to interest rate fluctuations by entering into fixed rate debt. We do not enter into interest rate derivatives for speculative purposes.

As of December 31, 2016, our fixed rate debt and the notional principal or contract amounts of our interest rate derivatives to reduce our interest rate exposures on our debt entered into to hedge our foreign currency assets, liabilities and revenues are as follows:

	Interest Rate Derivatives		Fixed Rate Debt	
Fixed Rate Debt and Derivatives Contracted as at December 31, 2016 and Outstanding as of (in millions)	**Notional Principal Amount**	**Average Rate**	**Principal Amount**	**Average Rate Including Margin**
US$ payable				
December 31, 2016	US$(1,350.0)	1.39%	US$(6,718.0)	3.52%
December 31, 2017	—	—	US$(5,959.8)	3.74%
December 31, 2018	—	—	US$(5,950.4)	3.74%
December 31, 2019	—	—	US$(4,689.8)	4.01%
December 31, 2020	—	—	US$(3,329.1)	3.94%
December 31, 2021	—	—	US$(3,325.9)	3.94%
December 31, 2022	—	—	US$(3,047.6)	3.91%
December 31, 2023	—	—	US$(2,546.2)	3.92%
December 31, 2024	—	—	US$(1,108.7)	4.11%
December 31, 2025	—	—	US$ (839.5)	4.20%
December 31, 2026-43	—	—	US$ (500.0)	4.75%
US$ receivable				
December 31, 2016	US$ 3,950.0	2.89%	—	—
December 31, 2017	US$ 1,200.0	3.43%	—	—
December 31, 2018	US$ 1,200.0	3.43%	—	—
December 31, 2019	US$ 1,200.0	3.43%	—	—
£ payable				
December 31, 2016	£ (461.1)	3.26%	£ (375.0)	2.69%
December 31, 2017	£ (461.1)	3.26%	£ (375.0)	2.69%
December 31, 2018	£ (461.1)	3.26%	£ (375.0)	2.69%
December 31, 2019	£ (461.1)	3.26%	—	—

Critical Accounting Policies

Critical accounting policies are those policies that require management to make estimates or judgments that may significantly affect the reported amounts of assets, liabilities, revenues or expenses or the disclosure of contingent assets or liabilities. Such estimates are based on judgments and assumptions and could potentially result in materially different results under different assumptions and conditions. The following disclosure discusses the estimates and judgments that management is required to make in the application of those critical accounting policies, having regard to trends, known events or assumptions that it believes to be reasonable at the time.

Investment Properties

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

(i) Shopping centre investments

Westfield Corporation's shopping centre investment properties represent completed shopping 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 the passage 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, Westfield Corporation's portfolio of shopping centre investment properties is stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognized in the income statement in the year of sale. The carrying amount of shopping centre investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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

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

(ii) Development projects and construction in progress

Westfield Corporation'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 capitalized construction and development costs, payments and advances to contractors and where applicable, borrowing costs incurred on qualifying developments.

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

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

Receivables

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

Revenue Recognition

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

Revenue from property management is recognized 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 shopping centre investment properties and amortized over the term of the lease. The amortization is recorded against property income.

Revenue is recognized 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 recognized when these conditions are satisfied.

Revenue for development and construction projects carried out for third parties is recognized on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete. 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 recognized 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 recognized on a percentage of completion basis as construction progresses.

All other revenues are recognized on an accruals basis.

Deferred Tax

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

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

Derivative and Other Financial Instruments

Westfield Corporation utilizes 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 recognized at fair value.

Westfield Corporation has set defined policies and implemented a hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with Westfield Corporation's treasury policy and hedging programs. 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 recognized 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 recognized in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognized previously in the foreign currency translation reserve are transferred to the income statement.

Further information on significant accounting policies relevant to the financial information is disclosed in Note 2 to the 2016 Annual Financial Statements.

New and Amended Reporting Requirements

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by Westfield Corporation. The impact of these new standards (to the extent relevant to Westfield Corporation) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from January 1, 2018). This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amount recognized in these financial statements.
- AASB 15 Revenue from Contracts with Customers (effective from January 1, 2018). This standard determines the principles that an entity shall apply to report useful information to users of financial

statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

- IFRS 16 Leases (effective from January 1, 2019). This standard specifies how an entity will recognise, measure present and disclose leases. The Group is currently assessing the impact of this standard.

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

BUSINESS DESCRIPTION

Overview of Westfield Corporation

We are one of the world's largest listed retail property groups, with an equity market capitalization of US$13.9 billion (A$18.0 billion) as of March 17, 2017. We are a pre-eminent, internally managed and vertically integrated international retail property group with properties and development activities in the United States and United Kingdom and a development site in Milan, Italy. We operate a world class, industry leading retail property operating platform with capabilities in property management, leasing, design, development, construction, marketing, digital and funds management.

We operate under a "stapled" structure, whereby WCL, WFD Trust and WAT and their respective subsidiaries operate as a single economic group with a common board of directors, management and public investor base. See "Restructuring."

As of December 31, 2016, our property investment portfolio consisted of interests in 35 malls located in the United States and the United Kingdom and a development site in Milan, Italy, with 6,435 retail outlets in approximately 43.2 million square feet of gross leasable area. As of December 31, 2016, the value of our property assets was US$19.1 billion and the gross value of our property portfolio (including the interests of joint venture partners) was US$30.9 billion. We had proportionate total assets of US$21.1 billion (including our share of assets from equity accounted entities of US$10.6 billion) as of December 31, 2016. We had proportionate property revenue of US$1.2 billion (including our share of property revenues from equity accounted entities of US$0.7 billion) for the year ended December 31, 2016.

Operating Strategy

Westfield Corporation's operating strategy is to create great experiences for retailers, consumers and brands. Westfield Corporation aims to achieve its strategy by enhancing its resources and capabilities in the areas of events, entertainment, digital technology and data analytics.

Westfield Corporation's portfolio comprises world class assets and opportunities which are destinations of choice for shopping, dining, entertainment, events and socializing in some of the world's leading urban cities including New York, Los Angeles, San Francisco, San Jose, London and Milan.

Westfield Corporation is a strong, forward-thinking company and over the last decade has sought to refine its portfolio through landmark developments and strategic asset divestments. Westfield Corporation's US$9.5 billion development program is predominantly focused on flagship assets and is expected to strengthen our portfolio and generate significant long-term value for shareholders. Despite the overall trend of department stores consolidating their space, we have agreed to terms with many of the world's leading department stores for our major flagship developments including Century City, UTC, Valley Fair, Westfield London and Westfield Milan.

Westfield Corporation plans to continue its strategic repositioning of the portfolio and remain focused on improving the quality of the portfolio through the development of flagship malls in leading world markets and the divestment of non-core assets.

Westfield Corporation's evolution has anticipated not just the emerging demand by consumers for better designed buildings and improved customer services, but also the demand by retailers, and especially international and high street retailers, for space in high-profile and prestigious locations in the world's leading markets. As an example, the opening of Westfield World Trade Center, a prominent shopping, dining, event and entertainment destination incorporating a major transportation hub of Lower Manhattan, attracted many of the world's leading high street fashion brands. Our close relationships with global retailers are unique and provide us with the ability to work with these retailers at the highest quality locations on multiple continents. This interaction has accelerated the evolution towards creating the very different kinds of shopping centres from those we traditionally developed.

Innovation is crucial to our current and future flagship assets and we are delivering destinations with impressive architecture, cutting-edge design, embedded digital technologies, new retailer categories and event spaces. Our innovation is complemented by our focus on getting the simple things right such as better parking, maps and navigation systems and providing new customer services.

Westfield Corporation intends to adapt its portfolio to the next generation of retail, with a focus on:

- the quality of design and the standard of services;
- the growing internationalization of retail brands;
- the higher standard of food and its integration with fashion and entertainment; and
- the creation of great consumer experiences.

Westfield Corporation's aim is to combine these elements to make its retail destinations an essential part of the community's social and economic fabric for each city and community in which Westfield Corporation properties are located.

Westfield Corporation intends to continue its established track record of operating with the highest standards of efficiency and intensively managing its malls, including a particular emphasis on maximizing the sales productivity of retailers at each mall. This strategy is designed to attract the world's leading retail brands and provide superior experiences to consumers.

Westfield Corporation maintains a strong focus on active asset management with the aim of improving the quality of the portfolio through the diversification of income streams including the introduction of food, entertainment, lifestyle and leisure thereby enhancing the stability of cash flows.

Over recent years, in the United States, the former Westfield Group focused on introducing new retail concepts across its portfolio, comprising specialty and mini major categories including theatres, gyms and supermarkets. This transformed the portfolio with customers embracing the integration of food with fashion, leisure and entertainment, with the aim to significantly enhance the strength and sales productivity of Westfield Corporation's portfolio.

Strong relationships with the world's leading retailers due to Westfield Corporation's high quality portfolio, significant development pipeline and in depth understanding of each mall's local operating environment

The core element of Westfield Corporation's malls is the strength of the retail offering to consumers. Retailers remain the driving force in attracting consumers to Westfield malls and many of the world's leading retailers increasingly desire to be represented in flagship retail destinations.

The strength of Westfield Corporation's relationships with the world's leading retail brands is supported by the quality of Westfield Corporation's portfolio, the development projects currently under construction and the future development pipeline. Examples include our development projects at the Westfield World Trade Center in New York, New York, Westfield Century City in Los Angeles, California, Valley Fair in San Jose, California, Westfield UTC in San Diego, California and Westfield London and Stratford City in the United Kingdom, which have attracted many of the world's leading high street fashion brands.

Westfield Corporation's focus on owning and managing flagship retail destinations in leading world markets is based on the evolving nature of the global retail operating environment and the trend by many of the world's leading retailers towards focusing their presence into higher quality retail locations.

Integration of digital technology through Westfield Retail Solutions to better connect brands, retailers and consumers

The emergence and integration of digital technology into Westfield Corporation's malls and the continued growth of Westfield's global brand has created opportunities to both enhance the customer experience and generate new revenue streams.

Westfield Retail Solutions, Westfield Corporation's digital business group based in San Francisco, is focused on the innovation and development of a technological platform to better connect brands, consumers and retailers. Through Westfield Retail Solutions, we aim to enhance the consumer's experience at our properties as well as collaborate with retailers and brands to understand and shape the consumers' physical and digital shopping journeys in new and compelling ways.

Westfield Retail Solutions is developing strategies and products designed to connect the digital consumer with our malls and retailers. Westfield Retail Solutions launched an integrated suite of digital services at Westfield London, which includes smart parking, mobile app, location and wayfinding, offers from retailers and product search capabilities with a view to rolling out these services to other flagship properties beginning in 2017. We recently completed the process of unifying all of our properties onto a single digital platform in order to create operational efficiencies and enhanced product development.

Growing the prominence of the Westfield brand and flagship assets

The growing prominence of the Westfield brand and Westfield Corporation's flagship assets has created the opportunity to establish events, entertainment and brand partnerships across the portfolio, increasing the global value of the Westfield brand, growing revenues and creating a distinct experience for the consumer. In particular, Westfield World Trade Center, which opened in August 2016, provides a major boost to the scale and profile of Westfield's brand in the United States given its location and prominence. Westfield World Trade Center is a prominent shopping, dining, event and entertainment destination incorporating a major transportation hub of Lower Manhattan.

All of these key elements — international retailers, luxury brands, food, fashion, events and entertainment combined with greater use of digital technology — continue to evolve and be brought together through Westfield Corporation's business strategy to enhance the Westfield brand in the markets in which it operates and to enable Westfield Corporation to leverage the Westfield brand for the benefit of the business.

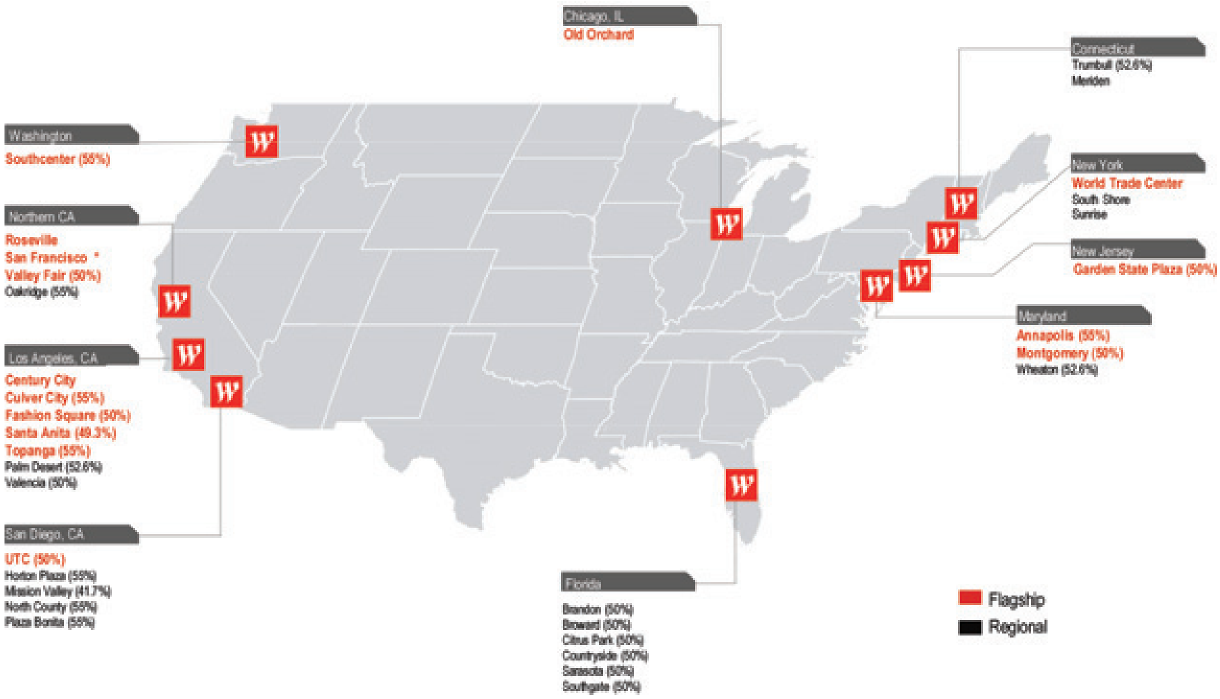
Business Segments

We are a pre-eminent, internally managed and vertically integrated international retail property group. Our activities include:

- mall ownership;
- property management, marketing and leasing;
- property development, design and construction; and
- funds and asset management.

Mall Ownership

Our malls are geographically diverse, spread across eight states in the United States and the United Kingdom and a development site in Milan, Italy. The location of our malls are shown below:



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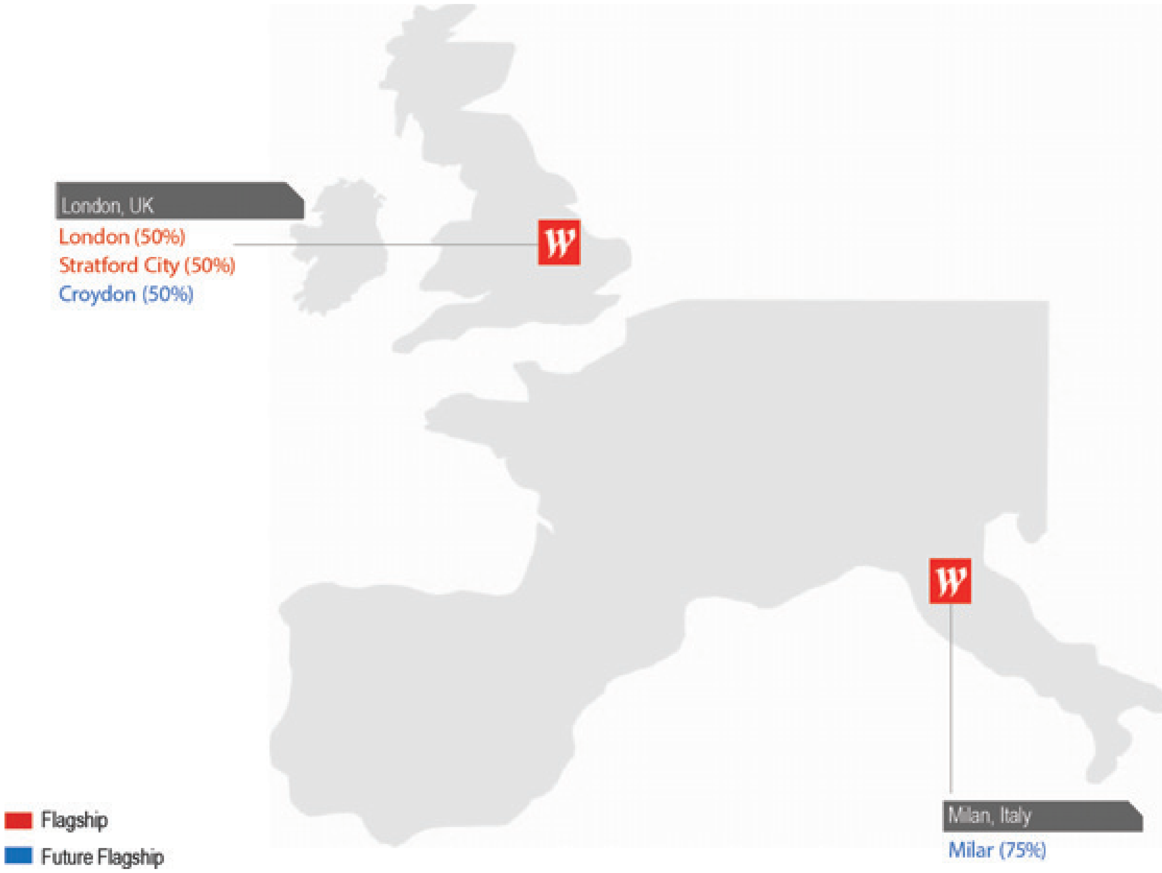
* Includes San Francisco Center at 100% and San Francisco Emporium at 50%.



Our malls are generally located near or in major metropolitan areas, are anchored by long-term tenancies with major retailers and incorporate a wide cross-section of specialty retailers and national chain store operators.

Our mall investments are undertaken on both a wholly-owned basis and through joint ventures and co-ownership arrangements.

Following the Restructuring and consistent with the manner in which we invest our capital and operate our business, we present our portfolio on an asset class basis between our flagship and regional portfolios. Our flagship portfolio includes assets such as Westfield London and Stratford City in London; Century City, Topanga, UTC, San Francisco, Valley Fair and Roseville in California; Montgomery in Maryland; Garden State Plaza in New Jersey and Westfield World Trade Center in Lower Manhattan. Westfield Corporation manages the business by categorizing the portfolio between flagship assets and regional assets. From time to time we may reclassify assets between these categories. The following table summarizes our portfolio on an asset class basis as of December 31, 2016:

	Flagship	Regional	Total
Portfolio summary as of December 31, 2016			
Malls Westfield Corporation owns interests in and manages	17	18	35
Malls Westfield Corporation holds in joint ventures and co-ownership arrangements	13	15	28
Retail outlets	3,746	2,689	6,435
GLA (million sqf)	23.7	19.5	43.2
Westfield Corporation interests (billion) (1)	US$ 16.0	US$ 3.1	US$ 19.1

	Flagship	Regional	Total
JV partner interests (billion)	US$ 9.4	US$ 2.4	US$11.8
Assets under management (billion)	US$25.4	US$ 5.5	US$30.9
Westfield Corporation's share of assets under management (%)	63%	56%	62%
Portfolio leased rate (%)	96.0%	93.0%	94.9%

(1) Westfield Corporation's share of mall assets including construction in progress and assets held for redevelopment.

Property Management, Marketing and Leasing

Property management involves leasing and day-to-day management and marketing of our mall portfolio and other properties. Our malls are designed to provide an efficient and dynamic environment for retailers and a quality shopping experience for consumers, creating a platform for our retailers to enhance their performance and for us to maximize our returns. We work to build and maintain long-term relationships with our retailers in addition to developing strong relationships with consumers by supporting the local community of each mall through various marketing activities. We believe that our management style has the potential to improve the performance of our retail property assets, resulting in income growth and long term capital appreciation for investors. We also develop, lease and operate seven airport concessions in the United States.

Property Development, Design and Construction

Our property development, design and construction business involves the development, design, construction, initial leasing and redevelopment of malls. Our property development activities are focused on redeveloping and expanding our existing properties as well as developing flagship properties in leading world markets.

Our property development activities are vertically integrated and involve all of the elements of development, design, construction and leasing with a view to maximizing returns on investment from both increased rental income and capital appreciation of the asset. Our development activities include purchasing land, obtaining approvals from regulatory authorities, conducting negotiations with major retailers and tenants, preparing feasibility studies and acting as architect, project manager and general contractor for mall development and redevelopment projects.

Funds and Asset Management

We provide asset management services to co-investors in our jointly owned malls and we have the capability to invest funds on behalf of institutional and other investors, for which we may earn management fees.

Competitive Advantages

We believe we have the following competitive advantages:

High Quality Portfolio. The strength of our portfolio is underpinned by the high quality of our malls. Our malls are generally located in prime trade areas, are anchored by long-term tenancies with major retailers and incorporate a wide cross-section of high-quality specialty retailers and national chain store operators. We have an ongoing development and redevelopment program for our mall portfolio with the objective of achieving strong market penetration and ensuring they remain relevant to both retailers and shoppers. The capital we invest in redeveloping our malls contributes to the high quality of our assets and enhances their ability to weather economic downturns.

Geographic and Tenant Diversity. Our malls are geographically diverse, spread across eight states in the United States and the United Kingdom with a development site in Milan, Italy. The size and geographic diversity of our property portfolio and revenue base significantly reduces our dependence upon any single tenant or property to generate revenue. On a proportionate basis, as of December 31, 2016, our largest mall represented 11.4% of the total book value of our mall investments (excluding work in progress), and our ten largest properties represented 66.6% of the total book value of our mall investments (excluding work in progress).

Redevelopment Capability and Global Redevelopment Program. Our redevelopment capabilities are vertically integrated and involve the development, design, construction and leasing of malls, which allows us to control design and construction costs and amend or alter redevelopment plans during the course of construction, if necessary. Redevelopments are designed to maximize returns on investment from both increased rental income and capital appreciation of the asset. We have extensive experience and a solid track record of completing projects on time and within budget. We believe our development and redevelopment program enhances our internal growth potential and ensures that our malls remain competitive in their existing markets.

Financial Strength. We believe our financial strength provides us with an advantage over many of our competitors.

Our corporate credit ratings are “A3” (outlook negative) by Moody’s and “BBB+” (outlook stable) by S&P. As of December 31, 2016, on a proportionate basis, we had US$10.6 billion of committed financing facilities and total available liquidity of US$2.8 billion made up of undrawn, predominantly long term, unsecured committed bank loan facilities of US$2.4 billion and cash and cash equivalents of US$0.4 billion.

The foundation of our financial strength is our portfolio of high quality properties across multiple geographies, which provides us with a diverse revenue base and strong cash flows. Our financial strength gives us the ability to take advantage of development, redevelopment and other investment opportunities when they arise and will afford us consistent access to debt and equity markets to fund these activities from time to time, which, subject to market conditions and other factors, may include an offering of notes denominated in U.S. dollars in the near term following this offering.

Experienced Management Team. Our management team has extensive experience in the retail real estate industry, including experience in the acquisition, disposition, leasing, management, financing, redevelopment and development of real estate assets and managing relationships with joint venture partners.

Properties

Key Operating Statistics

The following table sets forth key operating statistics according to our flagship and regional core assets (including part-owned malls on a 100% basis) as of and for the year ended December 31, 2016. We believe this presentation reflects how we invest our capital and operate our business. This presentation also highlights the increasing importance of, and focus on, our flagship portfolio.

	Flagship	Regional	Total
As of and for the year ended December 31, 2016 (unless otherwise noted)			
Portfolio leased rate (%)	96.0%	93.0%	94.9%
Specialty occupancy cost (%)	15.1%	13.7%	14.8%
Specialty retail sales (psf)	US$ 898	US$ 457	US$ 725
Specialty retail sales growth (%)	3.5%	0.5%	2.2%
Average specialty rent (psf)	US$109.37	US$54.25	US$88.64
Average specialty rent growth (%)	9.5%	1.1%	7.6%
Comparable NOI growth (%)	4.0%	0.6%	3.2%

The following table sets forth key operating statistics for our mall portfolio (including part-owned malls on a 100% basis, unless otherwise noted):

	As and for the year ended December 31, 2016
Weighted average unexpired lease term (years)	7.3
— for anchor tenants (years)	23.4
— for specialty tenants (years)	5.5
Largest Retailer Group	
% of total GLA occupied	18.7%
% of total rental income	3.0%
Ten Largest Specialty Retailers	
% of total GLA occupied	9.6%
% of total rental income	18.0%
Rental Income (1)	
% directly related to retailer sales (%)	2.6%
% derived from rent at contracted levels (%)	97.4%

(1) Westfield Corporation's proportionate share.

The following table lists the ten largest anchors across our total portfolio with their region, the number of stores owned or leased by each anchor, anchor GLA and anchor GLA as a percentage of total GLA as of December 31, 2016:

Anchor	Region	Number of Anchor Stores	Anchor GLA (Sq ft in Thousands)	Percentage of Total GLA
Macy's, Inc. (1)	United States	37	8,054	18.7
JC Penney	United States	19	3,095	7.2
Sears	United States	16	2,615	6.1
Nordstrom	United States	12	2,207	5.1
Target	United States	8	1,356	3.1
Dillard's	United States	4	781	1.8
Lord & Taylor	United States	5	593	1.4
Costco	United States	3	455	1.1
Marks & Spencer	United Kingdom	2	409	0.9
John Lewis Partnership	United Kingdom	3	343	0.8
Total		109	19,910	46.2

(1) Macy's, Inc. includes Macy's and Bloomingdale's.

The ten largest anchors across our portfolio occupied approximately 46.2% of the total GLA as of December 31, 2016 and contributed approximately 4.3% of total rental income for the year ended December 31, 2016, with no single anchor contributing more than 1.6% of total rental income.

The following table lists the ten largest specialty retailers across our total portfolio with their region, the number of specialty stores leased by each specialty retailer, specialty store GLA and specialty store GLA as a percentage of total GLA as of December 31, 2016:

Specialty Retailer	Region	Number of Specialty Stores	Specialty Store GLA (Sq ft in thousands)	Percentage of Total GLA
Forever 21, Inc	United States	27	709	1.6
H&M	United States/United Kingdom	28	581	1.3
The Gap, Inc.	United States/United Kingdom	49	525	1.2
L Brands, Inc.	United States/United Kingdom	78	516	1.2
Foot Locker, Inc.	United States/United Kingdom	88	384	0.9
Abercrombie & Fitch Co.	United States/United Kingdom	47	343	0.8
Inditex	United States/United Kingdom	22	317	0.7
Ascena Retail Group, Inc.	United States	54	266	0.6
Express, Inc.	United States	30	259	0.6
Dick's Sporting Goods, Inc.	United States	5	244	0.6
Total		428	4,143	9.6

The ten largest specialty retailers across our portfolio occupied approximately 9.6% of the total GLA as of December 31, 2016 and contributed approximately 18.0% of total rental income for the year ended December 31, 2016, with no single tenant contributing more than 3.0% of total rental income.

In addition to the above, specialty retailers include 22 theatres which occupied 1.4 million square feet of GLA or 3.2% of total GLA as of December 31, 2016. As of the same date, the largest theatre group occupied 0.5 million square feet of GLA.

The following table sets forth the percentage of our total annual rental income which was derived from rent at contracted levels under leases and the percentage which was directly related to the level of retailer sales for all retailers across our global portfolio:

	Year Ended December 31, 2016
Contracted rent	97.4%
Percentage rent based on sales	2.6%
Total	100.0%

Lease Structure

The structure of our retail leases varies by region:

- ***United States.*** In the United States the majority of our total annual rental income is derived from specialty stores. Standard specialty store lease terms are five to ten years and generally include rent escalations over the term of the lease. Total rent represents both minimum rent and common area charges (excluding taxes). Anchor tenants generally own their own sites with reciprocal operating agreements in place with the mall owner.
- ***United Kingdom.*** In the United Kingdom, standard specialty store lease terms are generally ten years and generally include a five-year upward only market review throughout the term of the lease. Anchor tenants generally have lease terms in excess of 20 years and the leases generally include upward only market reviews every five years.

For the year ended December 31, 2016, total specialty store rental income represented approximately 94.3% of our total rental income.

The following table lists the specialty retailers lease expiry profile for our total mall portfolio across the two regions, as of December 31, 2016 for specialty shops less than 20,000 square feet:

Expiring Per Year:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
GLA (‘000 sq ft)	1,625	2,244	1,528	1,017	1,242	840	902	1,128	1,018	1,004
GLA (%)	10.5	14.5	9.9	6.6	8.0	5.4	5.8	7.3	6.6	6.5
Number of specialty shop leases expiring	803	944	663	466	524	322	361	332	330	322

Property Portfolio

As of December 31, 2016, we owned interests in 35 malls in the United States and United Kingdom, all of which are managed by us, aggregating approximately 43.2 million square feet of GLA and containing 6,435 specialty store retailers. As of the same date, our malls had a gross value (including work in progress and assets held for redevelopment and development of US$2.8 billion) of US$30.9 billion, of which the book value of our proportionate interest (including work in progress and assets held for redevelopment and development of US$2.2 billion) was US$19.1 billion.

Our investments in the United States are held through WEA, a WAT subsidiary, or WALP, WEA’s operating partnership. WEA is a REIT for United States federal income tax purposes and is one of the largest mall owners in the United States. Our mall interests in the UK are held through WCL and WFD Trust. In addition, as of December 31, 2016, we held indirect interests in other malls as a result of our non-controlling interests in two partnerships that we do not manage. Such interests are included in “Other investments” on the balance sheet of the 2016 Annual Financial Statements included elsewhere in this offering memorandum.

Total GLA is comprised of anchors that either own or lease their space (department stores generally occupying more than 80,000 square feet of leasable area) and specialty stores. Specialty stores consist of mini-majors (retail stores generally occupying between 20,000 and 80,000 square feet of leasable area including freestanding buildings), specialty shops (retail stores occupying less than 20,000 square feet of leasable area) and theaters. In enclosed malls, anchors are usually located at the ends of enclosed common area corridors. This layout is intended to maximize customer traffic for specialty stores.

Most malls compete for consumer retail dollars by offering fashion merchandise, hard goods and services, generally in an enclosed, climate-controlled environment with convenient parking. Malls have differing strategies for price levels depending upon the market demographics, competition and the merchants and merchandise offered, from very high-end presentations, at one end, to a strategy of leasing exclusively to promotional, single category outlet stores, at the other. Westfield Corporation seeks to optimize specialty store mix consistent with market demographics and customer preferences.

In the United States, anchors have traditionally consisted of major department stores, most of which own their store and the underlying land. However, certain stores at the malls are owned by us and are leased to the anchor under long term leases at rates generally lower than the rents charged to specialty stores, or in some cases we own the underlying land and lease it to the anchor under a long-term ground lease. Additionally, we generally enter into long-term reciprocal agreements with anchors which provide for operating covenants between the malls and the anchors and generally require the anchors to contribute towards certain of the malls’ expenses. See “Risk Factors — Risk Relating to our Business and Industry — A negative effect on the financial condition of an anchor tenant could adversely affect our results of operations.”

The Westfield brand represents a quality shopping experience by providing high-level customer service, a wide range of retail product choices and a commitment to the communities served by the malls. We believe that advertising, promotion, community involvement and customer service programs will build shopper loyalty, especially with a recognized brand in multi-mall markets. Our ability to brand our properties is a direct result of our market penetration and acquisition strategies.

The following table sets forth certain information regarding the properties in the portfolio as of December 31, 2016:

Mall	Ownership Interest	Carrying Amount(1) (in US$ million)	Weighted average capitalization rate	Total GLA (Sq ft)	Total Specialty Area (Sq ft)	No. of Retail Outlets
United Kingdom Flagship						
Stratford City	50.0			1,885,953	1,276,007	336
Westfield London	50.0			1,842,454	1,256,853	358
United States Flagship						
Annapolis	55.0			1,493,132	759,326	251
Century City	100.0			487,276	265,276	60
Culver City	55.0			1,061,688	522,149	181
Fashion Square	50.0			864,018	361,483	145
Garden State Plaza	50.0			2,174,903	1,042,071	314
Montgomery	50.0			1,322,143	610,042	221
Old Orchard	100.0			1,795,278	761,129	142
Roseville	100.0			1,333,499	681,075	235
San Francisco	*			1,415,728	523,645	189
Santa Anita	49.3			1,473,182	957,358	234
Southcenter	55.0			1,681,751	810,010	246
Topanga	55.0			2,116,350	1,074,467	345
UTC	50.0			1,031,656	569,983	139
Valley Fair	50.0			1,397,884	663,156	250
World Trade Center	100.0			287,228	287,228	100
Total Flagship Portfolio		13,871	4.4%	23,664,124	12,421,258	3,746

Mall	Ownership Interest	Carrying Amount(1) (in US$ million)	Weighted average capitalization rate	Total GLA (Sq ft)	Total Specialty Area (Sq ft)	No. of Retail Outlets
Brandon	50.0			1,148,616	533,560	199
Broward	50.0			1,048,057	336,030	123
Citrus Park	50.0			1,138,984	502,036	147
Countryside	50.0			1,256,968	461,817	174
Horton Plaza	55.0			731,798	451,312	127
Meriden	100.0			903,423	440,956	115
Mission Valley	41.7			1,589,969	811,041	118
North County	55.0			1,248,971	511,263	179
Oakridge	55.0			1,142,001	615,257	191
Palm Desert	52.6			982,211	497,708	144
Plaza Bonita	55.0			1,032,928	596,534	189
Sarasota	50.0			1,019,700	383,176	103
South Shore	100.0			870,064	347,345	126
Southgate	50.0			415,478	169,604	46
Sunrise	100.0			1,075,492	473,712	152
Trumbull	52.6			1,130,601	454,651	168
Valencia Town Center	50.0			1,096,838	648,530	207
Wheaton	52.6			1,665,425	701,647	181
Total Regional Portfolio		2,967	5.6%	19,497,524	8,936,179	2,689
Combined Flagship and Regional Portfolio		16,838	4.6%	43,161,648	21,357,437	6,435

(1) Carrying amount reflects Westfield Corporation's ownership share in the property.
* Includes San Francisco Center at 100% and San Francisco Emporium at 50%.

Historical Operating Data. The following operating data is presented with respect to our properties:

- specialty shop sales;
- leased rate;
- occupancy costs;
- percentage of rent related to sales; and
- average specialty shop rental rates.

Specialty Shop Sales. Total sales for specialty shops affect our revenue and profitability levels because they affect the amount of minimum rent we can charge, the percentage rent we realize, and the recoverable expenses (common area maintenance, real estate taxes, etc.) the retailers can afford to pay. The following table sets out total sales for specialty shops of 10,000 square feet or less and the percentage change for the periods presented on a previous corresponding period basis:

Specialty Shop Sales — Total	Sales	Percentage Change
Year Ended	*(in US$ millions)*	
December 31, 2016	8,093	0.6%
December 31, 2015	8,048	3.3%
December 31, 2014	7,788	n.a.

Reported sales per square foot for specialty shops and percentage change in total comparable specialty shop sales for the periods presented were as follows:

	Year Ended December 31,		
	2016	**2015**	**2014**
Reported specialty shop sales per square foot (1)			
—Total	$725	$726	$700
—Flagship	$898	$902	n.a.
—Regional	$457	$454	n.a.
Change from prior period on a comparable specialty shop basis			
—Total	2.2%	6.4%	3.9%
—Flagship	3.5%	8.0%	n.a.
—Regional	0.5%	3.2%	n.a.

(1) Calculated on specialty shops of 10,000 square feet or less of leasable area.

Leased Rate. Leased rate is calculated for specialty stores on the basis of signed leases. The following table sets out the leased rates as of the dates presented:

	Year Ended December 31,		
	2016	**2015**	**2014**
Leased rate			
—Total	94.9%	95.9%	95.8%
—Flagship	96.0%	96.6%	n.a.
—Regional	93.0%	94.8%	n.a.

Occupancy Costs. The following table sets out occupancy costs as a percentage of sales for reporting specialty shop retailers for the periods presented:

	Year Ended December 31,		
	2016	**2015**	**2014**
Occupancy costs as a percentage of sales			
—Total	14.8%	14.5%	15.0%
—Flagship	15.1%	14.7%	n.a.
—Regional	13.7%	14.0%	n.a.

Percentage of Rent Related to Sales. The following table sets forth the percentage of our annual total rental income which was derived from total rent at contracted levels under leases and the percentage which was directly related to the level of retailer sales, for all retailers for the periods presented:

	Year Ended December 31,		
Total Portfolio	**2016**	**2015**	**2014**
Contracted rent	97.4%	97.1%	97.4%
Percentage rent based on retailer sales	2.6%	2.9%	2.6%
Total	100%	100%	100%

Average Specialty Shop Rental Rates. The following table sets out the average total rent on a per square foot basis for total specialty shops as of the dates presented and percentage change on a comparable basis:

	Year Ended December 31,		
	2016	**2015**	**2014**
Specialty Shop Average Annual Total Rent per square foot			
—Total	$ 88.64	$ 86.59	$86.34
—Flagship	$109.37	$106.90	n.a.
—Regional	$ 54.25	$ 54.55	n.a.
Specialty shop percentage change (1)			
—Total	7.6%	2.9%	4.1%
—Flagship	9.5%	5.1%	n.a.
—Regional	1.1%	(0.8)%	n.a.

(1) Percentage change is calculated excluding any malls acquired and disposed during the relevant period.

Redevelopment and Development

As of December 31, 2016, we had five major redevelopment and development projects under construction in the United States and the United Kingdom, at an estimated total investment of US$3.7 billion, with our share being US$2.5 billion with an estimated yield range of between 7.0% and 8.0%. As of the same date we had incurred expenditures of US$1.2 billion in respect of our share of the estimated total investment with the balance of US$1.3 billion still to be incurred.

Our projects under construction at December 31, 2016 in the United States include the US$300 million next phase at the Westfield World Trade Center in New York, New York, the US$1 billion expansion of Century City in Los Angeles, California, the US$600 million expansion of UTC in San Diego, California (our share: US$300 million), the £600 million Phase II development of Westfield London (our share: £300 million) and the US$1.1 billion expansion of Valley Fair in San Jose, California (our share: US$550 million). Of the US$2.5 billion we have committed to these projects, we had incurred expenditures of US$1.2 billion as of December 31, 2016.

New Projects

We continue to invest capital and resources in predevelopment work on a number of our malls with strategic development opportunities as we believe they are located in strong, underserved markets with prime opportunities for market share gains through redevelopment and expansion. Consistent with our strategy, our development program is focused on flagship assets in leading world markets. We are currently undertaking pre-development activity on approximately US$5.8 billion of future retail development opportunities as well as future residential opportunities adjacent to our properties, which cost is not included in the US$5.8 billion.

Policies and Objectives With Respect to Investments, Financing and Other Activities

Investment Objectives and Policies

In general, our investment objectives are:

- to increase the value of Westfield Corporation through increases in the cash flows and values of assets; and
- to achieve long-term capital appreciation, and preserve and protect the value of our interests in our malls.

We have a strategy of owning, operating and investing in flagship assets in leading world markets. We plan to invest in properties both for income and for capital appreciation. In connection with future acquisitions, we will analyze a number of factors, including, but not limited to:

- the location and accessibility;
- demographic profile;
- the current and historical leased rates of the malls and of comparable properties in comparable locations;
- the characteristics of tenants, including anchor tenants, and the terms of their leases;
- the quality of the construction and design of improvements;
- redevelopment potential of the property;
- the strategic nature of the acquisition and the relationship or fit of the mall with Westfield Corporation's existing portfolio;
- the purchase price and project long-term investment returns; and
- the impact on earnings per share and Westfield Corporation's financial position.

Capital Partnering

We have a proven ability to introduce joint venture partners into our portfolio. This provides an efficient and cost effective source of capital which enables us to actively manage our capital base and enhance long-term returns and growth. At present, we have eight joint venture partners across 28 assets with US$11.8 billion of external assets under management. In addition, we have joint venture partners in two future projects. Westfield Corporation will have an opportunity to introduce capital partners into other wholly owned assets and future development projects.

Dispositions

We may from time to time dispose of any of our malls if, based upon management's periodic review of the portfolio, our board of directors determines that such action would be in the best interests of Westfield Corporation. The ability to dispose of certain properties may be subject to certain contractual limitations in the case of our joint venture properties.

Financing

We intend to maintain a leverage ratio in the 30% to 40% range over the long term. Our real estate assets comprise the primary component of our total assets. As a result, upward or downward revaluations of our real estate assets may affect our leverage ratio. We may from time to time re-evaluate our policy with regard to leverage in light of prevailing economic conditions, relative costs of debt and equity capital, changes in market capitalization, growth and acquisition opportunities or other factors, and modify our leverage policy accordingly. As a result, we may increase our leverage ratio beyond the limits described above.

None of the organizational documents of WCL, WFD Trust and WAT limits the amount of indebtedness that we may incur. However, certain of our financing agreements, including the indenture and supplemental indenture that will govern the Notes, contain certain financial covenants, including leverage ratio covenants. As of December 31, 2016, our leverage ratio, as calculated in accordance with the leverage ratio covenant of Net Debt to Net Assets contained, and as those terms are defined, in the indenture and supplemental indenture that will govern the Notes, was 30.6%.

If our board of directors determines that additional funding is required, funds may be raised through equity offerings, hybrid equity raisings, debt financing, the disposal or joint venturing of properties, the retention of operating cash flow, the establishment of wholesale funds managed by us which will hold interests in certain of our properties or a combination of these methods, subject to restrictions under applicable law and our financing agreements, including limitations under the indenture and supplemental indenture that will govern the Notes. It is our intention that our share of future development projects will be partially funded with retained earnings, while any material acquisitions will be predominantly funded with equity capital.

Indebtedness incurred by us may be in the form of publicly or privately placed debt instruments, financing from banks, institutional investors, or other lenders, any of which indebtedness may be unsecured or may be secured by mortgages or other interests in our assets. Such indebtedness may be recourse, non-recourse or cross-collateralized and, if recourse, such recourse may include our general assets and, if non-recourse, may be limited to the particular property to which the indebtedness relates. In addition, we may invest in properties subject to existing loans secured by mortgages, deeds of trust or similar liens on the properties, or may refinance properties acquired on a leveraged basis. The proceeds from any borrowings may be used for working capital, to purchase additional interests in joint ventures or partnerships in which we participate, to refinance existing indebtedness or to finance acquisitions, expansions or redevelopment of new and existing properties. We may also incur indebtedness for other purposes when, in the opinion of our board of directors, it is advisable to do so.

Master Negative Pledge Deed Poll

In connection with the Restructuring, WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) entered into a Master Negative Pledge Deed Poll (the “Master Negative Pledge”), which contains certain undertakings and financial covenants, representations and warranties by WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) in respect of themselves and certain other controlled entities. The Master Negative Pledge is given for the benefit of each present and future “finance party” of Westfield Corporation. The term “finance party” is defined as any person designated as a finance party for the purposes of the Master Negative Pledge in a finance document. To the extent that a document relating to financing arrangements of Westfield Corporation is designated as a finance document and the bank or financial institution providing such arrangements to Westfield Corporation is designated a finance party, such bank or financial institution will be entitled to the benefits of the Master Negative Pledge. The holders of the Notes will not be designated as finance parties and, therefore, will not be entitled to the benefits of the Master Negative Pledge. The Master Negative Pledge also sets forth the basis upon which defaults or events of default may occur under the financing arrangements of the obligors to the Master Negative Pledge and the acceleration rights of lenders in that event. The undertakings contained in the Master Negative Pledge include, among others:

- the provision of certain financial statements;
- maintenance of certain financial ratios;

- maintenance of certain insurance;
- compliance with laws;
- limitations on our ability to enter into any merger or consolidation, subject to certain exceptions;
- limitations on the creation of liens other than permitted liens;
- certain trust-related undertakings given by WAML separately with respect to WFD Trust and to WAT; and
- limitations on the sale, transfer or disposal of assets, subject to certain exceptions.

Master Guarantee Deed Poll

In addition to the Master Negative Pledge, WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) and certain subsidiaries of WCL, WFD Trust and WAT (not including WEA and WALP but including the subsidiary guarantors) entered into a Master Guarantee Deed Poll (the "Master Guarantee"), pursuant to which WCL and WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) severally and those subsidiaries of WCL, WFD Trust and WAT jointly and severally agreed to guarantee unconditionally and irrevocably the monetary obligations of a "debtor" to a "guarantee beneficiary." The term "debtor" is defined initially as the finance subsidiaries of WCL, WFD Trust and WAT. The term "guarantee beneficiary" is defined as any person designated as a "guarantee beneficiary" for the purposes of the Master Guarantee in respect of a finance document. As in the case of the Master Negative Pledge, to the extent that a document or instrument relating to financing or hedging arrangements of Westfield Corporation is designated as a finance document and each bank, financial institution or other person is designated as a guarantee beneficiary, such bank, financial institution and other person will be entitled to the benefits of the Master Guarantee. In addition, each debtor guarantees the monetary obligations of the other debtors to a guarantee beneficiary.

Holders of the Notes will not be entitled to the benefits of the Master Guarantee. However, as the obligations of the Issuer under the documentation constituting the Notes will be issued by WAML (in its capacity as trustee and responsible entity of WFD Trust), guaranteed severally by each of WCL and WAML (in its capacity as trustee and responsible entity of WAT) and guaranteed by the subsidiary guarantors, holders of the Notes will have the benefit of the credit of those guarantors.

We anticipate that substantially all of our future unsecured indebtedness in respect of bank debt will be subject to the Master Negative Pledge and Master Guarantee or similar arrangements, like those contained in the indenture and supplemental indenture that will govern the Notes.

Equity Capital

In the event that our board of directors determines to raise additional equity capital, it has the authority, subject to limits under the ASX Listing Rules and ASIC policy, without approval of its security holders, to issue additional stapled securities on such terms and for such consideration that it deems appropriate, including in exchange for property.

Working Capital

We will maintain working capital and, when not sufficient, access borrowings in amounts that our management determines to be adequate to meet normal contingencies in connection with the operation of our business and investments.

Distribution Policy

Distributions to be paid by Westfield Corporation will comprise dividends from WCL and distributions from each of WFD Trust and WAT. The Westfield Corporation board of directors will set the distribution target at the start of each year. The distribution target will have regard to the prior year's distribution, forecast changes in cash from operations, capital expenditure plans as well as other general business and financial considerations.

A key aim of this distribution policy is to provide greater overall returns to the investors of Westfield Corporation through appropriate capital management. The flexibility to vary the distribution provides financial capacity to continue to invest in opportunities with strong returns. Our board of directors may determine in the future to revise our distribution policy based on a number of factors, including our financial condition and future earnings, capital requirements and future prospects.

Other Policies

We intend to operate in a manner that will not subject us to regulation under the U.S. Investment Company Act of 1940.

Westfield Corporation

In July 2014, Westfield Corporation was formed by the Restructuring. The stapled securities of Westfield Corporation are quoted and trade together on the ASX under the code "WFD."

While each of WAT, WCL and WFD Trust continues to exist separately, the effect of the Restructuring is to cause WAT, WCL and WFD Trust to operate as a coordinated economic group, with a common public investor base, common business objectives and a common membership of their boards of directors and management.

For accounting purposes, as a result of the Restructuring, WAT is deemed to have acquired WCL and WFD Trust. As of July 2014, the consolidated financial statements of Westfield Corporation comprise WAT and its controlled entities (including consolidated WCL and WFD Trust and each of their controlled entities on a consolidated basis).

Westfield Corporation Limited

WCL and various of its subsidiaries are the primary legal entities through which we conduct our shopping centre development, design, construction and management, marketing and leasing operations and our funds and asset management activities in the United Kingdom. WCL also owns interests in certain of our UK properties. WCL was incorporated in Australia as a public company limited by shares on November 28, 2013.

As of December 31, 2016, WCL had total assets of US$1.6 billion.

WFD Trust

WFD Trust is one of the primary entities through which we own interests in certain of our UK properties. WFD Trust was organized in 2014 in connection with the Restructuring. As of December 31, 2016, WFD Trust had total assets of US$4.7 billion.

Westfield America Trust

WAT and various of its subsidiaries are the primary legal entities through which we own, manage and develop our shopping centre interests in the United States. WAT was organized and listed on the ASX in 1996 and was the first listed property trust in Australia to invest solely in the United States.

WEA operates as a REIT in the United States. In order to continue to qualify as a REIT, WEA is required to distribute at least 90% of its taxable income to shareholders in addition to satisfying certain other requirements.

As of December 31, 2016, WAT had total assets of US$14.0 billion.

Westfield Brand

We own the Westfield brand. In connection with the Restructuring, we entered into a trademark licensing agreement in which we granted Scentre Group a royalty free license to exclusively use the Westfield brand in Australia and New Zealand for Scentre Group's existing mall portfolio and any new malls in Australia and New Zealand that meet certain agreed characteristics. Under the trademark license, we are not permitted to use the Westfield brand in Australia and New Zealand, except for the corporate promotion of Westfield Corporation. We are not restricted from entering the Australian and New Zealand markets with different branding.

Competition

We face competition from other United States and United Kingdom / European property groups and other commercial organizations active in the United States and United Kingdom / European property markets, as well as the threat of new competitors emerging both generally and in particular trade areas. Competition in the property market may lead either to an over-supply of retail premises through over-development or to prices for existing properties or land for development being inflated through competing bids by potential purchasers or to the rents to be achieved from existing properties being adversely impacted by an oversupply of retail space. Accordingly, the existence of such competition may have a material adverse impact on our ability to secure tenants for our properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory cost.

In addition, our malls are generally located in developed retail and commercial areas, many of which compete with other malls or neighborhood malls within their primary trade area. The amount of rentable space in the relevant primary trade area, the quality of facilities and the nature of stores at such competing malls could each have a material adverse effect on our ability to lease space and on the level of rents we can obtain.

In addition, retailers at the malls face increasing competition from other forms of retailing, such as discount "big box" shopping centres, discount malls and clubs, outlet malls, catalogues, video and home shopping networks, direct mail order, telemarketing, e-commerce websites and mobile applications. In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "bricks and mortar" retailing in recent years. With consumers increasingly preferring to shop online, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels. Many retailers are as advanced as the consumers in adopting digital and mobile technology. Our malls may be unable to compete successfully with such online retail platforms.

Insurance

We carry liability, business interruption, fire, earthquake, terrorism insurance covering all of our properties under various policies, as well as cyber security insurance. However, potential losses of a catastrophic nature such as those arising from floods, earthquakes, terrorism or other similar catastrophic events may be either uninsurable, or, in our judgment, not insurable on a financially reasonable basis, or may not be insured at full replacement cost or may be subject to larger excesses. We believe the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage and industry practice and, in the opinion of our management, our properties and business are adequately insured. Insurance policies are subject to normal exclusions. In addition, we carry earthquake insurance on our properties located in seismically active areas in an amount and with deductibles that we believe are commercially reasonable.

Environmental Regulation

As an owner, operator and manager of real property, we are subject to various federal, state, provincial and local environmental and safety laws. Among other things, these laws impose liability on present and former property owners and operators for costs and damages related to soil and water contamination from hazardous or toxic substances. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substances. This means that we could be liable for contamination caused by tenants or for contamination that occurred prior to the purchase of a property. The presence of these substances, or the failure to remediate such property, may adversely affect our ability to sell such property or to borrow using such property as collateral, and may cause us to incur substantial cleanup costs. Persons who arrange for the disposal of hazardous or toxic substances may also be liable for the costs of removal or remediation at the disposal facility to which such materials were sent.

A number of our properties contain, or at one time contained, underground storage tanks used to store waste oils or other petroleum products primarily related to auto service centre establishments, or emergency electrical generation equipment. At some of these properties, site assessments have revealed soil and groundwater contamination associated with such tanks. In the past, the costs of remediation with respect to such matters have not been material. Although we cannot provide assurances, we do not expect these costs will have a material adverse effect on our results of operations.

Environmental and safety laws also regulate the management of, and may impose liability for personal injuries associated with exposure to, asbestos-containing materials. Asbestos-containing materials are present in a number of our malls as a consequence of building practices typical at the time the malls were constructed. Generally, asbestos-containing materials are removed as required in the ordinary course of any renovation, reconstruction, or expansion. If any of the malls undergoes renovation or demolition in the future, we may incur substantial costs for the removal and disposal of such materials.

It is our practice on acquisition, where considered necessary, to subject the properties to Phase I or similar environmental assessment (which generally involves a review of records with no visual inspection of the property or soil or ground water sampling) by independent consultants. These environmental assessments have not revealed, nor are we aware of, any environmental liability that we believe will have a material adverse effect on our results of operations. Based on these assessments and past experience, we believe that our malls are in material compliance with environmental laws. However, we cannot assure you that:

- existing environmental assessments of our properties reveal all potential environmental liabilities;
- any previous owner, occupant or tenant of a property did not create any material environmental condition not known to us;
- the current environmental condition of our properties will not be affected by tenants and occupants, by the condition of nearby properties, or by other unrelated third parties; or
- changes in environmental laws or their interpretation will not result in environmental liabilities.

Employees

As of December 31, 2016, we had approximately 2,000 staff worldwide. We believe that we have good relations with our employees.

Legal Proceedings

We are involved in litigation and administrative proceedings arising in the ordinary course of our business. We do not believe that such matters, if determined against us, will have a material adverse effect on our business, financial position or results of operations.

MANAGEMENT

Directors and Senior Management

The boards of directors of WCL and WAML have a common membership.

The following tables set forth certain information regarding our directors and senior management as February 23, 2017:

Name	Age	Position(s)
Chairman, Deputy Chairman and Directors:		
Frank P. Lowy AC	86	Chairman/Non-Executive Director
Brian M. Schwartz AM	64	Deputy Chairman/Non-Executive Director
Peter S. Lowy (1)	58	Executive Director/Co-Chief Executive Officer
Steven M. Lowy AM (1)	54	Executive Director/Co-Chief Executive Officer
Ilana R. Atlas	62	Non-Executive Director
Roy L. Furman	77	Non-Executive Director
Peter H. Goldsmith QC PC (2)	67	Non-Executive Director
Jeffrey Goldstein	61	Non-Executive Director
Michael J. Gutman, OBE (1)	61	Executive Director/President and Chief Operating Officer
Mark G. Johnson	59	Non-Executive Director
Mark R. Johnson AO	76	Non-Executive Director
Don D. Kingsborough (1)	69	Executive Director/President Westfield Retail Solutions
John McFarlane	69	Non-Executive Director
Dawn Ostroff	56	Non-Executive Director
Senior Management (including Executive Directors):		
Peter S. Lowy (1)	58	Executive Director/Co-Chief Executive Officer
Steven M. Lowy AM (1)	54	Executive Director/Co-Chief Executive Officer
Michael J. Gutman, OBE (1)	61	Executive Director/President and Chief Operating Officer
Elliott C. Rusanow	43	Chief Financial Officer
Simon J. Tuxen	59	General Counsel and Company Secretary
Don D. Kingsborough (1)	69	Executive Director/President Westfield Retail Solutions
William Hecht	53	Chief Operating Officer, United States
Peter Miller	51	Chief Operating Officer, United Kingdom and Europe
Peter Schwartz	57	General Counsel, United States
Leon Shelley	44	General Counsel, United Kingdom and Europe
Mark A. Stefanek	62	Treasurer
Richard Steets	65	Chief Risk Officer

(1) Executive directors.
(2) Lord Peter H. Goldsmith will retire in April 2017.

Biographical information regarding our directors is set forth below.

Frank P. Lowy, AC. Frank Lowy is the Chairman of Westfield Corporation. He served as Westfield Group's chief executive officer for over 50 years, before assuming a non-executive role in May 2011. He is the founder and Chairman of the Lowy Institute for International Policy. In November 2015, Mr. Lowy retired as Chairman of Football Federation Australia Limited and in May 2016 he retired as Chairman of Scentre Group.

Brian M. Schwartz, AM. Brian Schwartz is a non-executive Director and Deputy Chairman of Westfield Corporation. He is the non-executive Chairman of Scentre Group. Mr. Schwartz is Chairman of the Westfield Corporation's Audit and Risk Committee and Nomination Committee and is the lead independent Director. In a career with Ernst & Young Australia spanning more than 25 years, he rose to the positions of Chairman (1996-1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Mr. Schwartz was the CEO of Investec Bank (Australia) Limited. He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Mr. Schwartz was previously a Director of Brambles Limited, Chairman of Insurance Australia Group Limited and Deputy Chairman of Football Federation Australia Limited.

Peter S. Lowy. Peter Lowy is an executive director of Westfield Corporation and currently serves as co-chief executive officer. He holds a bachelor of commerce from the University of New South Wales. Prior to joining Westfield in 1983, Mr. Lowy worked in investment banking both in London and New York. Mr. Lowy serves as Chairman of the Homeland Security Advisory Council for Los Angeles county; and he is an inaugural member of the US Investment Advisory Council of the Department of Commerce. He also serves on the RAND Corporation Board of Trustees and is a Director of the Lowy Institute for International Policy. Prior to the establishment of Westfield Corporation, Mr. Lowy was the Joint Managing Director of the Westfield Group from 1997.

Steven M. Lowy, AM. Steven Lowy is an executive director of Westfield Corporation and currently serves as co-chief executive officer. He holds a bachelor of commerce (honors) from the University of New South Wales. Prior to joining Westfield in 1987, Mr. Lowy worked in investment banking in the United States. He is Chairman of Football Federation Australia Limited and a non-executive Director of Scentre Group and the Lowy Institute for International Policy. Mr. Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales, Chairman of the Victor Chang Cardiac Research Institute and Presiding Officer of the NSW Police Force Associate Degree in Policing Practice Board of Management. Prior to the establishment of Westfield Corporation, Mr. Lowy was the Joint Managing Director of the Westfield Group from 1997.

Ilana R. Atlas. Ilana Atlas is a non-executive director of Westfield Corporation. Ms. Atlas was previously a partner of Mallesons Stephen Jaques (now King & Wood Mallesons) and held a number of managerial roles at the firm, including managing partner and executive partner, people and information. In 2000 she joined Westpac as group secretary and general counsel before being appointed to the role of Group Executive, People in 2003. In that role, she was responsible for human resources strategy and management as well as Westpac's approach to corporate responsibility and sustainability Ms. Atlas is a director and Chairman-elect of Coca-Cola Amatil Limited and a director of Australia and New Zealand Banking Group Limited, Jawun Pty Limited, and the Human Rights Law Centre and is a Fellow of the Senate of the University of Sydney. She was previously Chairman of Bell Shakespeare Company. Prior to the establishment of Westfield Corporation, Ms. Atlas was a non-executive director of Westfield Group from 2011 to 2014.

Roy L. Furman. Roy Furman is a non-executive director of Westfield Corporation. He holds a degree in law from Harvard Law School. Mr. Furman is based in the United States and is vice Chairman of Jefferies and Company and Chairman of Jefferies Capital Partners, a group of private equity funds. In 1973 he co-founded Furman Selz, an international investment banking, institutional brokerage and money management firm and was its chief executive officer until 1997. Prior to the establishment of Westfield Corporation, Mr. Furman was a non-executive Director of the Westfield Group from 2004 to 2014, having previously served as a non-executive director of Westfield America Management Limited from 2002 to 2004.

Peter H. Goldsmith, QC PC. Lord (Peter) Goldsmith is a non-executive director of Westfield Corporation. He holds a degree in law from Cambridge University and a master of laws from University College London. Lord Goldsmith is admitted to practice in England & Wales and other jurisdictions including New South Wales. He is a partner and European and Asian Chair of Litigation in the international law firm Debevoise & Plimpton LLP. In 1987, Lord Goldsmith was appointed Queen's Counsel and a Crown Court Recorder and he has been a deputy High Court judge since 1994. For six years until June 2007, Lord Goldsmith served as the United Kingdom's Attorney General. He was created a Life Peer in 1999 and a Privy Counsellor in 2002 and remains a member of the House of Lords. Prior to the establishment of the Westfield Group, Lord Goldsmith was a non-executive director of Westfield Holdings Limited from 2008 to 2014. Lord Goldsmith's other past positions include Chairman of the Bar of England and Wales, Chairman of the Financial Reporting Review Panel, and founder of the Bar Pro Bono Unit.

Jeffrey A Goldstein. Jeffrey Goldstein is a non-executive Director of Westfield Corporation. He holds a Ph.D., M.Phil and M.A. in Economics from Yale University, a B.A. in Economics from Vassar College and also attended the London School of Economics. He is a Senior Advisor of Hellman & Friedman LLC, a private equity investment firm where he previously served as a Managing Director. Mr. Goldstein served as the Under Secretary of the Treasury for Domestic Finance and Counselor to the Secretary of the Treasury in the United States. He also served as the Managing Director and Chief Financial Officer of the World Bank and was Co-Chairman of BT Wolfensohn and a partner at predecessor firms and a member of the Bankers Trust Company Management Committee. Mr. Goldstein taught Economics at Princeton University and worked at the Brookings Institution. He currently serves on the Board of Bank of New York Mellon Corporation as well as Edelman Financial and Vassar College. He previously served on the Boards of LPL Financial, AlixPartners and Arch Capital. Mr. Goldstein is also a member of the Council on Foreign Relations.

Michael J. Gutman, OBE. Michael Gutman was appointed as an Executive Director of Westfield Corporation in August 2014 and has served as President and Chief Operating Officer of Westfield Corporation since June 2014. Prior to the establishment of Westfield Corporation, Mr. Gutman was the Managing Director, UK/Europe and New Markets. He joined Westfield as an executive in 1993. Under his leadership, Westfield's UK/Europe business successfully developed Westfield London and Stratford City, two of the largest urban shopping centres in UK/Europe and acquired flagship development opportunities at Croydon in south London and Milan in Italy. In 2015, Mr. Gutman was appointed a Director of the Europe Australia Business Council.

Mark G. Johnson. Mark Johnson is a non-executive director of Westfield Corporation. He holds a bachelor of commerce from the University of New South Wales. Mr. Johnson was chief executive officer and senior partner of Pricewaterhouse Coopers (PwC), one of Australia's leading professional services firms, from July 2008 to June 2012. In his more than 30 year career with PwC, Mr. Johnson served a number of that firm's major clients in audit, accounting, due diligence, fundraising and risk and governance services. Mr. Johnson was a senior member of the PwC International Strategy Council and Deputy Chairman of PwC Asia Pacific. He is Chairman of G8 Education Limited and MH Premium Farms Holdings Limited and a director of Coca-Cola Amatil Limited, HSBC Bank Australia Limited, The Hospitals Contribution Fund of Australia Limited and The Smith Family. His former roles include Chairman of the PwC Foundation, member of the Australian Auditing and Assurance Standards Board, Deputy Chair of the Finance and Reporting Committee at the Australian Institute of Company Directors and a member of the Executive Council of the UNSW Business School Advisory Board. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors. Prior to the establishment of Westfield Corporation, Mr. Johnson was a non-executive director of the Westfield Group from 2013 to 2014.

Mark R. Johnson, AO. Mark Johnson is a non-executive director of Westfield Corporation. He holds a degree in law from the University of Melbourne and a masters of business administration from Harvard University. Mr. Johnson is a senior advisor for Gresham Partners in Sydney, advisor in Australia to Bank of Tokyo Mitsubishi UFJ and Chairman of Dateline Resources Limited and Alinta Energy. He is Chairman of the Advisory Board of the Australian APEC Study Centre at RMIT University, Chairman of the ASIC External Advisory Panel and a Life Governor of the Victor Chang Cardiac Research Institute. Prior to the establishment of Westfield Corporation, Mr. Johnson was a non-executive director of the Westfield Group from 2010 to 2014. He has previously held senior roles in Macquarie Bank before retiring as deputy Chairman in July 2007 and his former directorships include Pioneer International, AGL Energy and the Sydney Futures Exchange.

Don D. Kingsborough. Don Kingsborough is an executive Director of Westfield Corporation and currently serves as President, Westfield Retail Solutions. He has been involved in the technology and retail sectors for the past 40 years and has helped establish a number of successful businesses. Mr. Kingsborough has held a number of senior positions including as PayPal's Vice President of Global Retail, Global Business and Corporate Development and as President of consumer products at Atari in the late 1970s and early 1980s. In 2001, he founded Blackhawk Network and was CEO for a decade during which time he pioneered the gift card market.

John McFarlane. John McFarlane is a non-executive Director of Westfield Corporation. He is a leading figure in global banking and in the City of London, having spent over 40 years in the sector, including 23 years at main board level. Mr. McFarlane is chairman of Barclays as well as TheCityUK and was previously Chairman of Aviva, FirstGroup, and the Australian Bankers Association. He was CEO of Australia and New Zealand Banking Group for 10 years, and prior to that group executive Director of Standard Chartered, and head of Citibank in the UK. Mr. McFarlane is a non-executive Director of Old Oak Holdings, and the UK Financial Services Trade and Investment Board, and a member of the International Monetary Conference, the European Financial Roundtable, and the Institut International d'tudes Bancaires. He was formerly a non-executive Director of The Royal Bank of Scotland Group, Capital Radio, and the London Stock Exchange. Born in Dumfries, Scotland and having attended Dumfries Academy, Mr. McFarlane has an MA from the University of Edinburgh, and a MBA from Cranfield University, and studied finance at the London Business School. He has banking fellowships in Hong Kong, Australia and the UK, and was the inaugural recipient of Cranfield School of Management Distinguished Alumnus Award.

Dawn Ostroff. Dawn Ostroff is a non-executive Director of Westfield Corporation. She holds a Bachelor of Science in Journalism from Florida International University. In 2011, Ms. Ostroff was appointed president of Condé Nast Entertainment (CNÉ), an award-winning next generation studio producing projects across film, television, premium digital video and virtual reality. In 2006, she launched and led the CW broadcast network, a joint venture of CBS and Warner Bros. From 2002 to 2006, Ms. Ostroff served as president of UPN Network, where she oversaw all areas of the network's business — programming, digital, branding and marketing. Ms. Ostroff was formerly an executive vice president of entertainment at Lifetime Television, and held senior roles at 20th Century Fox Television, Michael Jacobs Productions (at Disney) and the Kushner-Locke Company. She began her career working at several local channels in news as an on-air reporter and a producer.

The Senior Management of Westfield Corporation (other than Executive Directors) is as follows:

Elliott C. Rusanow. Elliott Rusanow was appointed chief financial officer of Westfield Corporation in February 2015. Prior to the establishment of Westfield Corporation, Mr. Rusanow was head of corporate finance for Westfield Group. Mr. Rusanow joined Westfield in 1999 and was head of corporate finance since 2007, following a two-year period in the United Kingdom as director, Finance UK/Europe. Mr. Rusanow previously held the positions of director, Investor Relations & Equity Markets, executive assisting the managing director and manager, Westfield Trust. Prior to joining Westfield, Mr. Rusanow worked at Bankers Trust Australia Limited.

Simon J. Tuxen. Simon Tuxen was appointed general counsel and company secretary of Westfield Corporation in June 2014. Prior to the establishment of Westfield Corporation, Mr. Tuxen was group general counsel and company secretary of Westfield Group. Prior to joining Westfield in 2002, Mr. Tuxen was the general counsel of BIL International Limited in Singapore, group legal manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques (now King & Wood Mallesons) from 1987 to 1996.

William Hecht. William Hecht was appointed chief operating officer, U.S. operations of Westfield Corporation in October 2015. In this capacity, Mr. Hecht is responsible for managing the vertically integrated functions for the U.S. portfolio which includes leasing, development, design and construction, and center operations. Prior to his appointment to chief operating officer, Mr. Hecht held the position of senior executive vice president of U.S. development responsible for all development activities for Westfield, LLC in the United States.

Mr. Hecht joined Westfield in 2006 as senior executive vice president, U.S. leasing and was responsible for operational and development leasing, tenant coordination, and lease administration for the U.S. portfolio. Prior to joining Westfield, Mr. Hecht worked with Coldwell Banker Commercial Real Estate in New York City and then with Shopco Management Corporation New York, The Rouse Company in Columbia, Maryland, and Hecht Properties, in Baltimore Maryland.

Peter Miller. Peter Miller was appointed chief operating officer of Westfield Corporation UK/Europe in June 2014. Prior to the establishment of Westfield Corporation, Mr. Miller was the chief operating officer of Westfield Group in the United Kingdom and Europe from 2009. In 1994, Peter joined the Westfield Group and has held a number of senior roles across the Australian and UK divisions including director of design, development and construction taking the lead on all UK development. Peter was one of the three key Westfield personnel transferred to the United Kingdom in 1999 to establish the Westfield business in the United Kingdom.

Peter Schwartz. Peter Schwartz was appointed general counsel, United States of Westfield Corporation in June 2014. Prior to the establishment of Westfield Corporation, Mr. Schwartz was the senior executive vice president and general counsel of Westfield in the United States. He joined Westfield in 2002. Peter was a partner in Debevoise & Plimpton in New York from 1994 — 2002 and an associate at the firm from 1984 — 1993.

Leon Shelley. Leon Shelley joined the Westfield Group in 2005 as Corporate Counsel and was appointed General Counsel (UK/Europe) in 2009. Prior to joining the Westfield Group, Mr. Shelley was an associate in the London Office of Skadden Arps specializing in corporate transactions. Mr. Shelley is a qualified solicitor admitted to practice law in England and Wales and a member of the Chartered Institute for Securities and Investment.

Mark A. Stefanek. Mark Stefanek was appointed treasurer of Westfield Corporation in June 2014. Mr. Stefanek joined Westfield in 1994 and prior to the establishment of Westfield Corporation he was chief financial officer of Westfield America, Inc. in 1997. With extensive experience in real estate finance and development his responsibilities include corporate transactions, investor relations, tax compliance and capital raising from the United States. Before joining Westfield, Mr. Stefanek served as vice president, finance and administration for Disney Development Corporation in Los Angeles from 1991 — 1994 and chief financial officer of Western Development Corporation in Washington, DC from 1985 — 1991. Mr. Stefanek was with Cadillac Fairview Urban Development, Inc. in Dallas, Texas from 1983 — 1985 and was in the audit division of Arthur Anderson in Detroit, Michigan and Dallas, Texas from 1976 — 1983. He holds a Bachelor of Business Administration — Accounting from the University of Notre Dame and is a Certified Public Accountant and is a member of the executive committee of the board of directors of the Los Angeles Police Foundation (LAPF) and is on the board of directors of the Association of Foreign Investors in Real Estate (AFIRE).

Richard Steets. Richard Steets serves as Westfield Corporation's Chief Risk Officer, guiding the company's development, implementation, and monitoring of its insurance, risk, and compliance policies and procedures worldwide. Formerly serving in key leadership roles within Westfield's Corporate Development division, Mr. Steets has led strategic initiatives and transactions involving many of the company's most significant global investments, including Westfield London and Stratford City in the United Kingdom, as well as Westfield World Trade Center in New York City. Before joining Westfield, Mr. Steets worked as a senior executive and attorney in the real estate industry and mergers and acquisitions in the U.S. and Canada for over 25 years. Mr. Steets is a graduate of Georgetown University Law Center and Fordham University.

Share Ownership

The following table lists the share ownership of the directors as of February 23, 2017. Percentage ownership is based on 2,078,089,686 stapled securities issued and outstanding as of February 23, 2017. Beneficial ownership is based on rules relating to the holding of "relevant interests" under the Australian Corporations Act.

Name of Beneficial Owner	Number of Stapled Securities	Percentage Ownership
Frank P. Lowy AC (1)	197,500,000	9.50%
Peter S. Lowy (1)	—	—
Steven M. Lowy AM (1)	—	—
Brian M. Schwartz AM	31,110	*
Ilana R. Atlas	30,810	*
Roy L. Furman	50,000	*
Peter H. Goldsmith QC PC	5,000	*
Jeffrey A Goldstein	—	—
Michael J. Gutman, OBE	796,498	*
Mark G. Johnson	20,000	*
Mark R. Johnson AO	75,000	*
Don D. Kingsborough	—	*
John McFarlane	51,951	*
Dawn Ostroff	—	—

* Less than 5%.

(1) Messrs. Frank Lowy, Peter Lowy and Steven Lowy are deemed to share beneficial ownership.

Board Practices

The boards of WCL and WAML each have common membership. The ultimate responsibility for corporate governance resides with our board of directors. It is the policy of the board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of Westfield Corporation, and non-executive members who have outstanding track records and reputations attained at the highest levels of industry, and who are able to bring to the board a broad range of general commercial expertise and experience.

The membership of the board is reviewed by the Nomination Committee and by the board from time to time having regard to the ongoing needs of Westfield Corporation. Each of Ms. Atlas, Ms. Ostroff, Lord Goldsmith, Messrs. Furman, Goldstein, Mark G. Johnson, Mark R. Johnson, McFarlane and Schwartz have been determined by the board to meet the independence standard in the board's charter. In making this determination, the board assesses whether a director is:

- independent of management;
- free of any business or other relationship that could materially interfere or be perceived to materially interfere with such director's unfettered and independent judgment; and
- capable of making decisions without bias and which are in the best interests of all investors.

Board meetings are held at regular intervals throughout the year, with additional meetings being held as necessary. Directors are provided with board reports containing sufficient information to enable informed discussion of all agenda items in advance of board meetings. Any non-executive director may, if that non-executive director deems it necessary, seek independent legal advice on any matter connected with the performance of his or her duties. In such cases, Westfield Corporation will reimburse the reasonable costs of such advice. Directors are asked to notify the Chairman or the company secretary in advance of seeking such advice.

The directors' Code of Conduct covers personal conduct, conflicts of interest, confidentiality and director independence.

Board Responsibilities

The board of directors is accountable to members of Westfield Corporation and seeks to ensure that the business objectives of Westfield Corporation are aligned with the expectations of members and that the operations of Westfield Corporation are being effectively managed in a manner that is properly focused on those business objectives as well as conforming to legal and ethical requirements.

The board of directors has three standing board committees, namely the Audit and Risk Committee, the Human Resources Committee, and the Nomination Committee. The board may establish other board committees from time to time to deal with specific matters.

Audit and Risk Committee

The Audit and Risk Committee consists of three members, Mr. Brian Schwartz, who is the Chairman, Ms. Ilana Atlas and Mr. Mark G. Johnson. All of the members of the Committee are independent non-executive directors in accordance with the independence requirements set out in Westfield Corporation's board charter, are financially literate and have significant relevant financial or accounting experience. In addition, at least one member must have a sound understanding of Westfield Corporation's structure, internal controls and typical transactions that enable them to assess the risks faced by Westfield Corporation.

The objective of the Audit and Risk Committee is to assist the board of directors of Westfield Corporation in fulfilling its corporate governance responsibilities.

The Audit and Risk Committee assists the board in fulfilling its corporate governance responsibilities by:

- monitoring and reviewing the accuracy and reliability of management and financial reporting;
- reporting to the board of directors of Westfield Corporation on the half-year and annual reports and financial statements of Westfield Corporation;
- facilitating an effective and efficient audit (including making recommendations regarding the appointment, evaluation and removal of Westfield Corporation's external auditor);
- monitoring and reviewing the effectiveness of Westfield Corporation's internal control environment, including the effectiveness of internal control procedures;
- overseeing the internal audit function;
- monitoring and reviewing the corporate policies for identifying and managing the relevant business and legal risks and the adequacy of Westfield Corporation's procedures in implementing those policies; and
- overseeing the processes for Westfield Corporation's compliance with applicable laws and regulations (including Westfield Corporation's compliance plans).

The Audit and Risk Committee has accepted, as a matter of principle, the need to have in place an adequate compliance and control framework based upon appropriate written procedures, policies and guidelines to enable areas of legal risk to the business to be identified and appropriately reacted to, and to ensure that members of staff are informed as to those areas of material legal risk relevant to the operational activities in which they are engaged.

Compliance officers have been appointed for the United States and United Kingdom operations of Westfield Corporation. Those officers are responsible for reviewing and monitoring the efficacy of compliance systems within Westfield Corporation on an ongoing basis to ensure appropriate measures are in place to educate staff as to their compliance responsibilities, and to report to the Audit and Risk Committee on those matters.

The Audit and Risk Committee meets with the internal and external auditors at least twice a year and more frequently if required. The internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Risk Committee or the Chairman of the board.

The Audit and Risk Committee reports to the board after each Committee meeting.

Human Resources Committee

The Human Resources Committee consists of three members, Mr. Mark R. Johnson, who is the Chairman, Ms. Ilana Atlas and Mr. Roy Furman. All members of the Committee are independent non-executive directors in accordance with the independence requirements set out in Westfield Corporation's board charter.

The function of the Human Resources Committee is to assist the board of directors of Westfield Corporation in establishing effective and fair remuneration policies and practices with regard to Westfield Corporation's legal and governance obligations. Remuneration packages are set at levels designed to attract and retain high caliber senior executives capable of meeting the specific management needs of Westfield Corporation. Where the service agreements of executive directors provide for an annual salary review, that review is undertaken by the Human Resources Committee.

The Human Resources Committee also oversees the grant of incentives under executive incentive plans and has oversight of Westfield Corporation's diversity policy and program.

Fees paid to non-executive directors are determined by the board, within the current maximum aggregate limit set by members. Directors' fees are reviewed annually by the board within that limit, taking into consideration the level of fees paid to non-executive directors by companies of a similar size and stature.

Nomination Committee

The Nomination Committee consists of three members, Mr. Brian Schwartz, who is the Chairman, and Messrs. Roy Furman and Mark R. Johnson. All members of the Nomination Committee are independent, non-executive directors. The Nomination Committee is responsible for, among other things, assessing periodically the skill set required to discharge competently the board's duties, evaluating periodically the performance of the board, regularly reviewing and making recommendations regarding the size, composition, diversity and structure of the board and effectiveness of the board and identifying suitable candidates (executive and non-executive) to fill vacancies on the board.

Corporate Governance

Westfield Corporation, our executives and each of the boards of WCL and WAML recognize the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants and the expectations of members and others who deal with Westfield Corporation. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

Westfield Corporation is required to report the extent of Westfield Corporation's compliance with the ASX Corporate Governance Council's Governance Principles and Recommendations.

Westfield Corporation has adopted all of the recommendations except the recommendation that the Board be chaired by an independent director.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

General

Each of WAT and WFD Trust are managed by subsidiaries of WCL. In addition, subsidiaries of WCL hold options in WAT. Accordingly, there are certain related party transactions among WCL, WFD Trust and WAT. In addition, certain other related party transactions are discussed below.

The Australian Corporations Act contains restrictions on public companies, such as WCL, from providing financial benefits to related parties unless approved by members. In connection with the Restructuring, WCL and WAML entered into a stapling deed, which was approved by the member of WCL, allowing WCL to give financial benefits to related parties under the stapling deed or pursuant to any transaction entered into in accordance with the stapling deed.

WAML has obtained an exemption from ASIC from compliance with provisions of the Australian Corporations Act to enable WAML in its separate capacities as responsible entity of WFD Trust and of WAT to provide financial benefits to the other trust and its wholly owned subsidiaries, to WCL and its wholly owned subsidiaries and to an entity in which all the shares and interests are held by one or more of WFD Trust, WAT and WCL (or their respective wholly owned subsidiaries).

DESCRIPTION OF THE NOTES AND GUARANTEES

This offering memorandum relates to the Westfield America Management Limited, in its capacity as responsible entity and trustee of WFD Trust (the "Issuer"), £300,000,000 aggregate principal amount of 2.125% Guaranteed Senior Notes due 2025 (the "2025 Notes"), and £500,000,000 aggregate principal amount of 2.625% Guaranteed Senior Notes due 2029 (the "2029 Notes" and, together with the 2025 Notes, the "Notes"). The Notes issued by the Issuer will be governed by a document called an indenture. The indenture will be entered into on or prior to the issue date of the Notes, among the Issuer, the guarantors and Citibank, N.A., London Branch, as trustee, and will be supplemented by a supplemental indenture among the same parties setting forth additional terms of the Notes being offered hereunder (the "supplemental indenture"). References to the "indenture" refer to the indenture as so supplemented unless otherwise indicated. The sale of the Notes to the initial purchasers will be made without registration of the Notes under the U.S. Securities Act in reliance upon exemptions from the registration requirements of the U.S. Securities Act.

General

The Notes will be guaranteed by certain Westfield entities in their capacities as either a "parent guarantor" or a "subsidiary guarantor." The parent guarantees and the subsidiary guarantees are described under "Guarantees" below. References to the "parents" refer to WFD Trust and the parent guarantors.

Citibank, N.A., London Branch, will act as the trustee and paying agent under the indenture. The indenture and its associated documents will contain the full legal text of the matters described in this section. The agreements to be executed in connection with this offering of Notes are the indenture, the supplemental indenture, the Notes and the guarantees, all of which are governed by New York law. A copy of the indenture and the supplemental indenture may be obtained from the trustee.

Because this section is a summary, it does not describe every aspect of the Notes or the guarantees. This summary is subject to and qualified in its entirety by reference to all the provisions of the indenture and the supplemental indenture. Whenever we refer to particular sections or defined terms of the indenture or the supplemental indenture in this offering memorandum those sections or defined terms are incorporated by reference here. Unless we refer to the supplemental indenture, section references are to the indenture.

Principal Amount, Maturity Dates and Interest

The 2025 Notes will be issued in an aggregate principal amount of £300,000,000 and the 2029 Notes will be issued in an aggregate principal amount of £500,000,000. Payments in respect of principal, Make-Whole Amount, if any, and interest of or on the Notes will be paid in British pounds sterling.

We may, without the consent of the holders of the Notes, issue additional Notes of any series having the same form and terms (except for the issue date, the public offering price and, under certain circumstances, the first interest payment date) as the related series of Notes, in which event such Notes and the Notes of such series shall constitute one series for all purposes under the indenture, including without limitation, amendments, waivers and redemptions. Such additional notes may not be fungible with the Notes of the corresponding series, as applicable, for United States federal income tax purposes.

The 2025 Notes will mature on March 30, 2025, and the 2029 Notes will mature on March 30, 2029. The Notes will bear interest from March 30, 2017 and will be payable annually in arrears on each March 30, commencing March 30, 2018. The 2025 Notes will bear interest at the rate of 2.125% per year to the holders in whose names such Notes are registered at the close of business on the March 15 immediately preceding the relevant interest payment date. The 2029 Notes will bear interest at the rate of 2.625% per year to the holders in whose names such Notes are registered at the close of business on the March 15 immediately preceding the relevant interest payment date.

If any interest payment date with respect to a series of the Notes or the maturity date of a series of the Notes falls on a day that is not a business day in the relevant place of payment or in the place of business of the trustee, the required payment of principal, Make-Whole Amount, if any, and/or interest will be made on the next succeeding business day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such interest payment date or maturity date, as the case may be, to the date of such payment on the next succeeding business day.

Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or duly provided for, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant date that the principal is paid or made available for payment on the Notes on the basis of an Actual/Actual (ICMA) (as defined in the primary market handbook of International Capital Markets Association) day count convention.

How the Notes Rank Against Other Debt

None of the Notes will be secured by any of the Issuer's or the guarantors' property or assets. Thus, by owning the Notes, a holder is one of the Issuer's unsecured creditors. The Notes will be unsecured unsubordinated debt obligations of the Issuer and, subject to the limitation on liability and recourse in respect of WAML (see "— Limitation on Obligor Liability"), will rank equally (pari passu) with all of the Issuer's existing and future unsecured and unsubordinated debt, other than indebtedness mandatorily preferred by applicable law. The guarantees will be unsecured obligations of the guarantors and, subject to the limitation on liability and recourse in respect of WAML (see "— Guarantees — Limitation on Guarantor Liability"), will rank equally (pari passu) as to payment with all of their other unsecured and unsubordinated debt, except debt given preference by applicable law. The guarantees will not be subordinated to any of the guarantors' other unsecured unsubordinated debt obligations. This means that, in a bankruptcy or liquidation proceeding against the Issuer or any guarantor, the Issuer's obligations under the Notes or the relevant guarantor's obligations under its guarantee would rank equally in right of payment with all of the Issuer's or the relevant guarantor's other unsecured and unsubordinated debt, except debt mandatorily preferred by law.

Limitation on Obligor Liability

WAML, in its capacity as trustee and responsible entity of WFD Trust, in such capacity being the Issuer of the Notes, and in its capacity as trustee and responsible entity of Westfield America Trust, in such capacity being a parent guarantor under the indenture, will enter into the indenture only in those separate capacities as responsible entity of each of WFD Trust and Westfield America Trust. Any liability arising under or in connection with those separate obligations provided by WAML in the indenture can be enforced against WAML only to the extent that it can be satisfied out of the property of the relevant trust for which it acts as responsible entity. This limitation of liability of WAML as responsible entity of a trust extends to all liabilities and obligations in any way connected with the indenture, the Notes or the guarantee, as applicable, as such responsible entity provided under the indenture and any other representation, warranty, agreement or transaction related to the indenture, the Notes or the guarantees.

Guarantees

General

The Notes are guaranteed on a several, but not joint, basis by Westfield Corporation Limited ("WCL") and Westfield America Management Limited ("WAML"), in its capacity as responsible entity and trustee of Westfield America Trust, with respect to the payment of all amounts owing by the Issuer under the Notes. We refer to WCL and WAML (in its capacity as responsible entity and trustee of Westfield America Trust) together as the parent guarantors.

In addition, the Notes will be fully and unconditionally guaranteed on a joint and several basis by WEA Finance LLC, a subsidiary of Westfield America Trust, and Westfield UK & Europe Finance plc and WCL Finance Pty Limited, each a subsidiary of WCL, which we refer to, together, as the subsidiary guarantors. The subsidiary guarantors' guarantees of the Notes will be joint and several with any guarantees of the Notes by any future subsidiary guarantors. We refer to the parent guarantors and the subsidiary guarantors collectively as the guarantors. For a chart showing the structure of the guarantors, see "Summary — Borrowing and Credit Structure for the Notes."

Each guarantor guarantees the payment under the Notes when such amounts become due and payable, whether on an interest payment date, at the stated maturity of the Notes, by declaration of acceleration, at redemption or otherwise. Each guarantor also agrees to pay any expenses incurred by the trustee or any holder of Notes if the trustee or a holder of Notes had to enforce any right under the guarantee.

Each of the guarantees is an unsecured and unsubordinated debt obligation of each guarantor and, subject to the limitation on liability and recourse in respect of WAML, will rank equally in right of payment with all existing and future unsecured debt of such guarantor that is not, by its terms, expressly subordinated in right of payment to such guarantee or mandatorily preferred by law. Furthermore, each of the guarantors shall be subrogated to all rights of each holder of Notes against the Issuer in respect of any amounts paid to such holder by such guarantor pursuant to the provisions of the guarantee provided by such guarantor. The guarantor cannot enforce or receive payments based upon such subrogation right until all guaranteed obligations due and payable have been paid in full in cash. If the Issuer pays an amount to a guarantor but does not pay due and payable amounts to the holders of Notes, such paid amount shall be held in trust by the guarantor for the benefit of such holder of Notes and shall be paid over to the trustee. (Section 1301).

Limitation on Guarantor Liability

Under the terms of the indenture, each guarantor and each holder (by acceptance of its Notes) will confirm that it is the intention that the guarantee of such guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar United States federal or state law, or any applicable law of any jurisdiction relating to financial assistance, to the extent applicable to any guarantee. (Section 1302).

Release of Subsidiary Guarantee

The terms of the indenture will provide that the parents can notify the trustee that a subsidiary guarantor is being released from such subsidiary guarantor's guarantee, and, upon the trustee's receipt of such notice, such subsidiary guarantor shall automatically and irrevocably be released and relieved of any obligations under its guarantee with respect to the Notes if the following also is true:

- no Event of Default is continuing, or will result from the release of that guarantor in respect to the Notes,
- none of the guaranteed obligations which are guaranteed by that guarantor are, at that time, due and payable but unpaid, and
- such subsidiary guarantor is not a guarantor of (or co-obligor on) any other indebtedness of any of the parents or any of their respective Subsidiaries (other than (i) guarantees of the Notes or (ii) guarantees that have been or will be released concurrently with release of the subsidiary guarantor's guarantee of the Notes).

The Trustee will have no duty to monitor the addition or release of any guarantors in connection with their creditworthiness or ability to enhance or decrease the Issuer's ability to make interest or principal payments on the Notes. The addition or release of the Guarantors in compliance with the indenture is the sole responsibility of the Issuer and the parent guarantors, as applicable, and the Trustee will be merely performing a ministerial function of holding the guarantees delivered to it by the Issuer or the applicable guarantor in safe-keeping.

The indenture will also provide that if a subsidiary guarantor guarantees any other indebtedness of any of the parents or any of their respective Subsidiaries at any time subsequent to the date on which it is released from its guarantee as described above, such subsidiary guarantor will be required to provide a new guarantee on each series of Notes that remain outstanding on terms substantially identical to its initial subsidiary guarantee.

Subject to compliance with "— Special Situations — Mergers and Similar Events" below, a subsidiary guarantor shall also be automatically and irrevocably released and relieved of any obligations under its guarantee, upon the merger or consolidation of such subsidiary guarantor or a conveyance, transfer or lease of all or substantially all of its assets to any person (other than another guarantor or a subsidiary of a guarantor). Upon or promptly following such release, the Issuer must deliver to the trustee certain certificates and documents. (Section 1305). The automatic release of any subsidiary guarantor described in this "Description of the Notes and Guarantees" will not require the consent of, or notice to, any holder of the Notes and will not require any further action on the part of the Trustee.

Termination of Guarantee

The terms of the indenture will provide that the obligations of any guarantor terminate at the time such guarantor merges or consolidates with the Issuer, or when the Issuer acquires all of the assets and capital stock of such guarantor, and the guarantor has delivered to the trustee a certain certificate. If the Notes of any series are defeased, as described under "Defeasance and Discharge" below, each guarantor shall be deemed released from all guarantee obligations to the extent indicated in the indenture with respect to such series of Notes. (Section 1306).

Unless released or terminated, each guarantee is a continuing guarantee and shall:

- remain in full force and effect until the indefeasible payment in full in cash of the guaranteed obligations and all other amounts payable under the guarantee;
- be binding upon the guarantor, its successors and assigns; and
- be to the benefit of and be enforceable by the holders of the Notes and their successors, transferees and assigns.

Additional Parents, Parent Guarantors and Subsidiary Guarantors

The parents can by notice to the trustee nominate an additional parent, an additional parent guarantor or an additional subsidiary guarantor. An additional parent, parent guarantor or subsidiary guarantor will become a parent, parent guarantor or subsidiary guarantor, as the case may be, upon assuming the covenants and conditions of the indenture and upon executing and delivering a supplemental indenture to the trustee. Such guarantee given by such additional parent guarantor or subsidiary guarantor, as the case may be, shall in all respects have the same legal rank as the guarantees given by already existing parent guarantors or the subsidiary guarantors, as the case may be. (Sections 1307 and 1308).

Legal Ownership

Street Name and Other Indirect Holders

Investors who hold any series of Notes in accounts at banks or brokers will generally not be recognized by the Issuer and the guarantors as legal holders of such Notes. This is called holding in street name. Instead, the Issuer and the guarantors would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its Notes. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the Notes, either because they agree to do so in their customer agreements or because they are legally required to do so. If you are considering holding Notes in street name, you should consult your own institution to find out:

- how it will handle Note payments and notices;
- whether it will impose fees or charges;
- how it will handle voting if it were ever required;

- whether and how you can instruct it to send your Notes, registered in your own name so you can be a direct holder as described below; and
- how it will pursue rights under the Notes if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

The Issuer's obligations, the guarantors' obligations, as well as the obligations of the trustee and those of any third parties employed by the Issuer, the guarantors or the trustee, run only to persons who are registered as holders of Notes. As noted above, the Issuer and the guarantors do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold Notes in that manner or because the Notes are issued in the form of a Global Note as described below. For example, once the Issuer or a guarantor makes payment to the registered holder, it has no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

Global Note

A Global Note is a special type of indirectly held Note, as described above under "Street Name and Other Indirect Holders." The ultimate beneficial owners of a Global Note can only be indirect holders.

The Issuer and the guarantors require that the Global Note be registered in the name of a financial institution they select. In addition, the Issuer and the guarantors require that the Notes included in the Global Note not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the Global Note is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary.

Special Investor Considerations for a Global Note. As an indirect holder, an investor's rights relating to the Global Note will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. Neither the Issuer nor the guarantors recognize this type of investor as a holder of Notes and instead deal only with the depositary that holds the Global Note. The Notes offered by this offering memorandum will only be issued in the form of a Global Note except in special circumstances described below.

If you are an investor in the Global Note, you should be aware that:

- you cannot get Notes registered in your own name;
- you cannot receive physical certificates for your interest in the Notes;
- you will be a street name holder and as such you will not be considered the registered holder thereof under the indenture and you must look to your own bank or broker for payments on the Notes and protection of your legal rights relating to the Notes, as explained earlier under "Legal Ownership — Street Name and Other Indirect Holders";
- you may not be able to sell interests in the Notes to some insurance companies and other institutions that are required by law to own their Notes in the form of physical certificates;
- the depositary's policies will govern payments, transfers, exchanges and other matters relating to your interest in the Global Note. The Issuer, guarantors and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in the Global Note. The Issuer, the guarantors and the trustee do not supervise the depositary in any way; and
- the depositary will require that interests in the Global Note be purchased or sold within its system using same-day funds.

Special Situations When the Global Note Will Be Terminated. In a few special situations described below under "Book-Entry; Delivery and Form — Definitive Registered Notes," the Global Note will terminate and interests in it will be exchanged for physical certificates representing Notes.

After that exchange, the choice of whether to hold Notes directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in Notes transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders in the Notes have been previously described in "Legal Ownership — Street Name and Other Indirect Holders" and "Legal Ownership — Direct Holders."

In the remainder of this description "you" means direct holders and not street name or other indirect holders of the Notes. Indirect holders should read "Street Name and Other Indirect Holders."

Overview of Remainder of This Description

The remainder of this description summarizes:

- additional mechanics relevant to the Notes under normal circumstances, such as how you transfer ownership and where the Issuer makes payments;
- your rights under several special situations, such as if the Issuer or the guarantors merge with another company, if the Issuer or the guarantors want to change a term of the Notes or if the Issuer or the guarantors want to redeem the Notes for tax or other reasons;
- your rights to receive payment of additional amounts depending on your particular circumstances and arising from the withholding tax requirements of the United Kingdom, the United States and Australia;
- covenants contained in the indenture that restrict the Issuer's and the guarantors' ability to incur debt exceeding specific levels;
- your rights if the Issuer defaults in respect of its obligations under the Notes or experiences other financial difficulties; and
- your rights if any guarantor defaults in respect of its obligations under the guarantees or experiences other financial difficulties.

Additional Mechanics

Exchange and Transfer

Except as otherwise described herein, each series of Notes will be issued:

- only in fully registered form;
- without interest coupons; and
- in denominations of £100,000 principal amount and integral multiples of £1,000 in excess thereof.

You may have your Notes broken into more Notes of the same series of smaller denominations or combined into fewer Notes of such series of larger denominations, as long as the total principal amount is not changed. (Section 305). This is called an exchange.

You may exchange or transfer your Notes at the office of the trustee. The trustee acts as the Issuer's agent for registering each series of Notes in the names of holders and transferring Notes. The Issuer may change this appointment to another entity. The entity performing the role of maintaining the list of registered holders is called the security registrar. If the trustee has ceased to be the security registrar, it shall nevertheless have the right to examine the security register and it will also register transfers of Notes. However, the exchange and transfer of beneficial interests in a Global Notes shall be effected in accordance with the rules and procedures of Euroclear and Clearstream. (Section 305).

Book-Entry; Delivery and Form

General

The Notes will be sold solely outside the United States pursuant to Regulation S under the U.S. Securities Act and will initially be represented by a global note in registered form without interest coupons attached (the "Global Note"). The Global Note will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Note (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Notes will be issued only in denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interest in the Global Note will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the indenture.

The Notes will be issued in registered form in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof.

Definitive Registered Notes

Under the terms of the indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;
- if the Issuer, at its option, notifies the trustee and the Paying Agent in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes;
- if Euroclear or Clearstream so requests following an event of default under the indenture; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear and Clearstream following an event of default under the indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names of the owner and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in the section entitled "Notice to Investors," unless that legend is not required by the indenture or applicable law.

To the extent permitted by law, we, the trustee, the Paying Agent and the registrar, or any of our or their respective agents, shall be entitled to treat the registered holder of the Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such.

We will not impose any fees or other charges in respect of the Notes, however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Redemption of the Global Note

In the event the Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of the Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream in connection with the redemption of such Global Note (or any portion thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than £100,000 principal amount at maturity, or less, may be redeemed in part.

Payments On The Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and additional amounts, if any) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the order of the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the indenture, the Issuer, the trustee, the registrar, the Paying Agent and any our or their respective agents will treat the registered holder of the Global Note (for example, the nominee for the common depositary of Euroclear or Clearstream) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we, the trustee, the registrar, the Paying Agent, nor any of our or their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear or Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. However, if there is an event of default under the indenture, each of Euroclear and Clearstream reserves the right to exchange the Global Note for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and/or Clearstream will be effected in accordance with Euroclear's and/or Clearstream's rules, as applicable, and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in territories which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the indenture.

The Global Note will bear a legend to the effect set forth in the section entitled "Notice to Investors." Book Entry Interests in the Global Note will be subject to the restrictions on transfers and certification requirements discussed in the section entitled "Notice to Investors."

Information Concerning Euroclear And Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we, nor the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and/or Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodian relationship with a Euroclear and/or Clearstream participant, either directly or indirectly.

The laws of some states require that certain persons take physical delivery of the securities that they own. Consequently, your ability to transfer beneficial interests in a Global Note to others may be limited. Because Euroclear and Clearstream can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Note are expected to be admitted to the Official List of the Exchange and to be admitted to trading thereon, and any permitted secondary market trading activity in such Notes will therefore be required to be settled in immediately available funds.

Although we expect that Euroclear and Clearstream will follow the foregoing procedures in order to facilitate transfers of interests in the Global Note among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither we, the trustee, the registrar, the Paying Agent, nor any of our or their respective agents, will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations, which may include:

- maintaining, supervising and reviewing the records related to payments made on account of beneficial ownership interests in the Global Note; and
- any other action taken by any such depositary, participant or indirect participant.

Initial Settlement. Initial settlement for the Notes will be made in British pounds sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading. The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Situations

Mergers and Similar Events

The Issuer and the guarantors are generally permitted to consolidate or merge (including by way of an amalgamation) with another Person (as defined below). The Issuer and the guarantors are also permitted to sell or lease all or substantially all of the properties and assets of the Group (as defined below) (determined on a consolidated basis) to another Person or to buy or lease all or substantially all of the assets of another Person. (Section 801). However, neither the Issuer nor any guarantor may take any of these actions unless all the following conditions are met:

- If the Issuer or a parent guarantor consolidates or merges into, or sells or leases all or substantially all of the properties and assets of the Group (determined on a consolidated basis) to, another entity, the acquiring entity must be organized and validly existing under the laws of Australia, the United Kingdom, Hong Kong, Singapore, the United States, any state of the United States or the District of Columbia or any member country of the OECD, or any political subdivision of the foregoing. If a subsidiary guarantor consolidates or merges into another entity, the surviving entity can be organized and validly existing under the laws of any jurisdiction. In either case, the acquiring entity must expressly agree, by form of supplemental indenture, to be bound by every obligation in the indenture applicable to the entity that consolidated, merged or transferred its assets. (Section 801(1)).
- Neither the Issuer nor any guarantor may be in default on the Notes or any guarantee immediately prior to or after giving effect to such transaction. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described under "Default and Related Matters — Events of Default — What is an Event of Default?" A default for this purpose would also include any event that, after notice or lapse of time, or both, would become an event of default. (Section 801(2)).
- Where the Issuer or a guarantor consolidates or merges into or sells or leases all or substantially all of the properties and assets of the Group (determined on a consolidated basis) to another entity, the acquiring entity must indemnify the holders of the Notes against any tax, assessment or governmental charge imposed or other cost resulting from such transaction. (Section 801(3)).

- Where the Issuer or a guarantor consolidates or merges into or sells or leases all or substantially all of the properties and assets of the Group (determined on a consolidated basis) to another entity, the acquiring entity must agree to be subject to the rights and obligations described below under "— Optional Tax Redemption" and "— Payments of Additional Amounts" to the same extent as the Issuer or such guarantor, and must agree that its jurisdiction of organization (or any political subdivision or taxing authority thereof or therein) will be deemed a "relevant taxing jurisdiction" as defined below under "— Payment of Additional Amounts." (Section 801(4)).
- The Issuer or any guarantor, as the case may be, must deliver certain certificates and opinions to the trustee. (Section 801(5)).

Notwithstanding the condition set forth in the first bullet point in the immediately preceding paragraph, and provided that the conditions set forth in the second, third, fourth and fifth bullet points in the immediately preceding paragraph are met, the Issuer or any guarantor may consolidate with or merge into any other entity or convey, transfer or lease all or substantially all of the properties and assets of the Group (determined on a consolidated basis) to any person in a transaction or series of related transactions (including by way of a stapling transaction, amalgamation or voluntary liquidation) where:

- the Issuer or any guarantor (1) merges, consolidates with or conveys, transfers or leases all or substantially all of the properties and assets of the Issuer or such guarantor, as the case may be, to an affiliate of the Group that has no material assets or liabilities and that is incorporated or organized solely for the purpose of reincorporating or reorganizing the Issuer or such guarantor, as the case may be, in Australia, the United Kingdom, Hong Kong, Singapore, the United States, any state of the United States or the District of Columbia or any member country of the OECD, or any political subdivision of the foregoing, or (2) otherwise converts its legal form under the laws of its jurisdiction of organization,
- the Issuer and each parent guarantor, other than one of them, merges or consolidates with that other one of them, where the Issuer and each guarantor other than that other one become direct or indirect wholly owned subsidiaries of that other one,
- the Issuer or any guarantor merges or consolidates with or including another member of the Group or any other entity or entities where the surviving entity is the Issuer or a guarantor,
- the Issuer and each guarantor becomes a direct or indirect wholly owned subsidiary of the same entity and where that entity within thirty business days after the transaction or series of transactions is finally effected, becomes a parent guarantor in accordance with the indenture,
- the Issuer or any guarantor consolidates with, merges into or conveys, transfers or leases all or part of its properties and assets to any member of the Group,
- the Issuer or any guarantor merges or consolidates with, or conveys, transfers or leases all or substantially all of the properties and assets of the Issuer or such guarantor, as the case may be, to any member of the Group or to any new entity as a result of which (1) all or substantially all of the properties and assets of the Group (determined on a consolidated basis) are either owned, directly or indirectly, by such new entity or continue to be owned, directly or indirectly, by the Group, and (2) at least a majority of the total voting power of such new entity or the Group, as applicable, is, as of or immediately following such merger, consolidation, conveyance, transfer or lease, beneficially owned by the same persons that beneficially owned at least a majority of the total voting power of the Group immediately prior to such merger, consolidation, conveyance, transfer or lease becoming effective, and, in the case of a merger, consolidation, conveyance, transfer or lease to a new entity, within 30 business days after such merger, consolidation, conveyance, transfer or lease is finally effected, such new entity becomes a new guarantor or issuer in accordance with the indenture (Section 801), or
- such merger, consolidation, conveyance, transfer or lease is covered by any combination of the transactions described in the immediately preceding six bullets (or any portions thereof).

It is possible that a merger or other similar transaction with respect to the Issuer or a guarantor could be treated for United States federal income tax purposes as a taxable exchange of the Notes by the holders of the Notes for new securities, which could result in holders recognizing taxable gain or loss for United States federal income tax purposes. A merger or other similar transaction could also have adverse tax consequences to holders under other tax laws to which the holders are subject.

If the Issuer or any guarantor consolidates, merges or conveys property and assets as discussed above in this section, the successor entity formed by such transaction, shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or such guarantor, as applicable, under the indenture. (Section 802).

Any guarantor or any subsidiary of such guarantor may also assume the obligations of the Issuer on the Notes if:

- the guarantor or such subsidiary, as the case may be, assumes by means of a supplemental indenture, all the obligations of the Issuer under the Notes and the indenture;
- the guarantor or such subsidiary, as the case may be, agrees that, with respect to its assumption of its obligations, as described below under "Payment of Additional Amounts", its jurisdiction of organization (or any political subdivision or taxing authority thereof or therein) will be deemed a "relevant taxing jurisdiction" as defined below under "Payment of Additional Amounts;"
- if such Issuer is a parent, such parent assumes the covenants and conditions in the indenture to be performed by a parent guarantor;
- immediately prior to or after giving effect to the transaction no event of default and no event that, after notice or lapse of time, or both, would become an event of default with respect to the Notes has occurred and is continuing; and
- the guarantor or such subsidiary, as the case may be, has delivered certain certificates and opinions to the trustee. (Section 803).

Upon any such assumption the guarantor or such subsidiary, as the case may be, shall succeed to, and be substituted for, and may exercise every right and power of the Issuer under the indenture. (Section 803).

Under certain circumstances, such an assumption could be treated for United States federal income tax purposes as a taxable exchange of the Notes by the holders of the Notes for new securities, which could result in holders recognizing taxable gain or loss for United States federal income tax purposes. Such an assumption could also have adverse tax consequences to holders under other tax laws to which the holders are subject.

Modification and Waiver

There are three types of changes the Issuer and the guarantors can make to the indenture and the Notes.

Changes Requiring Your Approval. First, there are changes that cannot be made to your Notes without your specific approval. Following is a list of those types of changes:

- change the stated maturity of the principal or the interest on the Notes;
- reduce any amounts due on the Notes;
- change the Issuer's or the guarantors' obligations to pay additional amounts described later under "—Payment of Additional Amounts";
- reduce the amount of principal payable upon acceleration of the maturity of the Notes following an event of default;
- change the currency of payment on the Notes;

- impair your right to sue for payment;
- reduce the percentage of holders of Notes whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of Notes whose consent is needed to waive compliance with various provisions of the related indenture or the related supplemental indenture or to waive various defaults;
- modify the obligations of the guarantors in respect of the payment of principal, premium, if any, and interest, on the Notes; and
- modify or affect, in any manner adverse to you, the conversion or exchange of Notes into Notes of another series or into any other debt or equity securities. (Section 902).

Changes Requiring a Majority Vote. The second type of change to the indenture, the supplemental indenture and the Notes is the kind that requires a vote in favor by holders of the Notes owning a majority of the principal amount of any affected series of Notes. The same vote would be required for the Issuer and the guarantors to obtain a waiver of all or part of the covenants described below or a waiver of a past default. However, the Issuer and the guarantors cannot obtain a waiver of a payment default or any other aspect of the indenture or supplemental indenture or the Notes listed in the first category described previously under "— Changes Requiring Your Approval" unless they obtain your individual consent to the waiver. (Section 513).

Changes Not Requiring Approval. The third type of change does not require any vote by holders of the Notes. Following is a list of some of those types of changes:

- evidence the succession of another person to the Issuer or any guarantor and the assumption by any such successor of the covenants of the Issuer or the Guarantors in the indenture and in the Notes and the guarantees;
- add an additional guarantor or issuer under the indenture;
- add to the covenants of the Issuer or the guarantors for the benefit of the holders of Notes of any series or to surrender any right or power conferred upon the Issuer or the guarantors;
- add any additional events of default with respect to all or any series of Notes;
- secure the Notes of any series pursuant to the requirements of any covenant in the indenture or otherwise;
- provide for uncertificated Notes of any series in addition to or in place of certificated Notes of such series;
- evidence and provide the acceptance of the appointment of a successor trustee under the indenture;
- cure any ambiguity, defect or inconsistency that would not materially adversely affect holders of the Notes of any series;
- make certain clarifications and other changes that would not materially adversely affect holders of the Notes; and
- subject to the provisions governing the other types of changes to the extent applicable, conform the terms of the indenture, the Notes of any series or the guarantees to the description thereof contained herein to the extent such description was intended to be a substantially verbatim recitation of a provision of the indenture, such Notes or guarantees. (Section 901).

Under certain circumstances, the addition of an issuer or guarantor could be treated for United States federal income tax purposes as a taxable exchange of the applicable series of Notes by the holders of such series of Notes for new securities, which could result in holders recognizing taxable gain or loss for United States federal income tax purposes. Such additions could also have adverse tax consequences to holders under other tax laws to which the holders are subject.

Further Details Concerning Voting. When taking a vote, the Issuer and the guarantors will use the following rules to decide how much principal amount to attribute to a security in the Notes:

- For original issue discount securities, the Issuer and the guarantors will use the principal amount that would be due and payable on the voting date if the maturity of the Notes were accelerated to that date because of a default.
- Notes will not be considered outstanding, and therefore the holders will not be eligible to vote, if the Issuer or the guarantors have deposited or set aside in trust for you money for their payment or redemption. The holders of the Notes will also not be eligible to vote if they have been fully defeased as described later under "— Restrictive Covenants — Defeasance and Discharge."
- The Issuer and the parent guarantors will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the related indenture. If the Issuer or the parent guarantors set a record date for a vote or other action to be taken by holders of Notes, that vote or action may be taken only by persons who are holders of outstanding Notes on the record date. (Section 104).

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the notes or request a waiver.

Optional Tax Redemption

If, as the result of any change in or any amendment to any laws, treaties, regulations or published tax rulings of any "relevant taxing jurisdiction" (as defined below under "— Payment of Additional Amounts") affecting taxation, or any change in the official administration, application or interpretation of such laws, treaties, regulations or published tax rulings either generally or in relation to a series of the Notes or any guarantee, which change or amendment becomes effective on or after the original issue date of the Notes of such series, or which change in official administration, application or interpretation shall not have been published prior to such original issue date, the Issuer or any guarantor would be required to pay additional amounts, as described below under "— Payment of Additional Amounts," in respect of interest on the next succeeding interest payment date or in respect of principal or any original issue discount on the date of such determination, the Issuer may, at its option, redeem all of the Notes of such series, in whole but not in part, in respect of which such additional amounts would be so payable. The redemption price for the Notes of such series will be equal to 100% of the principal amount of the Notes of such series plus any accrued and unpaid interest to, but not including the date fixed for redemption. However, the Issuer may not redeem the Notes of such series if the Issuer or relevant guarantor, as applicable, is able to avoid paying additional amounts (as described under "— Payment of Additional Amounts") that would otherwise be payable, by taking commercially reasonable measures available to it, which are brought to its attention or of which it is actually aware, provided that such measures will not, in the reasonable determination of the Issuer, have an adverse effect on the Issuer or its affiliates.

No notice of redemption may be given earlier than 60 days prior to the earliest date on which the Issuer or a guarantor would be obligated to pay such additional amounts were a payment in respect of the Notes or the guarantee then due. At the time any redemption notice is given, such obligation to pay additional amounts must remain in effect.

In the event that the Issuer or any guarantor consolidates, merges into, or transfers or leases substantially all of its properties and assets to, another entity, or any guarantor or any subsidiary assumes the obligations of the Issuer under the Notes, any reference in the first paragraph above to "original issue date" will, with respect to any change in or amendment to, or any change in the official administration, application or interpretation of the laws, treaties, regulations or published tax rulings of the relevant taxing jurisdiction of the acquiring entity, be deemed to be a reference to the effective date of such transaction.

Prior to any redemption pursuant to the three immediately preceding paragraphs, the Issuer or a successor entity shall provide the trustee with an opinion of counsel, who shall be reasonably acceptable to the trustee, that the conditions precedent to the right of the Issuer or such successor entity to redeem such Notes as set out above have occurred. (Section 1108).

Payment of Additional Amounts

All payments in respect of the Notes or any guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied or collected by or on behalf of a relevant taxing jurisdiction unless withholding or deduction is required by law. A "relevant taxing jurisdiction" is any jurisdiction under the laws of which the Issuer or any guarantor is organized or any political subdivision or taxing authority thereof or therein.

The indenture will provide that if withholding or deduction is required by law, then the Issuer or the relevant guarantors, as the case may be, will pay to each holder of a Note such additional amounts as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such additional amounts) in the receipt by each such holder of the amounts that it would have received had no such withholding or deduction been required. However, the indenture will also provide that no additional amounts will be so payable for or on account of any withholding, deduction, tax, duty, assessment or other governmental charge that:

- is imposed only because the holder:
  - is or was a citizen, resident, domiciliary or national of the relevant taxing jurisdiction;
  - is or was engaged in a trade or business in the relevant taxing jurisdiction;
  - has or had a permanent establishment or physical presence in the relevant taxing jurisdiction;
  - otherwise has or had some connection with the relevant taxing jurisdiction other than the mere ownership of, or receipt of payment under, the Note or guarantee, provided that the holder will not be regarded as having a connection with Australia for the reason that such holder is a resident of Australia where, and to the extent that, such tax is payable by reason of Section 128B(2A) of the Income Tax Assessment Act of 1936 of Australia;
  - presented the Note or guarantee for payment in the relevant taxing jurisdiction, unless presentation is required and could not have been made elsewhere; or
  - presented the Note or guarantee for payment (where presentation is required) more than 30 days after the date on which payment on the Note or guarantee first became due and payable or after the payment was provided for, whichever is later, except to the extent that the holder would have been entitled to such additional amounts if it had presented the Note or guarantee for payment on any day within such 30 day period;
- is imposed only because the holder or, in the case of a Global Note, the beneficial owner thereof, failed to comply with a request by the Issuer or any guarantor as required by any statute, treaty, regulation or administrative practice of any relevant taxing jurisdiction as a precondition to exemption from all or part of such tax, duty, assessment or other governmental charge (including, without limitation, in the case of (i) a holder or beneficial owner who is a resident of Australia for tax purposes, or (ii) a nonresident of Australia holding such Note or, in the case of a Global Note, owning a beneficial interest in such Global Note, in either case through a permanent establishment in Australia, the quotation of an Australian tax file number or an Australian Business Number) to:
  - provide information about the nationality, residence or identity of the holder or beneficial owner; or
  - make a declaration or satisfy any information requirements;

- is an estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge or any withholding or deduction on account of such taxes;
- is payable in a manner that does not involve withholding or deduction from payments on the Notes or any guarantee;
- is imposed or withheld by reason of section 128FA(4) or 128FA(6) of the Income Tax Assessment Act of 1936 of Australia on the basis of the holder being an associate of the Issuer or any guarantor for purposes of section 128FA(8) of the Income Tax Assessment Act of 1936 of Australia;
- is imposed or withheld from a payment to a holder that is an associate of the Issuer or any guarantor, as the case may be, for the purposes of Section 128FA(8) of the Income Tax Assessment Act 1936 of Australia
- is imposed or withheld as a consequence of a determination having been made under Part IVA of the Income Tax Assessment Act of 1936 of Australia (or any modification or substitute provision) by the Commissioner of Taxation that withholding tax is payable in respect of a payment;
- is required by reason of the Australian Commissioner of Taxation, giving a notice under Section 255 of the Income Tax Assessment Act of 1936 of Australia or Section 260-5 of Schedule 1 of the Taxation Administration Act 1953 of Australia (or any similar or modified or substitute provision);
- is imposed by the United States or any political subdivision thereof or therein;
- is imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, and any current or future regulations promulgated thereunder (generally referred to as "FATCA"), the laws of any relevant taxing jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement between the Issuer and the United States or any authority thereof entered into for FATCA purposes; or
- any combination of any of the foregoing items.

Additional amounts will also not be paid on any payment on any Note or guarantee to any holder of Notes who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that payment would, under the laws of Australia or any political subdivision or taxing authority of Australia, be treated as being derived or received for tax purposes by a beneficiary or settlor with respect to that fiduciary or a member of that partnership or a beneficial owner who would not have been entitled to those additional amounts had it been the actual holder of the affected Notes.

These provisions will also apply to any taxes, duties, assessments or governmental charges of whatever nature imposed, levied or collected by or on behalf of any jurisdiction in which a successor to the Issuer or the relevant guarantor is organized or any political subdivision or taxing authority thereof or therein. Additional amounts may also be payable in the event of certain consolidations, mergers or sales of assets. For more information see "— Mergers and Similar Events" and "— Optional Tax Redemption." (Section 1009).

Optional Redemption of the Notes

The Issuer may, at its option, redeem some or all of any series of Notes at any time, on at least 15 days, but not more than 45 days, prior notice mailed to the registered address of each holder of the Notes. In case of any redemption at the election of the Issuer of less than all of the Notes of any series, the Issuer shall, at least 5 days prior to giving notice of such redemption to the holders (unless a shorter notice is satisfactory to the trustee in its sole discretion), notify the trustee of such Redemption Date and of the principal amount of the Notes of such series to be redeemed. If less than all the Notes of any series are to be redeemed, the particular Notes of such series to be redeemed shall be selected by the trustee not more than 45 days prior to the Redemption Date.

If we redeem some or all of the Notes prior to the applicable Par Call Date, the redemption price will be equal to the sum of (i) 100% of the principal amount of the Notes to be redeemed plus accrued but unpaid interest thereon to, but not including, the Redemption Date; and (ii) the Make-Whole Amount, in each case as defined below.

If the Notes are redeemed on or after the applicable Par Call Date, the redemption price will be equal to 100% of the principal amount of the Notes to be redeemed plus accrued but unpaid interest thereon to, but not including, the related Redemption Date.

The definitions of certain terms solely used in the calculation of the redemption prices are as follows:

"***Business Day***" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in any place of payment, such other location or the city in which the corporate trust office of the trustee is located, are authorized or obligated by law or executive order to close.

"***Comparable Government Bond Rate***" means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the series of Notes to be redeemed, if they were to be purchased at such price on the third Business Day prior to the date fixed for redemption or the date of accelerated payment, would be equal to the gross redemption yield on such Business Day of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by the Issuer.

"***Comparable Government Bond***" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by the Issuer, a United Kingdom government bond whose maturity is closest to the maturity of the series of Notes to be redeemed, or if such independent investment bank in its discretion considers that such similar bond is not in issue, such other United Kingdom government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, United Kingdom government bonds selected by such independent investment bank, determine to be appropriate for determining the Comparable Government Bond Rate.

"***Make-Whole Amount***" means, in connection with any optional redemption of any series of Notes, the excess, if any, of:

(1) the aggregate present value as of the Redemption Date of (i) the remaining payments of interest (exclusive of interest accrued to, but not including, the Redemption Date) on the Notes of such series being redeemed that would have been due if such Notes were redeemed on the applicable Par Call Date and (ii) the principal amount that would have been payable on the applicable Par Call Date if such Notes were redeemed on the applicable Par Call Date, determined by discounting, on an annual basis, on the basis of an Actual/Actual (ICMA) (as defined in the primary market handbook of International Capital Markets Association) day count convention, the principal and interest at the Reinvestment Rate, determined on the third Business Day preceding the date notice of the redemption is given, from the respective dates on which the principal and interest would have been payable if the redemption had not been made, to but not including the Redemption Date, over

(2) the aggregate principal amount of the Notes of such series being redeemed.

"***Par Call Date***" means, with respect to the 2025 Notes, January 30, 2025 (the date that is two months prior to the maturity date of the 2025 Notes) and, with respect to the 2029 Notes, December 30, 2028 (the date that is three months prior to the maturity date of the 2029 Notes).

"***Redemption Date***" means the date fixed for redemption by the Issuer.

"***Reinvestment Rate***" means the Comparable Government Bond Rate plus, with respect to the 2025 Notes, 20 basis points and, with respect to the 2029 Notes, 25 basis points.

On and after the Redemption Date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption, unless the Issuer defaults in the payment of the redemption price. On or before the Redemption Date, the Issuer will deposit with a paying agent or the trustee money sufficient to pay the redemption price of the Notes to be redeemed on that date.

The redemption price shall be calculated by the Issuer, and the trustee and any paying agent for the Notes shall be entitled to conclusively rely on such calculation.

The Notes may also be redeemed by the Issuer in certain circumstances where the Issuer or any guarantor would be required to pay additional amounts, as described above under "— Payment of Additional Amounts." See "— Optional Tax Redemption."

No Note of £100,000 in principal amount or less will be redeemed in part. In the event of redemption of any series of Notes in part only, there will be a new Note or Notes of such series issued for the unredeemed portion issued in the name of the holder. In the case of any such partial redemption, the trustee shall select the Notes of such series to be redeemed by such method as is provided in the applicable series of Notes, or in the absence of such provision, by such method as the trustee deems fair and appropriate.

Since a nominee of the common depository for Euroclear and Clearstream will be the registered holder of the Notes held as Global Notes, notice by Euroclear or Clearstream to participating institutions and by these participations to street name holders of indirect interests in the Notes will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

Restrictive Covenants

The supplemental indenture will include the following restrictive covenants. (Section 3.1 of the supplemental indenture).

The Issuer and each of the parent guarantors covenant and agree, for the benefit of the holders of the Notes, as follows:

- as of each Reporting Date, Net Debt will not exceed 65% of Net Assets;
- as of each Reporting Date, Secured Debt will not exceed 45% of Total Assets;
- the ratio of EBITDA for the 12 month period ending on each Reporting Date to Interest Expense for the same period will be at least 1.50:1.00; and
- as of each Reporting Date, Unencumbered Assets will be at least 125% of the aggregate principal amount of all outstanding Unsecured Debt.

Other than the restrictive covenants set forth above, the indenture and the supplemental indenture governing the Notes will not limit our ability to incur additional indebtedness at any time and from time to time. Such additional indebtedness may be denominated in U.S. dollars, Sterling or such other currencies as determined by us and may be unsecured or may be secured by mortgages or other interests in our assets.

In addition, the Issuer and the guarantors shall cause each of their real property assets, and the real property assets of each of their Subsidiaries, to be appraised no less frequently than once every three years, by an Approved Independent Valuer, except that the foregoing requirement will not apply to real property assets undergoing material construction or material development. (Section 3.2 of the supplemental indenture).

Notwithstanding anything to the contrary contained herein, the Trustee makes no representation whatsoever as to the accuracy, adequacy, correctness or completeness of the information contained herein.

The relevant terms for the restrictive covenants are defined as follows:

"***Affiliate***" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"***Approved Independent Valuer***" means (i) each real estate appraisal or valuation firm named on Schedule I to the supplemental indenture, but only with respect to the jurisdiction set forth opposite its name thereon, or the successor entity of any of them; or (ii) a real estate appraisal or valuation firm specifically selected for purposes of the indenture by the Board of Directors of Westfield Corporation; *provided* that (a) such firm is not an Affiliate of any member of Westfield Corporation, (b) such firm is of comparable reputation as determined in good faith by the Board of Directors of Westfield Corporation in the jurisdiction for which it is being selected to the firms set forth on Schedule I to the supplemental indenture, and (c) the Board of Directors of Westfield Corporation causes the Board Resolutions setting forth the selection of such firm to specify its name, the jurisdiction for which it is being selected, and the findings of the Board of Directors confirming that the requirements of clauses (a) and (b) above have been satisfied.

"***Balance Sheet***" means the balance sheet included in the Consolidated Financial Statements.

"***Board of Directors***" means either the board of directors, or the equivalent body, of the Issuer or any guarantor, as the case may be, or any duly authorized committee of that board or body.

"***Board Resolution***" when used with reference to the Issuer or any guarantor means a copy of a resolution, or the equivalent document, certified by a director, the Secretary or an Assistant Secretary, or a trustee as the case may be, of the Issuer or such guarantor, as applicable, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the trustee.

"***Cash and Cash Equivalents***" means, at a Reporting Date, cash on hand and at bank, short term money market deposits and short term bank accepted bills of exchange, government and semi-government stocks or bonds which are readily convertible to cash of the Group determined on a consolidated basis and as would be required to be included in the Consolidated Financial Statements for the applicable Reporting Date.

"***Consolidated Financial Statements***" means income statements, statements of cash flow and balance sheets together with statements, reports and notes (including, without limitation, directors' reports and auditors' reports (if any)) attached to or intended to be read with any of those statements, in relation to the Group as a consolidated entity, as would be prepared in accordance with GAAP.

"***EBITDA***" means, in respect of any period, (i) Net Profit Before Tax, plus (ii) all borrowing costs, depreciation and amortization of the Group, and excluding (iii), without duplication, (a) all realized or unrealized gains and losses in respect of any Hedging Obligations entered into to hedge the value of any asset or liability appearing on the balance sheet of the Group; (b) all realized or unrealized gains and losses in respect of Hedging Obligations appearing on the profit and loss statement of the Group for future periods; (c) other unrealized asset revaluations and realized and unrealized gains and losses on capital transactions (including the sale of assets); (d) goodwill write-offs or goodwill amortization; (e) all Interest Income; and (f) any Significant Items, less an amount equal to any interest, dividends or distributions or other borrowing costs paid, payable or accrued under or in respect of any Effective Equity Security to which clause (iii) of the definition of "***Hard Payment Date***" applies, as would have been shown in the Group's income statement or notes thereto for such period. In each case (i), (ii) and (iii) for such period, amounts will be determined on a consolidated basis in accordance with GAAP except to the extent GAAP is not applicable with respect to the determination of non-cash, extraordinary and non-recurring items.

“***Effective Equity Allocated Asset***” means an asset (other than an Effective Equity Security) owned or controlled by the issuer of an Effective Equity Security or another member of the Group that:

(i) can be delivered or transferred by such issuer or such other member of the Group to the holder of such Effective Equity Security in satisfaction of its obligations in respect of such Effective Equity Security, or towards the purchase of which such issuer or such other member of the Group can require the holder of such Effective Equity Security to apply the proceeds of redemption of such Effective Equity Security;

(ii) is not subject to a Lien (other than a Lien securing such Effective Equity Security or arising by law and securing an obligation that is not materially overdue or a Lien to which a holder of such Effective Equity Security would not be entitled to object at the time of its transfer or delivery); and

(iii) is determined by the parents to be an Effective Equity Allocated Asset in respect of such Effective Equity Security.

“***Effective Equity Security***” means at any time, a Marketable Security that:

(i) is issued by a member of the Group and satisfies the following conditions:

(a) it has no Hard Payment Date falling earlier than the Final Maturity Date;

(b) it contains no provision as a result of which it could have a Hard Payment Date (other than as a result of the exercise of a discretion by the issuer of such Effective Equity Security) earlier than the Final Maturity Date; and

(c) is either:

(1) in the form of shares in a company or units in a trust; or

(2) subordinated in right of proof and distribution in respect of such proof to the general creditors of the issuer of such Effective Equity Security (or any trust of which such issuer is acting as trustee) in any winding up, bankruptcy, administration, scheme of arrangement or any other form of insolvency administration of such issuer (or such trust) and not secured by any asset other than an Effective Equity Allocated Asset; or

(ii) satisfies one of the following conditions:

(a) prior to redemption (or, if earlier, upon winding up of the issuer of such Effective Equity Security), it will be transferred to another member of the Group and either:

(1) the holder will then have no recourse to any member of the Group for any principal, interest or similar amounts other than recourse to a member of the Group under a Marketable Security in relation to which the conditions specified in clause (i) above are satisfied; or

(2) the holder will then have no recourse to any member of the Group for any principal, interest or similar amounts other than recourse under an Effective Equity Security in relation to which the conditions specified in clause (ii)(b) below are satisfied; or

(b) is limited recourse to, or issued by a member of the Group that has no assets (other than immaterial assets) other than, obligations of a member of the Group in relation to which the conditions specified in clause (i) above are satisfied, and includes any Relevant Guarantee Obligation or other obligation of another member of the Group in respect of an Effective Equity Security provided that the conditions specified in clause (i) above are also satisfied in relation to such Relevant Guarantee Obligation or other obligation.

“***Final Maturity Date***” means, from time to time, the latest date upon which amounts owing with respect to any security issued under the indenture are due to be repaid.

“***generally accepted accounting principles***” or “***GAAP***” means, subject to Section 301 of the indenture, generally accepted accounting principles in Australia as applicable from time to time and consistently applied;

provided, *however*, that, at any time and from time to time after the date hereof, the parents may collectively, as a consolidated Group, elect to apply generally accepted accounting principles in the United States or financial reporting standards in the United Kingdom, Singapore, Hong Kong or any member country of the OECD (any of such generally accepted accounting principles or financial reporting standards, "***Alternate GAAP***" and, together with GAAP, the "***Accounting Standards***"); *provided* that if the parents have previously elected to apply an Alternate GAAP, the parents may elect to apply another Accounting Standard for the consolidated Group; *provided* that the elected Accounting Standard is the accounting standard in the jurisdiction where either (i) the equity interests of each of WCL, WFD Trust and Westfield America Trust are listed on an exchange for trading on a primary basis, or (ii) the equity interests of the successor entity or entities with which the Issuer or any of the guarantors has merged or consolidated or to which the Issuer or any of the guarantors has conveyed, transferred or leased all or substantially all of the properties and assets of the Group (determined on a consolidated basis) in each case in a transaction or series of related transactions that is not prohibited by the provisions set forth below above under the caption "Special Situations — Mergers and Similar Events", are listed on an exchange for trading on a primary basis. Subject to Section 301 of the indenture, upon any such election, references in the indenture to GAAP or generally accepted accounting principles shall mean the elected Accounting Standard as in effect on the date of such election and thereafter from time to time and consistently applied; *provided*, *further*, that, subject to Section 301 of the indenture, (1) all financial statements and reports required to be provided after such election pursuant to the indenture shall be prepared on the basis of the elected Accounting Standard, (2) from and after such election, all ratios, computations, calculations and other determinations based on the elected Accounting Standard contained in the indenture shall be calculated using financial measures determined in conformity with the elected Accounting Standard, and (3) all accounting terms and references in the indenture to accounting standards shall be deemed to be references to the most comparable terms or standards under the elected Accounting Standard; *provided*, *however*, that for purposes of all computations required or permitted for purposes of Section 3.1 and all related definitions set forth in Section 1.2 of the supplemental indenture, "***generally accepted accounting principles***" or "***GAAP***" means generally accepted accounting principles in Australia as of the date of the supplemental indenture, and all references herein to Consolidated Financial Statements (including, without limitation, the income statements, statements of cash flow and balance sheets included therein and the statements, reports or notes related thereto) or any similar or equivalent references shall be deemed to be mean those Consolidated Financial Statements that would have been prepared in accordance with generally accepted accounting principles in Australia as of the date of the supplemental indenture, irrespective of whether the parents have elected another Accounting Standard pursuant to the provisos in the definition of "***generally accepted accounting principles***" or "***GAAP***" in the indenture; *provided*, *further*, the foregoing shall not be construed as creating any obligation on the part of or otherwise requiring the Issuer or any of the parent guarantors to furnish or prepare any financial statements in accordance with the generally accepted accounting principles in Australia as of the supplemental indenture for purposes of such computations and any related definitions; *provided*, *further*, that for purposes of all computations required or permitted for purposes of Section 3.1 of the supplemental indenture, all such computations shall be based upon the valuations derived from the appraisals performed in accordance with Section 3.2 of the supplemental indenture.

"***Group***" means the parents and their respective Subsidiaries, taken as a whole.

"***Group Trust***" means any trust or managed investment scheme in respect of which a Group Trustee is trustee or responsible entity.

"***Group Trustee***" means (i) each Obligor Trustee, and (ii) each other trustee or responsible entity of a trust or a managed investment scheme, which trust or managed investment scheme is included as a Subsidiary of the Issuer or any guarantor. For the avoidance of doubt, "Group Trustee" shall not include the trustee under the indenture.

"***Hard Payment Date***" means, in respect of a Marketable Security, a date on which the holder of such Marketable Security could require the issuer of such Marketable Security to satisfy a payment, delivery or transfer obligation in respect of such Marketable Security, other than:

(i) in the winding up of the issuer of such Marketable Security, or of any trust as trustee of which such issuer has issued the Marketable Security;

(ii) an obligation that the issuer of such Marketable Security has the discretion to defer until after the Final Maturity Date or, in the case of interest, dividends or similar amounts, for not less than five years from the date it is originally scheduled to fall due (which discretion may be unconditional or subject to compliance with any applicable obligation not to pay distributions or interest on its ordinary equity or other equity or on other obligations that rank or are expressed to rank equally with or junior to the Effective Equity Security to which such Marketable Security relates);

(iii) an obligation to make, or cause to be made, a payment only out of or limited to the net income, cash flows or other proceeds of an Effective Equity Allocated Asset (or, if such Effective Equity Allocated Asset is a proportionate interest in another asset, a corresponding proportion of the proceeds of such other asset) or a portion thereof;

(iv) an obligation to make a payment that the issuer of such Marketable Security is (subject to delivering clear title but otherwise in all circumstances) entitled to require the holder to apply in payment for an Effective Equity Security or any related Effective Equity Allocated Assets or any shares in any of the parents or units in a Primary Trust; or

(v) an obligation to issue, deliver or transfer, or that can be satisfied by the issue, delivery or transfer of, an Effective Equity Security or an Effective Equity Allocated Asset or any shares in a Primary Obligor or units in a Primary Trust.

"***Hedging Obligation***" or "***Hedging Obligations***" means each interest rate transaction, foreign exchange transaction, equity or equity index option, bond option, commodity swap, commodity option, cap transaction, currency swap transaction, cross-currency swap rate transaction or any other hedge or derivative agreement, including any master agreement and any transaction or confirmation under it.

"***Indebtedness***" means, without duplication, any indebtedness of any member of the Group in respect of (i) any acceptance credit, bill acceptance or bill endorsement or similar facility; (ii) borrowed money evidenced by bonds, notes, debentures, loan stock or similar instruments whether secured or unsecured (excluding indebtedness secured by Cash and Cash Equivalents or defeased indebtedness); (iii) any reimbursement obligations in respect of a bond, standby or documentary letter of credit or any other similar instrument, issued by a bank or financial institution, but excluding any reimbursement obligation that has not yet fallen due (or any reimbursement obligation to the extent cash collateralized) in respect of a bond, standby or documentary letter of credit or any other similar instrument, issued by a bank or financial institution, that is not in respect of Indebtedness and has not yet been called or paid; (iv) amounts representing the balance deferred and unpaid for a period of more than 180 days of the purchase price of any property except any amount that constitutes an accrued expense or trade payable; (v) the amount of any liability in respect of any lease or hire purchase contract that would, in accordance with GAAP, be treated as a finance lease or capital lease, other than a ground lease; and (vi) any guarantee or indemnity against loss in respect of any of the items referred to in paragraphs (i) through (v) above, for another Person, but does not include any marked to market gain or loss in respect of the equity component of convertible instruments or any liability or amount payable under any Effective Equity Security (including any Relevant Guarantee Obligations or other obligations referred to in the last paragraph of the definition of "Effective Equity Security", but excluding any accrued interest or similar entitlement that has been deferred on terms that it may become due before the Final Maturity Date).

"***Interest Expense***" means, for any period, amounts determined on a consolidated basis and in accordance with GAAP being all borrowing costs of the Group (including any interest capitalized into the carrying value of an asset during the period and excluding marked-to-market adjustments included in the borrowing costs of the Group for that period as a result of the application of International Accounting Standard IAS39 (or any successor or replacement standard or similar standard as applied under the relevant Accounting Standard) and excluding dividends, distributions or other costs paid or accrued on stapled or unstapled units in listed trusts and amounts attributable to ground lease payments) less (i) any interest income in relation to a Hedging Obligation that is included in Net Profit Before Tax for that period; (ii) dividends, distributions or other costs paid or accrued on preference shares; (iii) amortization of debt issuance costs; (iv) to the extent included in such Interest Expense, any interest, dividends or distributions or other borrowing costs paid, payable or accrued under or in respect of any Effective Equity Security, as would be required to be shown in the Group's income statement or notes thereto for such period; and (v) the amount of Interest Income for that period.

"***Interest Income***" means, for any period, amounts determined on a consolidated basis and in accordance with GAAP as being all interest, amounts in the nature of interest, fees, commissions, discounts and other finance payments which accrued to the Group during that period.

"***Lien***" means, without duplication, a mortgage, charge, pledge, lien or other security interest or other preferential interest or arrangement having a similar economic effect, excluding any right of set-off, but including any conditional sale or other title retention arrangement or any finance leases.

"***Marketable Security***" means any share, unit, debenture, note or other security or other debt or equity obligation.

"***Net Assets***" means, at a Reporting Date, Total Assets less Cash and Cash Equivalents of the Group, in each case, determined on a consolidated basis and as would be required to be shown in the Consolidated Financial Statements for that Reporting Date.

"***Net Debt***" means, at a Reporting Date, Total Debt less Cash and Cash Equivalents of the Group, in each case, determined on a consolidated basis and as would be required to be shown in the Consolidated Financial Statements for that Reporting Date.

"***Net Profit Before Tax***" means, for a period, the operating profit before tax, excluding Significant Items, of the Group for that period determined on a consolidated basis in accordance with GAAP.

"***Obligor Trustee***" means (1) WAML, as responsible entity and trustee of WFD Trust, (2) WAML, as responsible entity and trustee of Westfield America Trust, and (3) any Issuer or Guarantor which is or becomes bound by the indenture or any Securities in its capacity as trustee or responsible entity of a trust, and includes any replacement responsible entity or a replacement trustee for any of them.

"***OECD***" means the Organisation for Economic Co-operation and Development, or any successor thereto.

"***Person***" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"***Permitted Lien***" means (i) any Lien arising by operation of law and in the ordinary course of business including (a) a Lien for taxes not yet due and payable or being contested in good faith and for which adequate reserves have been established in accordance with GAAP; (b) a possessory Lien for the unpaid balance of moneys owing for work, repairs, warehousing, storage, delivery or other services; and (c) any other Lien of landlords, carriers, warehousemen, mechanics, materialmen, repairers or other similar service providers which arise by law or by statute and in the ordinary course of business (and whether registration to perfect such Lien is or is not required); *provided* that either: (1) there is no default with respect to the obligations secured by that Lien; or (2) the obligations secured by the Lien are being, or within a reasonable time after the judgment will be, appealed or otherwise contested in good faith or paid in full; (ii) any Lien that is created or provided for by: (a) a lease or bailment of goods in respect of which a member of the Group is the lessee or bailee; (b) a commercial consignment of goods in respect of which a member of the Group is a consignee; or (c) a transfer of an account receivable or chattel paper in respect of which a member of the Group is transferor, and, in the case of the immediately foregoing clauses (a), (b) and (c), such Lien does not secure payment or performance of an obligation; (iii) any Lien in respect of personal property which is, or has at any time been, a purchase money security interest in favor of a seller securing all or part of the purchase price for personal property which is acquired by a member of the Group in the ordinary course of its business; *provided* that either: (a) there is no default with respect to the obligations secured by that Lien; or (b) the obligations secured by the Lien are being, or within a reasonable time after the judgment will be, appealed or otherwise contested in good faith or paid in full; (iv) a right of title retention in connection with acquisition of goods in the ordinary course of business on the usual terms of sale of the supplier where there is no default in connection with the relevant acquisition; (v) the lien of a Group Trustee or a custodian in respect of the assets of a Group Trust or other trust or managed investment scheme in relation to its rights of indemnity in respect of those assets; (vi) any Lien granted or created by a Group Trustee or a custodian over the right of indemnity or equitable lien held by it in its personal capacity over assets held by it as trustee or responsible entity where those assets would not be required to be included in the most recent Consolidated Financial Statements; (vii) any Lien that arises by operation of law or the terms of the judgment in respect of a judgment where the judgment is being, or will within a reasonable time after the judgment be, appealed or otherwise contested in good faith or paid in full; (viii) any Lien that consists of an easement, right of way, encroachment, reservation, restriction or condition on any real property interest where such encumbrance does not materially interfere with or impair the operation, use or other disposal of the property affected; (ix) any Lien consisting of minor defects or irregularities in the title to any real property interest which does not materially interfere with or impair the operation, use or other disposal of such property; (x) a deposit or a payment of Cash and Cash Equivalents provided or made in connection with any actual or contingent liability arising under or in connection with a Hedging Obligation; (xi) any Lien granted or created over any Effective Equity Allocated Asset to secure the related Effective Equity Security; or (xii) any Lien not otherwise permitted by the preceding clauses not exceeding US$50 million in aggregate at any one time outstanding.

"***Primary Trust***" means (1) WFD Trust (ARSN 168 765 875) and (2) Westfield America Trust (ARSN 092 058 449).

"***Relevant Guarantee Obligation***" means, with respect to any Person, any guarantee, suretyship, letter of credit, letter of comfort or any other obligation:

(i) to provide funds (whether by the advance or payment of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment or discharge of;

(ii) to indemnify any person against the consequences of default in the payment of; or

(iii) to be responsible for, any debt or monetary liability of any other Person or the assumption of any responsibility or obligation in respect of the insolvency or financial condition of any other Person.

"***Reporting Date***" means June 30 and December 31 of each year, the first of which is June 30, 2017.

"***Secured Debt***" means, at a Reporting Date, the portion of the Total Debt at that Reporting Date that is secured by a Lien (other than a Permitted Lien) on any asset of any member of the Group.

"***Significant Item***" means any non-cash item which is regarded as a significant item in accordance with GAAP and which would be required to be reported as such in the Consolidated Financial Statements.

"***Subsidiary***" of any Person means (i) any entity whose profit and loss are required by GAAP to be included in the consolidated annual profit and loss statements of such Person or would be so required if that entity were a corporation; or (ii) any corporation, association or other business entity of which more than 50% of the outstanding total voting power ordinarily entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or by one or more other Subsidiaries, or by that Person and one or more other Subsidiaries; or (iii) any partnership, the sole general partner or the managing general partner of which is that Person or a Subsidiary of that Person or the only general partners of which are that Person or of one or more Subsidiaries of that Person (or any combination thereof).

"***Total Assets***" means, at a Reporting Date, the total assets of the Group determined on a consolidated basis and as would be required to be shown in its Balance Sheet for that Reporting Date and adjusted to: (i) exclude any revaluation of any non-financial asset which is not approved by an Approved Independent Valuer; (ii) exclude the aggregate, on a consolidated basis and without duplication, of all receivables of the Group that are unrealized marked-to-market gains in respect of Hedging Obligations entered into to hedge the value of any asset or liability that would be required to be included in the Balance Sheet; (iii) exclude the value attributable to ground leases as deducted in accordance with the definition of Indebtedness; and (iv) exclude the aggregate value of all Effective Equity Allocated Assets.

"Total Debt" means, at a Reporting Date, the aggregate principal amount of all Indebtedness of the Group determined on a consolidated basis and as would be required to be shown in its Consolidated Financial Statements for that Reporting Date and adjusted to: (i) include the aggregate, on a consolidated basis and without duplication, of all payables of the Group that are unrealized marked-to-market losses in respect of any Hedging Obligations entered into to hedge the value of any asset or liability that would be required to be included in the Balance Sheet; (ii) include, as a reduction to Total Debt, the aggregate, on a consolidated basis and without duplication, of all receivables of the Group that are unrealized marked-to-market gains in respect of any Hedging Obligations entered into to hedge the value of any asset or liability that would be required to be shown in the Balance Sheet; and (iii) include the principal amount of, but not the marked-to-market amount of, fixed rate debt in relation to an acquisition.

"Unencumbered Assets" means, at a Reporting Date, any assets included in Total Assets for that Reporting Date but excluding (i) any asset included in Total Assets that is secured by a Lien (other than a Permitted Lien); and (ii) any investment in a Person not consolidated for accounting purposes with the Group if any assets of that unconsolidated Person are secured by a Lien (other than a Permitted Lien).

"Unsecured Debt" means, at a Reporting Date, Total Debt for the applicable Reporting Date less Secured Debt for that Reporting Date.

Defeasance and Discharge

The Issuer or the guarantors can legally release themselves from any payment or other obligations on any series of Notes or the guarantees, as the case may be, except for various obligations described below, if the Issuer or the guarantors, in addition to other actions, put in place the following arrangements for you to be repaid:

- the Issuer or the relevant guarantor must deposit or cause to be deposited with the trustee, for your benefit and the benefit of all other direct holders of such series of Notes cash, United Kingdom government or United Kingdom government agency notes or bonds, or a combination of these, that will generate enough money to make interest, principal and any other payments on such series of Notes on their various due dates. (Section 404); and
- the Issuer or relevant guarantor, as the case may be, must deliver to the trustee an officers' certificate of the Issuer or such guarantor, as the case may be, and a legal opinion of the Issuer's or such guarantor's counsel, as the case may be, confirming that either (A) there has been a change in United States federal income tax law or regulation or (B) the Issuer or such guarantor, as the case may be, has received from, or there has been published by, the United States Internal Revenue Service a ruling, in each case to the effect that it or they may make the above deposit and be so released without causing you to be taxed on the

relevant series of Notes any differently than if it or they did not make the deposit and were not so released and just repaid such series of Notes themselves at stated maturity; *provided, however,* that the legal opinion required above need not be delivered if all Notes of the relevant series not delivered to the trustee for cancellation have become due and payable, or will become due and payable at the stated maturity for such series within one year under arrangements reasonably satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of the Issuer. (Section 404).

However, even if the Issuer or a guarantor takes these actions, a number of their obligations relating to the Notes or the guarantees, as the case may be, will remain. These include the following obligations:

- to register the transfer and exchange of Notes;
- to replace mutilated, destroyed, lost or stolen Notes;
- to maintain paying agencies; and
- to hold money for payment for the benefit of holders of the Notes. (Section 401).

Covenant Defeasance

The Issuer or the guarantors can be legally released from compliance with certain covenants, including those described under "Restrictive Covenants" and including the corresponding Events of Default, if the Issuer or the relevant guarantor takes, in addition to other actions, all the steps described above under "Defeasance and Discharge", including an officers' certificate of the Issuer or such guarantor, as the case may be, and a legal opinion of the Issuer's or such guarantor's counsel, as the case may be, confirming that it or they may make the deposit and be so released from compliance with such covenants without causing the holders of the applicable series of Notes to be taxed, for United States federal income tax purposes, on the applicable series of Notes any differently than if it or they did not make the deposit and were not so released from compliance with such covenants and just repaid the applicable series of Notes themselves at stated maturity except that such officers' certificate or the opinion of counsel does not have to refer to a change in United States federal income tax laws or regulations or a ruling from the United States Internal Revenue Service. (Sections 403 and 404).

Default and Related Matters

Events of Default

You will have special rights if an event of default occurs with respect to the Notes and is not cured, as described later in this subsection.

What is an Event of Default? The term event of default means any of the following with respect to the Notes of any series:

- default in the payment of the principal of or any premium on such series of Notes, only if such default persists for a period of more than three business days;
- default in the payment of any interest or any additional amounts on such series of Notes within 30 days of its due date, unless there is a valid extension of the interest payment period;
- default in the deposit of any sinking fund payment, when and as due by the terms of such series of Notes, and, in the case of technical or administrative difficulties in effecting such payment (as determined in good faith by the Issuer or the parent guarantors), only if such default persists for a period of more than three business days;
- default in the performance, or breach, of any covenant or warranty of the Issuer or any guarantor in the indenture or the supplemental indenture applicable to such series of Notes for 60 days after the Issuer and the guarantors receive notice of default. The notice must be sent by either the trustee or holders of at least 25% in aggregate principal amount of the outstanding Notes of such series;

- default under any recourse indebtedness of the Issuer or any guarantor under one or more agreements or instruments evidencing an aggregate principal amount of at least US$50 million (or its equivalent in any other currency or currencies) as and when that indebtedness becomes due and payable, after the expiration of any applicable grace periods, which results in that indebtedness being declared due and payable prior to its stated maturity date, without such recourse indebtedness having been discharged or repaid, or any acceleration having been rescinded or annulled, within a period of 30 days after the Issuer receives notice of default. The notice must be sent by either the trustee or holders of at least 25% in aggregate principal amount of the outstanding Notes of such series;
- a court of competent jurisdiction makes an order or decree for relief in respect of the Issuer or any guarantor or any significant subsidiary in an involuntary case or proceeding under any applicable bankruptcy law, or adjudging the Issuer or any guarantor or significant subsidiary to be bankrupt or insolvent, or approving as properly filed a petition under any applicable bankruptcy law seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer or any guarantor or any significant subsidiary under any applicable federal or state law, or an order for the winding up, or liquidation of the Issuer or any guarantor or significant subsidiary, or appointing a receiver, liquidator, custodian, assignee, sequestrator, trustee or other similar official of the Issuer or any guarantor or significant subsidiary or of any substantial part of its property (or in the case of a Group Trustee, the property of the relevant Group Trust), except where such appointment is solely in respect of Indebtedness that is not recourse indebtedness, and the order, appointment or entry is not stayed within 60 days of the order, appointment or entry; *provided* that such an order or decree shall not be an event of default if it:
  - forms part of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or voluntary liquidation of the Issuer or a guarantor that is allowed under the indenture; or
  - forms part of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or voluntary liquidation of a significant subsidiary which is solvent and the surviving entity or recipient of net assets of that significant subsidiary is or will be a member of the Group; or
  - forms part of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation where (1) the Issuer and each guarantor becomes a direct or indirect wholly owned Subsidiary of the same entity where that entity within 30 business days after the scheme, reconstruction, merger, stapling transaction, amalgamation or consolidation is finally effected becomes a new parent guarantor or issuer in accordance with the indenture, (2) the Issuer and each parent guarantor, other than one of them, become direct or indirect wholly owned Subsidiaries of that other one, or (3) following such scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation, (x) all or substantially all of the properties and assets of the Group (determined on a consolidated basis) are either owned, directly or indirectly, by a new entity or continue to be owned, directly or indirectly, by the Group, and (y) at least a majority of the total voting power of such new entity or the Group, as applicable, is, as of or immediately following such scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation, beneficially owned by the same persons that beneficially owned at least a majority of the total voting power of the Group immediately prior to such scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation becoming effective, and (z) in the case of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation with a new entity, within 30 business days after the scheme, reconstruction, merger, stapling transaction, amalgamation or consolidation is finally effected, such new entity becomes a new guarantor or issuer in accordance with the indenture; or
  - occurs in relation to a Group Trustee (other than a parent guarantor or any of its Subsidiaries or a significant subsidiary), in its own right (and not in respect of the relevant Group Trust), and a new responsible entity or trustee who assumes all of the Group Trustee's obligations under the indenture is appointed in respect of the Group Trust within 60 business days of the occurrence of

that event; or where such order or decree occurs in relation to a transaction that is covered by any combination of the foregoing transactions (or any portions thereof); and

- the commencement by the Issuer or any guarantor or significant subsidiary of a voluntary case or proceeding under applicable bankruptcy law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Issuer or such guarantor or significant subsidiary to the entry of a decree or order for relief in respect of the Issuer or such guarantor or significant subsidiary in an involuntary case or proceeding under any bankruptcy law or to the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or such guarantor or significant subsidiary, or the filing or consent to such filing by the Issuer or such guarantor or significant subsidiary of a petition under any applicable bankruptcy law seeking reorganization or relief under any applicable federal or state law, or consent to the appointment of or taking possession by a receiver, liquidator, custodian, trustee or similar official of the Issuer or such guarantor or significant subsidiary or of any substantial part of their respective property, except where such appointment or such taking of possession is solely in respect of indebtedness that is not recourse indebtedness, or the making by the Issuer or such guarantor or significant subsidiary of an assignment for the benefit of creditors, or the admission by the Issuer or such guarantor or significant subsidiary in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer or such guarantor or significant subsidiary in furtherance of any such action; *provided* that such an order or decree shall not be an event of default if it:

  - forms part of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or voluntary liquidation of the Issuer or a guarantor (in each case which is solvent) that is allowed under the indenture; or

  - forms part of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or voluntary liquidation of a significant subsidiary which is solvent and the surviving entity or recipient of the assets of that significant subsidiary is or will be a parent guarantor or one of its Subsidiaries; or where it forms part of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation where (1) the Issuer and each parent guarantor becomes a direct or indirect wholly owned Subsidiary of the same entity where that entity within 30 business days after the scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation is finally effected becomes a new parent guarantor or issuer in accordance with the indenture, (2) the Issuer and each parent guarantor, other than one of them, become direct or indirect wholly owned Subsidiaries of that other one, or (3) following such scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation, (x) all or substantially all of the properties and assets of the Group (determined on a consolidated basis) are either owned, directly or indirectly, by a new entity or continue to be owned, directly or indirectly, by the Group, and (y) at least a majority of the total voting power of such new entity or the Group, as applicable, is, as of or immediately following such scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation, beneficially owned by the same persons that beneficially owned at least a majority of the total voting power of the Group immediately prior to such scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation becoming effective, and (z) in the case of a scheme, reconstruction, reorganization, merger, stapling transaction, amalgamation or consolidation with a new entity, within 30 business days after the scheme, reconstruction, merger, stapling transaction, amalgamation or consolidation is finally effected, such new entity becomes a new guarantor or issuer in accordance with the indenture; or

  - occurs in relation to a Group Trustee (other than a parent guarantor or any of its Subsidiaries or a significant subsidiary), in its own right (and not in respect of the relevant Group Trust), and a new responsible entity or trustee who assumes all of the Group Trustee's obligations under the indenture is appointed in respect of the Group Trust within 60 business days of the occurrence of that event; or

- occurs in relation to a transaction that is covered by any combination of the foregoing transaction (or any portions thereof).

If an event or circumstance occurs in respect of an Effective Equity Security which would otherwise be an Event of Default, despite the above, that event or circumstance shall not constitute an Event of Default unless it results (other than by reason of an election by a member of the Group) in a Hard Payment Date occurring at a time the Effective Equity Security is held by a person other than a member of the Group.

Remedies if an Event of Default Occurs. If an event of default has occurred and has not been cured with respect to any series of Notes, the trustee or the holders of 25% in aggregate principal amount of such series of Notes may, by notice in writing to the Issuer and the parent guarantors, declare the entire principal amount of all the Notes of such series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be cancelled by the holders of at least a majority in principal amount of the applicable series of Notes if the Issuer or a guarantor has paid the outstanding amounts, other than amounts due because of the acceleration of maturity, and the Issuer or a guarantor has satisfied certain other conditions. (Section 502).

Except in cases of default, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. (Section 603). If an indemnity to the trustee is provided, the holders of a majority in principal amount of the outstanding Notes of any series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other trust or power conferred on the trustee under the indenture. (Section 512).

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the applicable series of Notes, the following must occur:

- you must give the trustee written notice that an event of default with respect to the Notes of such series has occurred and remains uncured;
- the holders of not less than 25% in aggregate principal amount of all outstanding Notes of such series must make a written request that the trustee take action because of the default, and must offer indemnity and/or security satisfactory to the trustee against the cost and other liabilities of taking that action; and
- the trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity and/or security satisfactory to the trustee and the trustee has not received an inconsistent direction from the holders of a majority in principal amount of all outstanding Notes of such series during that period. (Section 507);

However, such limitations do not apply to a suit instituted by you for the enforcement of payment of the principal of or interest on a Note on or after the respective due dates. (Section 508).

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and to make or cancel a declaration of acceleration.

The Issuer and each of the guarantors will furnish to the trustee every year a written statement of certain of the Issuer's or such guarantor's officers, as the case may be, certifying that, to their knowledge, the Issuer or such guarantor, as the case may be, has fulfilled its material obligations under the indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default. (Section 1004).

Paying Agent

The Issuer will make all payments, including principal of, premium, if any, and interest on the Notes, at its office or through agent in London, England that it will maintain for these purposes. Initially, that agent will be

Citibank, N.A., London Branch (the "Paying Agent"). The Issuer may change the Paying Agent without prior notice to the holders of the Notes. In addition, the Issuer or any of its affiliates may act as Paying Agent in connection with the Notes.

Governing Law

The indenture, the supplemental indenture, the Notes and the guarantees will be governed by, and construed in accordance with the laws of the State of New York.

Listing

We are seeking to list the Notes on the Australian Securities Exchange and, if the listing is approved, we expect trading in the Notes to begin within 30 days after the Notes are first issued. There can be no assurance that such listing will be granted or maintained.

ISIN and Common Codes

The International Securities Indemnification Number (ISIN) for the 2025 Notes is: XS1588768926

The ISIN for the 2029 Notes is: XS1587946911

The Common Code for the 2025 Notes is: 158876892

The Common Code for the 2029 Notes is: 158794691

Consent to Service of Process

The indenture will provide that the Issuer and the guarantors have each appointed CT Corporation as their authorized agent for service of process in any legal action or proceeding arising out of, or relating to, the indenture or the Notes offered under the indenture brought in any federal or state court in the Borough of Manhattan, The City of New York, and the Issuer and guarantors will irrevocably submit to the non-exclusive jurisdiction of such courts in any such legal action or proceeding.

TAX MATTERS

The following statements with regard to certain Australian, United States, United Kingdom and European Union tax consequences of an investment in the Notes are based on the tax advice we have received. These statements do not take into account all the specific circumstances that may be relevant to a particular holder of the Notes. We urge you to consult your advisors concerning the consequences, as they relate to you and your specific circumstances, under the laws of any relevant taxing jurisdiction, including Australia, the United States and the United Kingdom, of investing in the Notes.

Certain United Kingdom Tax Consequences

The following is a general description of certain United Kingdom ("UK") tax considerations relating to the Notes based on current law and practice in the UK as applied by the courts of England (noting that such provisions may be repealed, revoked or modified, possibly with retrospective effect, so as to result in UK tax consequences different from those described below). It does not purport to be a complete analysis of all tax considerations relating to the Notes. The description below relates to the position of persons who are the absolute beneficial owners of Notes and some aspects do not apply to certain classes of taxpayer (such as dealers or traders in securities). Prospective holders of notes who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payments under the guarantees

It is possible that payments by Westfield UK & Europe Finance plc as a guarantor of the Issuer's obligations ("WUKEF Guarantee Payments") would be subject to withholding on account of UK tax. That would be subject to any claim which could be made under applicable double tax treaties and except that any withholding would be disapplied in respect of payments to a recipient whom such guarantor reasonably believes is either a UK resident company or a non-resident company carrying on a trade through a permanent establishment which is within the charge to corporation tax, or falls within various categories enjoying a special tax status (including charities and pension funds), or is a partnership consisting of such persons (unless HM Revenue and Customs direct otherwise). If a WUKEF Guarantee Payment were subject to withholding tax, Westfield UK & Europe Finance plc would be required under the indenture to pay additional amounts to the holder with respect to that withholding in the circumstances more particularly described and subject to the exceptions set forth under the caption "Description of the Notes and Guarantees — Payment of Additional Amounts."

The Proposed Financial Transaction Tax (FTT)

On February, 14 2013, the European Commission published a proposal for a Directive for a common financial transaction tax ("FTT") in certain participating Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) (the "participating Member States"), although prospective Noteholders should note that Member States may cease to participate and additional Members States may decide to participate. Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in the form proposed by the European Commission, apply to certain dealings in financial instruments (including secondary market transactions). The issuance and subscription of Notes should, however, be exempt.

Under the form proposed by the European Commission, the FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT and recent developments.

Certain Australian Withholding Tax Consequences

General

The following is a general summary of the material Australian withholding tax consequences arising under the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 (the "Tax Act"), and any relevant regulations, rulings or judicial or administrative interpretations as of the date of this offering memorandum in relation to an investment in the Notes by a holder of the Notes who:

- is not a resident of Australia for Australian tax law purposes and does not carry on business in Australia through a permanent establishment or fixed base in Australia (a "Non-Resident Investor");
- is not an associate of the Issuer within the meaning of Section 128FA of the Tax Act;
- holds the Notes on its own behalf (i.e., the holder is not, for example, a dealer in Securities or a Custodian); and
- purchased the Notes for cash at the original issue price pursuant to this offer.

This general summary is not intended to be nor should it be construed to be legal or tax advice to any particular holder. Prospective holders are urged to contact their tax advisors for specific advice relating to their particular circumstances.

Payments of Interest Under the Notes by the Issuer

Australian Interest Withholding Tax. Payments of interest or amounts in the nature of interest (such as discounts) on the Notes by the Issuer to a Non-Resident Investor will be subject to a 10% interest withholding tax unless either the exemption provided by Section 128FA of the Tax Act, other specific exemptions only available to entities of a particular type, or a tax treaty applies. If Section 128FA of the Tax Act does apply, there will be no Australian interest withholding tax on payments of interest or amounts in the nature of interest.

The Issuer intends to issue the Notes in a manner which will satisfy the public offer test and which otherwise will meet the requirements of Section 128FA of the Tax Act. If that is done, then based on the current legislation and administration policy of the Australian Taxation Office, the exemption will be available.

If it is ultimately determined that a Non-Resident Investor is subject to interest withholding tax or deduction on any payment to be made by the Issuer, the Non-Resident Investor may be entitled to additional amounts in certain circumstances.

Double Tax Treaty. Even if exemption from the 10% Australian interest withholding tax provided by Section 128FA of the Tax Act does not apply, a Non-Resident Investor may be eligible for relief from such tax under a tax treaty between Australia and the Non-Resident Investor's country of residence.

Under tax treaties with certain countries (including the United States and the United Kingdom) ("Specified Countries") interest withholding tax generally does not apply to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and

- certain unrelated financial institutions resident in a Specified Country which substantially derive their profits by carrying on a business of raising and providing finance.

Nevertheless, back-to-back loans and economically equivalent arrangements would continue to be subject to the 10% interest withholding tax rate and the anti-avoidance provisions in the Australian Tax Act may apply.

Payments Under Guarantees by Australian Guarantors

The guarantors may be required to make payments under the guarantees in the event of default by the Issuer. Such payments by guarantors resident in Australia may be subject to Australian interest withholding tax depending on whether or not the amounts are characterized as interest or in the nature of interest. If an amount is not characterized as interest, the Australian resident guarantors would not have an obligation to deduct interest withholding tax.

While it is not finally resolved under Australian law whether a payment made under a guarantee falls under this definition of interest, the Australian Taxation Office has issued a taxation determination that states that it will regard a payment made by a guarantor (in respect of interest on debentures such as the Notes) as being in the nature of interest (and therefore subject to interest withholding tax), and that if the exemption in Section 128FA of the Tax Act (discussed under "Australian Interest Withholding Tax" above) applied to the interest in respect of those debentures, it would also apply to payments made by guarantors in respect of this interest. This determination is binding on the Australian Taxation Office unless and until it is withdrawn.

If it is ultimately determined that Australian interest withholding tax or deduction applies on any payment to be made by an Australian resident guarantor, a Non-Resident Investor may be entitled under the indenture to additional amounts in certain circumstances.

Profits or Gains on Disposal of the Notes

Any profit or gain made on disposal of the Notes will not be subject to Australian income tax provided that such profit or gain does not have an Australian source (as described under "Australian Source" below).

To the extent that the amounts received on disposal of the Notes include amounts of interest or amounts in the nature of interest, Australian interest withholding tax may apply in certain circumstances. However, section 128FA may apply to exempt such amounts from Australian interest withholding tax (see "Australian Interest Withholding Tax" above).

Australian Source. Whether a profit or gain on disposal of the Notes has an Australian source is a question of fact that will be determined on the basis of the circumstances existing at the time of the disposal. Whether or not any such profit or gain will have an Australian source will depend on a variety of factors, including whether the Notes are disposed to another non-resident, whether the disposal of listed Notes occurs via the ASX, where negotiations are conducted, and where the relevant documentation is executed.

Double Tax Treaties. If the profit or gain on disposal of a Note is deemed to have an Australian source, a Non-Resident Investor may be eligible for relief from Australian tax on such profit or gain, under a double tax treaty between Australia and the Non-Resident Investor's country of residence. For example, under the double tax treaty between Australia and the United Kingdom, a Non-Resident Investor that qualifies for the benefits available under the treaty to a United Kingdom resident (as defined in that treaty) may be eligible for relief from Australian tax on its profit or gain on the disposal of a Note. Prospective purchasers should consult their tax advisors regarding their entitlement to benefits under a tax treaty.

Withholding under the U.S. Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, (generally referred to as "FATCA"), impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any "foreign financial institution" or non-financial foreign entity (each as defined by FATCA) that (i) does not provide the United States Internal Revenue Service (or other applicable authority pursuant to an intergovernmental agreement (an "IGA")) certain information in respect of its account holders or (ii) is not otherwise exempt from FATCA.

If the Issuer or the relevant Guarantor is treated as a "foreign financial institution" and becomes a "participating foreign financial institution" (as defined by FATCA), the Issuer or the relevant Guarantor, as applicable, may be required to withhold on foreign passthru payments (a term not yet defined by FATCA) made to (i) any foreign financial institution that is not a participating foreign financial institution or otherwise exempt from FATCA, or (ii) an investor that does not provide information sufficient to determine whether the investor is a United States person or should otherwise be treated as holding a "United States account" (as defined by FATCA) of the Issuer or the relevant Guarantor, as applicable, or is otherwise exempt from FATCA. This withholding would apply to any foreign passthru payments made on or after the later of January 1, 2019 or the date the United States Treasury regulations defining foreign passthru payments are finalized with respect to (i) any Notes characterized as debt for United States federal tax purposes that are issued or materially modified six months after the date the United States Treasury regulations defining foreign passthru payments are finalized and (ii) any Notes characterized as equity or which do not have a fixed term for United States federal tax purposes, whenever issued.

A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, IGAs with the United States to implement FATCA, which modify the way in which FATCA applies to their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE GUARANTORS, THE NOTES AND THE NOTEHOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT SUCH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each initial purchaser named below has severally agreed to purchase, and the Issuer has agreed to sell to that initial purchaser, the principal amount of the Notes set forth opposite the initial purchaser's name:

Initial Purchaser	Principal Amount of the 2025 Notes	Principal Amount of the 2029 Notes
Deutsche Bank AG, London Branch	£ 52,500,000	£ 87,500,000
Barclays Bank PLC	52,500,000	87,500,000
HSBC Bank plc	52,500,000	87,500,000
Morgan Stanley & Co. International plc	52,500,000	87,500,000
Banco Bilbao Vizcaya Argentina, S.A.	18,000,000	30,000,000
Credit Suisse Securities (Europe) Limited	18,000,000	30,000,000
Merrill Lynch International	18,000,000	30,000,000
Scotiabank Europe plc	18,000,000	30,000,000
Société Générale	18,000,000	30,000,000
Total	£300,000,000	£500,000,000

The Issuer expects the Notes to be ready for delivery in book-entry form through the facilities of Clearstream and Euroclear on or about March 30, 2017, which will be the fifth business day following the pricing of the Notes.

The purchase agreement provides that the obligations of the initial purchasers to purchase the Notes are subject to approval of legal matters by counsel and other conditions. The initial purchasers must purchase all the Notes, if they purchase any of the Notes.

We have been advised that the initial purchasers propose to resell the Notes at their respective offering prices set forth on the cover page of this offering memorandum outside the United States in reliance on Regulation S. See "Notice to Investors." The price at which the Notes are offered and other offering terms may be changed at any time without notice.

The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). See "Notice to Investors."

Accordingly, each initial purchaser has agreed that, except as permitted by the purchase agreement and as set forth in "Notice to Investors," it will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the closing date, and it will have sent to each dealer to which it sells Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Each initial purchaser has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) received by it in connection with the issue or sale of any Notes included in this offering in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the guarantors;

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes included in this offering in, from or otherwise involving the United Kingdom;

- in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make offers of Notes which are the subject of the offering memorandum to the public in that Relevant Member State other than pursuant to an exemption under Article 3 of the Prospectus Directive from any requirement to produce a prospectus. For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State;

- it has not and will not offer, sell or deliver the Notes, and it has not distributed and will not distribute, publish, deliver or disseminate any offering memorandum or advertisement in relation to the Notes, in each case in New Zealand other than to persons whose principal business is the investment of money or who, during the course of and for the purpose of their business, habitually invest money as referred to in section 3(2)(a)(ii) of the Securities Act 1978 of New Zealand; to persons who in all circumstances can be properly regarded as having been selected otherwise than as a member of the public; to persons who are each required to pay a minimum subscription price of at least NZ$500,000 for the Notes before the allotment of those Notes (disregarding any amounts payable, or paid, out of money lent by the Issuer or any associated person of the Issuer); to persons who have each paid a minimum subscription price of at least NZ$500,000 for securities previously issued by the Issuer ("Existing Securities") (in a single transaction before allotment of those Existing Securities and disregarding any amount lent by the Issuer or any associated person of the Issuer), *provided* the date of first allotment of those Existing Securities occurred not more than 18 months before the date of offer of the Notes; or in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand (or any statutory modification or reenactment of, or statutory substitution for, the Securities Act 1978 of New Zealand); *provided* that the Notes shall not be offered or sold, and this offering memorandum or any advertisement in relation to the Notes shall not be distributed, published, delivered or disseminated, to any "eligible person" (as defined in section 5(2CC) of the Securities Act 1978) unless that person also satisfies the criteria above;

- it has not and will not offer, sell or deliver, directly or indirectly, the Notes, and it has not distributed and will not distribute, publish, deliver or disseminate, directly or indirectly, any offering memorandum or advertisement in relation to the Notes, in each case in New Zealand other than to "wholesale investors" as that term is defined in clause 3.2(a), (c) and (d) of Schedule 1 to the New Zealand Financial Markets Conduct Act 2013 (the "FMCA"), being a person who is an "investment business," "large" or a "government agency," in each case as defined in Schedule 1 to the FMCA. For the avoidance of doubt, the Notes may not be offered or transferred to, among others, any "eligible investors" (as defined in the FMCA);

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (b) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (c) in other circumstances which do not result in such document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong); and unless permitted to do so under the securities laws of Hong Kong, it has not issued, or had in its possession for the purpose of issue, and will not issue, or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Notes intended to be disposed of to persons outside Hong Kong or to be disposed of in Hong Kong only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder;

- this offering memorandum has not and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA"), and the Notes will not be offered or sold directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of any Japanese Person, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with applicable laws, regulations ministerial guidelines of Japan. For the purpose of this paragraph "Japanese Person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan; and
- this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to an offer referred to in Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

"securities" (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Scheme Act, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes direct or indirect distribution of collective investment schemes, i.e. any offering of or advertising for collective investment schemes, as such term is defined in the Swiss Collective Scheme Act. Westfield Corporation will not distribute, directly or indirectly, in, into or from Switzerland shares of Westfield Corporation at the same time as the Notes are offered.

Neither this offering memorandum nor any other offering or marketing material relating to the offering, Westfield Corporation or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g. the Swiss Financial Market Supervisory Authority FINMA and investors in the Notes will not benefit from protection or supervision by such authority.

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

The Notes will constitute a new class of securities with no established trading market. We are seeking to list the Notes on the Australian Securities Exchange and, if the listing is approved, we expect trading in the Notes to begin 30 days after the Notes are first issued. We do not intend to list the Notes on any national securities exchange in the United States. We cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the liquidity of or the trading market for the Notes.

Furthermore, each initial purchaser has acknowledged that no prospectus or other disclosure document in relation to the Notes has been lodged with, or registered by, ASIC, and has also agreed that:

- it has not directly or indirectly made or invited, and will not make or invite, an offer for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- it has not distributed or published, and will not distribute or publish this offering memorandum or any other offering material or advertisement relating to the Notes in Australia, unless:
- the aggregate consideration payable by each offeree at the time of issue is at least A$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not need disclosure to investors under Part 6D.2 or Chapter 7 of the Australian Corporations Act,
- the offer or invitation does not constitute an offer to a "retail client" for the purposes of Section 761G of the Australian Corporations Act, and
- such action complies with all applicable laws and regulations of the Commonwealth of Australia.

In connection with this offering, the initial purchasers may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of the Notes in excess of the principal amount of the Notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of the Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

The initial purchasers or their affiliates have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The initial purchasers and their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. Affiliates of certain of the initial purchasers are lenders under our Credit Facility and will receive their pro rata amounts repaid under the Credit Facility.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and instruments of Westfield Corporation. Certain of the underwriters or their affiliates that have a lending relationship with Westfield Corporation routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical hedging strategy would include these underwriters or their affiliates hedging such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The initial purchasers and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes and the guarantees have not been registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, except pursuant to an effective registration statement or in accordance with an available exemption from the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold solely outside the United States in accordance with Regulation S under the U.S. Securities Act.

Each purchaser of the Notes offered hereby will be deemed, in making its purchase, to have represented and agreed as follows:

1. The purchaser and any account on behalf of which it is purchasing Notes (1) is not in the United States or a U.S. person, or acting for the account or benefit of a U.S. person, as that term is defined in Regulation S, and (2) is aware that the sale of the Notes to it is being made in reliance on Regulation S.

2. The purchaser understands that the Notes have not been registered under the U.S. Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person except as where noted below.

3. It understands that the Notes are being offered in reliance on Regulation S initially and will be represented by the Global Note and that interests therein may be held only through Euroclear or Clearstream, as described in "Description of the Notes and Guarantees — Book-Entry; Delivery and Form." The purchaser further understands that the Global Note will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THESE NOTES.

THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS NOT A U.S. PERSON AND IS OUTSIDE THE UNITED STATES WITHIN THE MEANING OF (OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (K)(2) OF RULE 902 UNDER) REGULATION S UNDER THE SECURITIES ACT."

4. The purchaser represents that it is not a NZ Noteholder and that it will not transfer the Notes to any person who would be a NZ Noteholder if such person held a Note.

5. The purchaser represents and agrees that it:

(a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Notes in Australia, including an offer or invitation which is received by a person in Australia; and

(b) has not distributed or published, and will not distribute or publish, this offering memorandum or any other offering material or advertisement relating to any Notes in Australia, unless (i) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies, in either case, disregarding moneys lent by the person offering the Notes or making the invitation or its associates), the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Australian Corporations Act and no Notes are transferred to a "retail" investor for the purposes of the Australian Corporations Act; (ii) the offer, invitation or distribution complies with the conditions of its Australian financial services licence, the Australian financial services licence of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such licence; (iii) the offer, invitation or distribution complies with all applicable laws and regulations relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs, and (iv) such action does not require any document to be lodged with ASIC.

6. The purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes.

7. The purchaser acknowledges that the Issuer, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, warranties and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the indenture to effect exchanges or transfers of interests in Global Notes, see "Description of the Notes and Guarantees — Book-Entry; Delivery and Form."

LEGAL MATTERS

The validity of the issuance of the Notes and the guarantees will be passed upon for Westfield Corporation by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California, special United States counsel for Westfield Corporation, by HWL Ebsworth, Australian legal counsel for Westfield Corporation as to certain matters of Australian law and by Skadden, Arps, Slate, Meagher & Flom LLP, United Kingdom legal counsel for Westfield Corporation as to certain matters of English law. Certain legal matters of New York law in connection with this offering will be passed upon for the initial purchasers by Sidley Austin LLP, New York, New York.

INDEPENDENT AUDITORS

The 2016 Annual Financial Statements, the 2015 Annual Financial Statements and the 2014 Annual Financial Statements included elsewhere in this offering memorandum, have been audited by Ernst & Young (ABN 75 288 172 749), independent auditors, as stated in their reports appearing herein. The Ernst & Young signing partner is a member of the Chartered Accountants Australia and New Zealand, and Ernst & Young's registered address is 200 George Street, Sydney, NSW 2000.

The liability of Ernst & Young with respect to civil claims (in tort, contract or otherwise) arising out of its audits of the financial statements of Westfield Corporation and its consolidated entities included in this offering memorandum is limited by the Chartered Accountants Australia and New Zealand Professional Standards Scheme (NSW) approved by the Professional Standards Council or such other applicable scheme approved pursuant to the Professional Standards Act 1994 (NSW), including the Treasury Legislation Amendment (Professional Standards) Act 2004 (Cth).

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Note: The financial reports for the year ended December 31, 2016, the year ended December 31, 2015 and the year ended December 31, 2014 have been extracted from the annual financial statements of Westfield Corporation for those periods. The numbers that appear on the bottom left- or right-hand corners of the following "F-" pages refer to the page numbers in the relevant annual financial report.

Directors' Report

The Directors of Westfield Corporation Limited (Company) submit the following report for the period from 1 January 2016 to 31 December 2016 (Financial Year).

1. OPERATIONS AND ACTIVITIES

1.1 Strategy

2016 was a significant year for the Group, which saw the continued execution of the Group's strategy to transform the Group's assets into the pre-eminent global shopping centre portfolio.

The Group is focused on creating great experiences for retailers, consumers and brands and has significantly enhanced its resources and capability in the areas of events, entertainment, digital technology and data analytics. The Group is transforming its food, fashion, leisure and entertainment offer with a broader mix of uses including the introduction of new concepts and brands.

The Group's $9.5 billion retail development program continues to progress well with the successful opening on Westfield World Trade Center in New York and the commencement of the expansion at Valley Fair in San Jose. In 2016, over $1 billion of revaluation gains was achieved, largely driven by the value created from the Group's completed developments. The Group's development program is creating significant long-term value and earning accretion for securityholders.

1.2 Financial results

The Group reported FFO earnings for the year ended 31 December 2016 of $700.4 million, in line with forecast. FFO per security was 33.7 cents per security, up 3.8% on a constant currency basis adjusted for asset divestments and income lost from redevelopment projects underway. IFRS net profit of $1,366.1 million for the year includes $1,005.0 million of property revaluations, $54.9 million of leasing incentives and related leasing costs amortisation, $30.2 million relating to the mark to market of derivatives and preference shares, $1.7 million gain on capital transactions and a $255.9 million charge for deferred tax.

The distribution for the year ended 31 December 2016 is 25.1 cents per security, also in-line with forecast.

The Group's financial position is strong with balance sheet assets of $21.1 billion, gearing ratio of 35.2%[(1)] and $2.8 billion in available liquidity.

The Group has assets under management of $30.9 billion, of which 82% are Flagship assets. Flagship assets are leading centres in major market typically with total annual sales in excess of $450 million, specialty annual sales in excess of $500 per square foot and anchored by a premium department store.

Profit after tax, funds from operations and distribution for the period [(i)]

	31 Dec 16 $million
Net property income	740.2
Net project and management income	126.1
Overheads	(116.1)
Financing costs	(64.0)
Interest on other financial liabilities	(18.9)
Mark to market of derivatives and preference shares	(30.2)
Property revaluations	1,005.0
Gain/(loss) in respect of capital transactions	1.7
Tax expense	(277.7)
Profit after tax	1,366.1
Adjusted for:	
– Amortisation of leasing incentives and related leasing costs	54.9
– Mark to market of derivatives and preference shares	30.2
– Property revaluations	(1,005.0)
– (Gain)/loss in respect of capital transactions	(1.7)
– Deferred tax expense	255.9
FFO [(ii)]	700.4
Less: amount retained	(178.8)
Dividend/distributions	521.6
FFO per security (cents)	33.70
Dividend/distribution per security (cents)	25.10

(i) The Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from and net assets in equity accounted properties on a gross basis whereby the underlying components of net income are disclosed separately as revenues and expenses.

(ii) FFO is a widely recognised measure of the performance of real estate investments groups by the property industry and is an important measure of operating performance of the Group.

The analysis of the results has been completed on a proportionate basis as approximately 58% (by asset value) of the shopping centre investments are equity accounted. FFO earnings include net property income (before the amortisation of leasing incentives and related leasing costs), management and project income, corporate overheads, underlying net interest (excluding derivative mark to markets), currency gains and underlying taxation of the business (excluding deferred tax).

(1) Based on market capitalisation.

1.3 Operating environment

The operating performance for the Financial Year was solid. During the year, the Group successfully opened the Westfield World Trade Center and commenced the expansion at Valley Fair in San Jose. The Group continued to make good progress on the $1 billion redevelopment of Century City in Los Angeles, $600 million expansion at UTC in San Diego and the £600 million expansion at Westfield London. For the year ended 31 December 2016, over $1 billion of revaluation gains were achieved, driven by the value created from completed developments.

Net property income (on a FFO basis) was $795.1 million for the Financial Year. The Group's portfolio achieved comparable net operating income growth of 3.2% for the year and was 94.9% leased at year end. The Flagship portfolio achieved comparable net operating income growth of 4.0% for the year with the Regional portfolio growing by 0.6%.

Specialty sales productivity was $725 psf, with comparable sales up 2.2% for the year. The Flagship portfolio achieved specialty retail sales of $898 psf, up 3.5% with the Regional portfolio achieving specialty retail sales of $457 psf, up 0.5%.

Management and project income was $126.1 million for the Financial Year. This includes income from managing centres held in joint ventures and airports; and project income including developments at London, UTC, Valley Fair and from the finalisation of third party project at Bradford.

Financing costs of $64.0 million includes underlying interest before interest capitalised of $197.5 million and $133.5 million of interest capitalised on the Group's developments including the Westfield World Trade Center and Century City.

Property revaluations of $1,005.0 million have arisen during the year, driven by the value created from the Group's completed development and revaluations from the Group's flagship assets including London and Stratford in the UK.

The mark to market of interest rate derivatives and preference shares of $30.2 million primarily reflects the revaluation of the minority interests in the US.

The deferred tax expense of $255.9 million includes deferred tax accrued on the revaluation and tax depreciation of property investments.

1.4 Development activities

In August 2016, the Group successfully opened the $1.2 billion major stage of Westfield World Trade Center ahead of the target yield. The opening of Westfield World Trade Center was a hugely important milestone in the execution of the Group's strategy. The center has opened well and is already the most productive flagship asset in the Group's portfolio.

The Group has $3.7 billion of projects under construction, including the:

- $1 billion redevelopment of Century City;
- $600 million expansion of UTC (Group's share: $300 million);
- £600 million expansion of Westfield London (Group's share: £300 million);
- $300 million balance of the Westfield World Trade Center; and
- $1.1 billion expansion of Valley Fair (Group's share: $550 million).

Century City will change the face of retail and entertainment for the west side of Los Angeles with the stores opening progressively throughout the 2017 year.

UTC is also progressing well and is expected to open in the fourth quarter of 2017.

Westfield London is progressing ahead of schedule and the Group now expects to complete the project six months earlier, in the first half of 2018. On completion, Westfield London will become the largest shopping centre in Europe.

At Valley Fair, the $1.1 billion expansion commenced in late 2016. Valley Fair is already one of the most productive centres in the US with sales of around $1,200 per square foot and contains Nordstrom and Macy's department stores which are amongst the highest grossing stores in their respective portfolios. The expansion comprises over 500,000 square feet of additional retail space, anchored by new flagship Bloomingdale's department store.

At Westfield Milan, to be anchored by a Galeries Lafayette department store, pre-leasing and pre-development is progressing well and the Group expects to commence this €1.4 billion project in early 2018 with completion in 2020.

Good progress continues on pre-development for residential rental projects in the UK and US with forecast starts in 2018 at the 1,200 apartment project at Stratford City in London and the 300 apartment project at UTC in San Diego.

1.5 Capital management

As at 31 December 2016, the Group has balance sheet assets of $21.1 billion, including property investments of $19.1 billion. During the year the Group refinanced $555 million (Group's share $339 million) of Mortgages to August 2026 and extended $150 million of bank facilities from July 2017 to July 2020. The Group continues to operate well within its covenants with gearing at 37.1%, secured debt to total assets at 12.9%, interest cover at 3.8 times and unencumbered leverage of 243%.

1.6 Principal activities

The principal activities of the Westfield Corporation are the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its US and UK portfolio. There were no significant changes in the nature of those activities during the year.

1.7 Outlook

After taking into account lost income from redevelopment projects underway, the Group expects to achieve FFO for the 2017 year of between 33.8 and 34.0 cents per security. On a constant currency basis, this represents growth of between 3.0% and 3.5% from 2016.

The forecast assumes no further capital transactions and no material change in foreign currency exchange rates.

The distribution forecast for the 2017 year is 25.5 cents per security.

1.8 Subsequent events

For the period dating from the end of the Financial Year, there are no subsequent events to report.

2. 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.

The Group 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.

The Group reports on its sustainability performance each year in its Sustainability Report and via its participation in the GRESB and CDP (formerly the Climate Disclosure Project) Climate Change surveys. 2016 was the Group's first year reporting to GRESB, and our performance scored a 62. It was also our first year reporting to CDP's Climate Change survey in which we were graded Awareness C. 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.

The Group is cognizant of the need to address the risks and opportunities arising from climate change. To the extent that climate change occurs the Group 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.

The Group's 2017 Sustainability Report (which will be published in the first quarter of 2017 and will be available at https://www.westfieldcorp.com/about/sustainability/) addresses the risks and opportunities arising from climate change and reports on the Group's performance across its four sustainability pillars: The Environment, Our People, Community and Marketplace. The 2017 Sustainability Report covers the period 1 January 2016 to 31 December 2016 and follows the Global Reporting Initiative G4 Sustainability Reporting Guidelines.

Key achievements set out in the 2017 Sustainability Report include:

- Reductions in Environmental Impacts
  - ~19% decrease in total Scope II emissions;
  - 13% decrease in total electricity consumption (Scope II Common Areas);
  - 20% reduction in water consumption by our UK operations;
  - 100% diversion of solid waste from landfills by our United Kingdom and European operations;
  - 9% increase in recycling at our United States sites and a 3% decrease in solid waste going to landfill; and
  - All waste from the Group's United Kingdom and European "day-to-day" operations recycled (74%), composted (13%), 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); and
  - Recognised as a Top 30 Employer by the United Kingdom's "Working Families Top Employers Benchmark"
- Westfield London and Westfield Stratford City being the first shopping centres in the United Kingdom to be officially awarded the triple Carbon Trust Standard, recognizing the action the Group has taken on climate change;
- The Mayor of London naming Westfield Corporation as a "Mayor's Corporate Commitment" organization in recognition of the Group's support for community contribution as part of its staff development program.

The Group's 2016 sustainability data has been reviewed by DNV GL Business Assurance USA, Inc, an independent third party sustainability expert.

3. DIVIDENDS/DISTRIBUTIONS

No dividend was declared for the six months ended 31 December 2015. A distribution of US12.55 cents per ordinary Westfield Corporation security was paid on 29 February 2016. This distribution is an aggregate of distributions from each of Westfield America Trust and WFD Trust.

No dividend was declared for the six months ended 30 June 2016. A distribution of US12.55 cents per ordinary Westfield Corporation security was paid on 31 August 2016. This distribution is an aggregate of distributions from each of Westfield America Trust and WFD Trust.

No dividend was declared for the six months ended 31 December 2016. A distribution of US12.55 cents per ordinary Westfield Corporation security will be paid on 28 February 2017. This distribution is an aggregate of distributions from each of Westfield America Trust and WFD Trust.

4. DIRECTORS AND SECRETARIES

4.1 Board Membership and Qualifications

The following Directors served on the Board during the Financial Year:

Mr Frank Lowy AC, Mr Brian Schwartz AM, Ms Ilana Atlas, Mr Roy Furman, Lord (Peter) Goldsmith QC PC, Mr Jeffrey Goldstein, Mr Michael Gutman OBE, Mr Mark G. Johnson, Mr Mark R. Johnson AO, Mr Donald Kingsborough, Mr Peter Lowy, Mr Steven Lowy AM, Mr John McFarlane, Ms Dawn Ostroff.

Details of the qualifications, experience and special responsibilities of each of the Company's Directors as at the date of this report are set out below.

Frank Lowy AC

Term of office[(1)]*:*

- Westfield Corporation Limited[(2)]: 8 April 2014
- Westfield America Management Limited[(3)]: 20 February 1996

Independent:

No

Skills and Experience:

Frank Lowy is the Chairman of Westfield Corporation. Mr Lowy served as the former Westfield Group's Chief Executive Officer for over 50 years before assuming a non-executive role in May 2011. He is the founder and Chairman of the Lowy Institute for International Policy. In November 2015, Mr Lowy retired as Chairman of Football Federation Australia Limited and in May 2016 he retired as Chairman of Scentre Group.

Brian Schwartz AM

Term of office:

- Westfield Corporation Limited: 8 April 2014
- Westfield America Management Limited: 6 May 2009
- Deputy Chairman and Lead Independent Director: 25 May 2011

Board Committee membership:

- Chairman of the Audit and Risk Committee
- Chairman of the Nomination Committee

Independent:

Yes

Skills and Experience:

Brian Schwartz is a non-executive Director and Deputy Chairman of Westfield Corporation. He is the non-executive Chairman of Scentre Group. Mr Schwartz is Chairman of the Westfield Corporation's Audit and Risk Committee and Nomination Committee and is the lead independent Director. In a career with Ernst & Young Australia spanning more than 25 years, he rose to the positions of Chairman (1996 – 1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Mr Schwartz was the CEO of Investec Bank (Australia) Limited. He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Mr Schwartz was previously a Director of Brambles Limited, Chairman of Insurance Australia Group Limited and Deputy Chairman of Football Federation Australia Limited.

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(1) Length of tenure is calculated from year of appointment to the Company (or any of its predecessor entities) or Westfield America Management Limited.

(2) Westfield Corporation Limited, the shares of which are stapled to unit in the Westfield America Trust and WFD Trust, which trade on the ASX as Westfield Corporation.

(3) Westfield America Management Limited as responsible entity for Westfield America Trust and WFD Trust, managed investment schemes, the units of both Trusts are stapled to the shares in the Company, which trades on the ASX as Westfield Corporation.

Ilana Atlas

Term of office:

– Westfield Corporation Limited: 8 April 2014

– Westfield America Management Limited: 25 May 2011

Board Committee membership:

– Audit and Risk Committee

– Human Resources Committee

Independent:

Yes

Skills and Experience:

Ilana Atlas is a non-executive Director of Westfield Corporation. Ms Atlas was previously a partner in Mallesons Stephen Jaques (now King & Wood Mallesons) and held a number of managerial roles in the firm, including Managing Partner and Executive Partner, People & Information. In 2000 she joined Westpac as Group Secretary and General Counsel before being appointed to the role of Group Executive, People in 2003. In that role, she was responsible for human resources strategy and management as well as Westpac's approach to corporate responsibility and sustainability. Ms Atlas is a Director of Australia and New Zealand Banking Group Limited, Coca-Cola Amatil Limited, Jawun Pty Limited and the Human Rights Law Centre and is a Fellow of the Senate of the University of Sydney. She was previously Chairman of Bell Shakespeare Company.

Roy Furman

Term of office:

– Westfield Corporation Limited: 8 April 2014

– Westfield America Management Limited: 29 May 2002

Board Committee membership:

– Human Resources Committee

– Nomination Committee

Independent:

Yes

Skills and Experience:

Roy Furman is a non-executive Director of Westfield Corporation. He holds a degree in law from Harvard Law School. Mr Furman is based in the US and is Vice-Chairman of Jefferies LLC and Chairman of Jefferies Capital Partners, a group of private equity funds. In 1973 he co-founded Furman Selz – an international investment banking, institutional brokerage and money management firm and was its CEO until 1997.

The Right Honourable Lord Goldsmith QC PC

Term of office:

– Westfield Corporation Limited: 8 April 2014

– Westfield America Management Limited: 28 August 2008

Independent:

Yes

Skills and Experience:

Lord (Peter) Goldsmith is a non-executive Director of Westfield Corporation. He holds a degree in law from Cambridge University and a Master of Laws from University College London. Lord Goldsmith is admitted to practise in England & Wales and other jurisdictions including New South Wales. He is a partner and European and Asian Chair of Litigation in the international law firm Debevoise & Plimpton LLP. In 1987, Lord Goldsmith was appointed Queen's Counsel and a Crown Court Recorder and a Deputy High Court Judge in 1994. For six years until June 2007, Lord Goldsmith served as the United Kingdom's Attorney General. He was created a Life Peer in 1999 and a Privy Counsellor in 2002 and he remains a member of the House of Lords. Lord Goldsmith's other past positions include Chairman of the Bar of England and Wales, Chairman of the Financial Reporting Review Panel, and founder of the Bar Pro Bono Unit.

Jeffrey Goldstein

Term of office:

– Westfield Corporation Limited: 28 November 2016

– Westfield America Management Limited: 28 November 2016

Independent:

Yes

Skills and Experience:

Jeffrey Goldstein is a non-executive Director of Westfield Corporation. He holds a Ph.D., M.Phil and M.A. in Economics from Yale University, a B.A. in Economics from Vassar College and also attended the London School of Economics. He is a Senior Advisor of Hellman & Friedman LLC, a private equity investment firm where he previously served as a Managing Director. Mr Goldstein served as the Under Secretary of the Treasury for Domestic Finance and Counselor to the Secretary of the Treasury in the United States. He also served as the Managing Director and Chief Financial Officer of the World Bank and was Co-Chairman of BT Wolfensohn and a partner at predecessor firms and a member of the Bankers Trust Company Management Committee. Mr Goldstein taught Economics at Princeton University and worked at the Brookings Institution. He currently serves on the Board of Bank of New York Mellon Corporation as well as Edelman Financial and Vassar College. He previously served on the Boards of LPL Financial, AlixPartners and Arch Capital. Mr Goldstein is also a member of the Council on Foreign Relations.

Michael Gutman OBE

Term of office:

– Westfield Corporation Limited: 28 August 2014

– Westfield America Management Limited: 28 August 2014

Independent:

No

Skills and Experience:

Michael Gutman was appointed as an Executive Director of Westfield Corporation in August 2014 and has served as President and Chief Operating Officer of Westfield Corporation since June 2014. Prior to the establishment of Westfield Corporation, Mr Gutman was the Managing Director, UK/Europe and New Markets for the former Westfield Group. He joined Westfield as an executive in 1993. Under his leadership, Westfield's UK/Europe business successfully developed Westfield London and Stratford City, two of the largest urban shopping centres in UK/Europe and acquired flagship development opportunities at Croydon in south London and Milan in Italy. In 2015 Mr Gutman was appointed a Director of the Europe Australia Business Council.

Mark G. Johnson

Term of office:

– Westfield Corporation Limited: 8 April 2014

– Westfield America Management Limited: 29 May 2013

Board Committee membership:

– Audit and Risk Committee

Independent:

Yes

Skills and Experience:

Mark Johnson is a non-executive Director of Westfield Corporation. He holds a Bachelor of Commerce from the University of NSW. Mr Johnson was Chief Executive Officer and Senior Partner of PricewaterhouseCoopers (PwC), one of Australia's leading professional services firms, from July 2008 to June 2012. In his more than 30 year career with PwC, Mr Johnson served a number of that firm's major clients in audit, accounting, due diligence, fundraising and risk and governance services. Mr Johnson was a senior member of the PwC International Strategy Council and Deputy Chairman of PwC Asia Pacific. He is Chairman of G8 Education Limited and MH Premium Farms (Holdings) Pty Limited and a Director of Coca-Cola Amatil Limited, HSBC Bank Australia Limited, The Hospitals Contribution Fund of Australia Limited (HCF) and The Smith Family. His former roles include Chairman of the PwC Foundation, member of the Australian Auditing and Assurance Standards Board, Deputy Chair of the Finance and Reporting Committee at the Australian Institute of Company Directors and a member of the Executive Council of the UNSW Business School Advisory Board. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors.

Mark R. Johnson AO

Term of office:

- Westfield Corporation Limited: 8 April 2014
- Westfield America Management Limited: 27 May 2010

Board Committee membership:

- Chairman of Human Resources Committee
- Nomination Committee

Independent:

Yes

Skills and Experience:

Mark Johnson is a non-executive Director of Westfield Corporation. He holds a degree in law from the University of Melbourne and a Masters of Business Administration from Harvard University. Mr Johnson is a senior advisor for Gresham Partners in Sydney, advisor in Australia to Bank of Tokyo Mitsubishi UFJ and Chairman of Dateline Resources Limited and Alinta Energy. He is Chairman of the Advisory Board of the Australian APEC Study Centre at RMIT University, Chairman of the ASIC External Advisory Panel and a Life Governor of the Victor Chang Cardiac Research Institute. He previously held senior roles in Macquarie Bank before retiring as Deputy Chairman in July 2007 and his former directorships include Pioneer International, AGL Energy and the Sydney Futures Exchange.

Donald Kingsborough

Term of office:

- Westfield Corporation Limited: 28 August 2014
- Westfield America Management Limited: 28 August 2014

Independent:

No

Skills and Experience:

Donald Kingsborough is an executive Director of Westfield Corporation and currently serves as President, Westfield Retail Solutions. He has been involved in the technology and retail sectors for the past 40 years and has helped establish a number of successful businesses. Mr Kingsborough has held a number of senior positions including as PayPal's Vice President of Global Retail, Global Business and Corporate Development and as President of consumer products at Atari in the late '70s and early 80s. In 2001 he founded Blackhawk Network and was CEO for a decade during which time he pioneered the gift card market.

Peter Lowy

Term of office:

- Westfield Corporation Limited: 8 April 2014
- Westfield America Management Limited: 20 February 1996

Independent:

No

Skills and Experience:

Peter Lowy is an executive Director of Westfield Corporation and currently serves as Co-Chief Executive Officer. He holds a Bachelor of Commerce from the University of NSW. Prior to joining Westfield in 1983, Mr Lowy worked in investment banking both in London and New York. Mr Lowy serves as Chairman of the Homeland Security Advisory Council for Los Angeles county and he is an inaugural member of the US Investment Advisory Council of the Department of Commerce. He also serves on the RAND Corporation Board of Trustees and is a Director of the Lowy Institute for International Policy. Prior to the establishment of Westfield Corporation, Mr Lowy was the Joint Managing Director of the Westfield Group from 1997.

Steven Lowy AM

Term of office:

- Westfield Corporation Limited: 28 November 2013
- Westfield America Management Limited: 20 February 1996

Independent:

No

Skills and Experience:

Steven Lowy is an executive Director of Westfield Corporation and currently serves as Co-Chief Executive Officer. He holds a Bachelor of Commerce (Honours) from the University of NSW. Prior to joining Westfield in 1987, Mr Lowy worked in investment banking in the US. He is Chairman of Football Federation Australia Limited and a non-executive Director of Scentre Group and the Lowy Institute for International Policy. Mr Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales, Chairman of the Victor Chang Cardiac Research Institute and Presiding Officer of the NSW Police Force Associate Degree in Policing Practice Board of Management. Prior to the establishment of Westfield Corporation, Mr Lowy was the Joint Managing Director of the Westfield Group from 1997.

John McFarlane

Term of office:

- Westfield Corporation Limited: 8 April 2014
- Westfield America Management Limited: 26 February 2008

Independent:

Yes

Skills and Experience:

John McFarlane is a non-executive Director of Westfield Corporation. He is a leading figure in global banking and in the City of London, having spent over 40 years in the sector, including 23 years at main board level. Mr McFarlane is chairman of Barclays as well as TheCityUK and was previously Chairman of Aviva, FirstGroup, and the Australian Bankers Association. He was CEO of Australia and New Zealand Banking Group for 10 years, and prior to that, group executive Director of Standard Chartered, and head of Citibank in the UK. Mr McFarlane is a non-executive Director of Old Oak Holdings, and the UK Financial Services Trade and Investment Board, and a member of the International Monetary Conference, the European Financial Roundtable, and the Institut International d'Etudes Bancaires. He was formerly a non-executive Director of The Royal Bank of Scotland Group, Capital Radio, and the London Stock Exchange. Mr McFarlane has an MA from the University of Edinburgh, and a MBA from Cranfield University, and studied finance at the London Business School. He has banking fellowships in Hong Kong, Australia and the UK, and was the inaugural recipient of Cranfield School of Management Distinguished Alumnus Award.

Dawn Ostroff

Term of office:

- Westfield Corporation Limited: 28 November 2016
- Westfield America Management Limited: 28 November 2016

Independent:

Yes

Skills and Experience:

Dawn Ostroff is a non-executive Director of Westfield Corporation. She holds a Bachelor of Science in Journalism from Florida International University. In 2011 Ms Ostroff was appointed president of Condé Nast Entertainment (CNÉ), an award-winning next generation studio producing projects across film, television, premium digital video and virtual reality. In 2006 she launched and led the CW broadcast network, a joint venture of CBS and Warner Bros. From 2002 to 2006, Ms Ostroff served as president of UPN Network, where she oversaw all areas of the network's business—programming, digital, branding, and marketing. Ms Ostroff was formerly an executive vice president of entertainment at Lifetime Television, and held senior roles at 20th Century Fox Television, Michael Jacobs Productions (at Disney) and the Kushner-Locke Company. She began her career working at several local channels in news as an on-air reporter and a producer.

4.2 Directors' Relevant Interests

The names of the Directors in office and the relevant interests of each Director in Westfield Corporation stapled securities as at the date of this report are shown below.

Director	Number of Stapled Securities
Frank Lowy AC Peter Lowy Steven Lowy AM	197,500,000
Ilana Atlas	30,810
Roy Furman	50,000
Peter Goldsmith QC PC	5,000
Jeffrey Goldstein	Nil
Michael Gutman OBE	796,498
Mark G. Johnson	20,000
Mark R. Johnson AO	75,000
Donald Kingsborough	Nil
John McFarlane	51,951
Dawn Ostroff	Nil
Brian Schwartz AM	31,110

None of the Directors hold options over any issued or unissued Westfield Corporation stapled securities. No options over any issued or unissued stapled securities in Westfield Corporation 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 or securities in Westfield Corporation. Details of the equity-linked incentives held by the executive Directors are set out in the Remuneration Report.

4.3 Directors' attendance at meetings

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

Number of Meetings held:	
Board of Directors:	7
Audit and Risk Committee:	6
Human Resources Committee:	3
Nomination Committee:	2

	Board		Audit and Risk		Human Resources		Nomination	
Directors	A	B	A	B	A	B	A	B
Frank Lowy AC	7	7	–	–	–	–	1	1
Brian Schwartz AM	7	7	6	6	–	–	2	2
Ilana Atlas	7	7	6	6	3	3	–	–
Roy Furman	7	7	–	–	3	3	1	1
Michael Gutman OBE	7	7	–	–	–	–	–	–
Peter Goldsmith QC PC	7	7	–	–	–	–	–	–
Jeffrey Goldstein	1	1	–	–	–	–	–	–
Mark G. Johnson	7	7	6	6	–	–	–	–
Mark R. Johnson AO	7	7	–	–	3	3	2	2
Donald Kingsborough	7	7	–	–	–	–	–	–
Peter Lowy	7	7	–	–	–	–	–	–
Steven Lowy AM	7	7	–	–	–	–	–	–
John McFarlane	7	7	–	–	–	–	–	–
Dawn Ostroff	1	1	–	–	–	–	–	–

Key

A = Number of meetings eligible to attend

B = Number of meetings attended

4.4 Directors' directorships of other listed companies

The following table sets out the directorships of other Australian listed companies and managed investment schemes held by the Company'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
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
	Brambles Limited	13 March 2009	30 June 2014
	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
	Suncorp Group Limited	1 January 2011	20 August 2014
	Suncorp Metway Limited	1 January 2011	20 August 2014
	Scentre Group Limited(2)	25 May 2011	30 June 2014
	Scentre Management Limited(2)	25 May 2011	30 June 2014
Roy Furman	Westfield America Management Limited(1)	29 May 2002	Continuing
	Scentre Group Limited(2)	13 July 2004	30 June 2014
	Scentre Management Limited(2)	13 July 2004	30 June 2014
Peter Goldsmith QC PC	Westfield America Management Limited(1)	28 August 2008	Continuing
	Scentre Group Limited(2)	28 August 2008	30 June 2014
	Scentre Management Limited(2)	28 August 2008	30 June 2014
Jeffrey Goldstein	Westfield America Management Limited	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
	Scentre Group Limited(2)	29 May 2013	30 June 2014
	Scentre Management Limited(2)	29 May 2013	30 June 2014
Mark R. Johnson AO	Westfield America Management Limited(1)	27 May 2010	Continuing
	Scentre Group Limited(2)	27 May 2010	30 June 2014
	Scentre Management Limited(2)	27 May 2010	30 June 2014
Donald Kingsborough	Westfield America Management Limited(2)	28 August 2014	Continuing
Peter Lowy	Westfield America Management Limited(2)	20 February 1996	Continuing
	Scentre Group Limited(1)	19 October 1987	30 June 2014
	Scentre Management Limited(2)	1 May 1986	30 June 2014
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
	Scentre Group Limited(2)	26 February 2008	30 June 2014
	Scentre Management Limited(2)	26 February 2008	30 June 2014
Dawn Ostroff	Westfield America Management Limited	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).

4.5 Secretaries
As at the date of this report, the Company had the following Secretaries:

Mr Simon Tuxen
Mr Simon Tuxen was appointed General Counsel of Westfield Corporation in June 2014. Prior to the establishment of Westfield Corporation, Mr Tuxen was Group General Counsel and Company Secretary of Westfield Group. Prior to joining Westfield in 2002, Mr Tuxen was the General Counsel of BIL International Limited in Singapore, Group Legal Manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques (now King & Wood Mallesons) from 1987 to 1996.

Ms Maureen McGrath
Ms Maureen McGrath was appointed General Counsel, Compliance and Secretariat of Scentre Group in June 2014. Ms McGrath provides company secretarial services to Westfield Corporation by agreement with Scentre Group. She holds a Bachelor of Laws and a Bachelor of Jurisprudence from the University of New South Wales. Ms McGrath is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

5. OPTIONS
No options were issued by the Company during or since the end of the Financial Year and no Director or member of the executive team holds options over issued or unissued Westfield Corporation stapled securities. Details of the equity-linked incentives held by executive Key Management Personnel are set out in the Remuneration Report.

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 Westfield Corporation.

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

Westfield Corporation has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of Westfield Corporation 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 Company documents and records, subject to undertakings as to confidentiality.

7. AUDIT
7.1 Audit and Risk Committee
As at the date of this report, the Company had an Audit and Risk Committee of the Board of Directors.

7.2 Non-Audit Services and Audit Independence
Details of the amount paid to the auditor, which includes amounts paid for non-audit services, are set out in Note 42 to the Financial Statements. The Board is satisfied that the provision of non-audit services by the auditor during the Financial Year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Furthermore, the provision of non-audit services by the auditor during the Financial Year did not compromise the independence requirements under the Corporations Act 2001 because:

(a) Westfield Corporation's Charter of Non-Audit Services sets out the categories of non-audit services that the auditor may or may not undertake. Those categories of permitted services remain subject to the overriding principle that a non-audit service may not be provided in circumstances where it would be detrimental to the actual or perceived independence of the statutory auditor;

(b) the Charter of Non-Audit Services provides a mechanism by which approval for non-audit services proposed to be performed by the auditor is required to be given prior to the provision of such non-audit services, providing an appropriate review point for independence issues prior to engagement;

(c) under the Charter of Non-Audit Services, the auditor is required to report at least twice each year as to its compliance with the terms of the Charter and, in all instances, confirm the position that the independence of Ernst & Young as statutory auditor has been maintained; and

(d) the auditor has provided an Auditor's Independence Declaration to the Board declaring that there has been no contravention of the auditor independence requirements of the Corporations Act 2001 or of any applicable code of professional conduct and that the Charter of Non-Audit Services has been complied with.

7.3 Auditor's Independence Declaration to the Directors of Westfield Corporation Limited

EY
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Auditor's Independence Declaration to the Directors of Westfield Corporation Limited
As lead auditor for the audit of Westfield Corporation Limited for the financial year ended 31 December 2016, 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 Corporation and the entities it controlled during the financial year.

Ernst & Young Graham Ezzy

Ernst & Young

Graham Ezzy
Partner

23 February 2017

Liability limited by a scheme approved under Professional Standards Legislation.

8. REMUNERATION REPORT

Message from the Chairman of the Human Resources Committee

Dear Securityholders,

I am pleased to introduce the Remuneration Report for Westfield Corporation (ASX: WFD) for the period from 1 January 2016 to 31 December 2016 (the **Financial Year**).

The Financial Year has been another period of significant activity for Westfield Corporation. More detail on all aspects of the Group's corporate achievements and operating performance is provided in the Director's Report and in the Remuneration Report.

As in previous years the work of the Human Resources Committee has encompassed a broad range of remuneration and human resources issues including matters relating to succession planning and diversity. These issues are discussed in detail in the Group's Sustainability Report to be issued in the first quarter of 2017.

Key Remuneration and Human Resources Challenges

As has been noted in previous reports, the human resources issues faced by Westfield Corporation are made more complex as a result of the company being listed on the Australian Securities Exchange and having a substantial Australian securityholder base at a time when our business, our assets and the vast majority of our staff are located in the United States and the United Kingdom.

At the Annual General Meeting in May 2016, the Chairman advised securityholders of the Board's decision not to move the domicile and listing of Westfield Corporation from Australia to another jurisdiction. Fundamentally, it was the Board's view that the expected positive economic benefits of such a move were not evident at the time the decision was taken.

Given that the Australian listing will be retained, the Board and the Human Resources Committee will continue to face challenges associated with the different remuneration structures that exist between the United States, the United Kingdom and Australia.

Our priority is to ensure that the structures we have in place are appropriate and enable Westfield to attract and retain the best talent in the markets where we operate. Over time, this will require that we change our remuneration structures so that we reward executives in a manner which is more customary in those markets. For now, we are not proposing any specific changes. Rather, we are continuing to study those markets in detail and that process continued in the Financial Year. We also recognise that any fundamental change to remuneration structures can only be achieved through incremental change over a number of years.

Westfield is currently in a unique period in its corporate history given the size of the $9.5 billion development pipeline which is underway. In last year's Report and in many investor presentations, we highlighted the critical importance of successful execution of that program. It is a cornerstone of our strategy to deliver long term sustainable value to securityholders. The anticipated value to be delivered through that development pipeline, along with the high quality of our Flagship portfolio, is a key reason why Westfield's securities continue to trade at a premium multiple when compared with our US and UK peers. The potential of that development pipeline was demonstrated most recently at World Trade Center where completion of that world class development produced a material part of the $1 billion of revaluation uplift achieved by the Group in the Financial Year.

It follows that the retention of key executives responsible for the successful execution of the development pipeline is a matter of considerable focus for the Board. We recognise that the unique talents of our development executives are in global demand within the broader property industry. We are continuing to explore ways to address this issue in a manner which is closely aligned to the interests of securityholders. In the Financial Year, the Board has taken the decision to grant Target Incentive Rights to a limited number of development executives (as well as executives working in the newly formed Westfield Retail Solutions). The nature of these Rights is discussed further in section 8.4.

Westfield recognises that in order to explore new digital opportunities, we need to continue to hire executives with strong technology skills to supplement our existing resources. In the course of completing a number of those hires in the Financial Year, it has become clear to the Board that Westfield's existing remuneration model as described in the Remuneration Report may require some adjustment if we are to attract and retain the best technology talent available – just as we seek to do in the rest of the business. More specifically, executives working in this area expect a remuneration structure which relates specifically to the success of the projects which they are engaged to work on (rather than the broader success of Westfield in the conduct of our core business). That position is being increasingly reflected in the employment arrangements for senior executives hired by Westfield Retail Solutions under the executive leadership of Donald Kingsborough. Although we intend to preserve the principles inherent in our remuneration policies as noted in this Report, the Board acknowledges that if we are to draw on the global talent pool of executives with skills in this rapidly changing and highly competitive industry, we will require a higher degree of flexibility in our remuneration practices and an approach to talent recruitment and retention which is specific to this part of our business.

Key Remuneration Outcomes and Policy Changes

As was foreshadowed in the FY15 report, in the Financial Year we introduced a number of important policy changes including:

– the discontinuance of Retention Awards (ie fixed term awards without performance hurdles);

– the expansion of the Clawback provisions in our equity linked plans and the STI plan; and

– the introduction of a minimum shareholding requirement for executive Key Management Personnel.

In addition to implementing those policy changes, the following specific remuneration outcomes occurred for FY16/17:

(a) **2016 Short Term Incentive Payments** – for Key Management Personnel and more generally in the Senior Executive Team, Short Term Incentive payments were at, or below, the Target Level. The Co-Chief Executive Officers and the President and Chief Operating Officer received 90% of Target of their Target Short Term Incentive.

(b) **2017 Remuneration Levels** – for Key Management Personnel and the Senior Executive Team, remuneration levels (including Short Term Incentive and Long Term Incentive targets) were generally set at the same level as applied in 2016 – with the exceptions relating to promotions and the correction of any market anomalies identified during the year and the grant of Target Incentive Rights to certain senior executives considered critical to the successful execution of the development pipeline (as noted above and in section 8.4).

I trust that you will find the Report helpful in understanding the policies and practices of Westfield Corporation.

Mark R. Johnson AO
Chairman, Human Resources Committee

Background to this Report
This Remuneration Report, prepared in accordance with the requirements of the *Corporations Act 2001* and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, provides an overview of Westfield Corporation's remuneration policies and practices in the Financial Year. This Report has been audited by Ernst & Young.

In this Report, Westfield Corporation is also referred to as "Westfield" or the "Group".

In writing this Report, our aim is to present information in a way which is readily accessible to its readers. To comply with our legal obligations and to provide additional information which may be of interest to those undertaking a more detailed analysis, we have included additional technical information in the Appendix A to this Report. Definitions of terms used frequently in this Report have been included in section 8.8.

Westfield Corporation no longer has business operations in Australia. Rather, our operating businesses are located in the United States and the United Kingdom and our revenues are derived in currencies other than the Australian dollar. For the Financial Year, our accounts have been prepared and disclosed in US dollars. Our executive team is paid in US dollars or British pounds. **For this reason, unless noted otherwise, all disclosures in this Report are in US dollars.**

The structure of the Report is as follows:

8.1 Human Resources Committee
8.2 Remuneration Policy Objectives
8.3 Corporate Performance
8.4 Our Remuneration Structure
8.5 Remuneration of the Key Management Personnel
8.6 Executive Service Agreements and Termination Arrangements
8.7 Remuneration of Non-Executive Directors
8.8 Definitions
Appendices

8.1 Human Resources Committee
The Board is responsible for setting remuneration policy and overseeing the implementation of that policy in a manner which reflects the objectives set out in section 8.2. The Human Resources Committee (or **the Committee**) is responsible for making recommendations to the Board. The Committee's activities are governed by its Charter, a copy of which is available at http://www.westfieldcorp.com/about/governance/.

The Committee comprises Mr Mark R. Johnson (Chairman) together with Mr Roy Furman and Ms Ilana Atlas. The Group classifies each of these Directors as independent.

In addition to making recommendations on remuneration policies and practices affecting the Group, the Committee considers the specific remuneration packages for Executive Directors and key members of the Senior Executive Team. The Committee also considers all aspects of the Equity Linked Plans in which executives participate, the total level of awards issued under the Plans, the Performance Hurdles applicable to any awards and the general administration (including the exercise of any discretionary power) of the Plans. The Committee also considers other human resources issues such as succession planning and diversity.

The Committee met three times during the Financial Year. The full Committee was in attendance at all meetings.

In setting remuneration levels and formulating remuneration and human resources policies, the Committee and the Board utilise the services of specialist human resources and remuneration consultants. Protocols have also been established for the engagement of remuneration consultants and the provision of declarations of no-influence. Mr Mark Bieler of Mark Bieler Associates (based in New York), in conjunction with the Group's human resources managers in each of the jurisdictions, provides advice to the Human Resources Committee and the Board and coordinates the work performed for the Group by other external human resources consultants. Mr Bieler attends all Human Resources Committee and Board meetings where human resources and remuneration items are discussed. He is available to consult directly with Committee members at all times. As part of its role, Mark Bieler Associates provided remuneration recommendations to the Committee.

Those remuneration recommendations relate to matters such as the remuneration environment in the various jurisdictions in which the Group operates, the design of the Group's remuneration structures and Plans (including both the STI Plan and the LTI Plan) and the levels of remuneration for members of the Senior Executive Team, including the KMP. Mark Bieler Associates was paid a total of $190,000 in connection with the remuneration advice provided to the Group in the Financial Year.

When providing remuneration recommendations to the Committee or the Board, Mark Bieler Associates is required to provide a written declaration that each recommendation was made free of influence from the members of the KMP to whom the recommendation relates.

Mark Bieler Associates also provides other services to the Group on human resources related issues, including in relation to senior level recruiting in all countries, succession planning, the establishment of the Westfield Retail Solutions, counselling and mentoring of members of the Senior Executive Team and learning and organisation development. Mark Bieler Associates was paid a total of $1,065,000 in connection with these non-remuneration related services provided to the Group in the Financial Year. Mark Bieler Associates was paid a further $213,507 as reimbursement for expenses incurred in the provision of these services.

In the Financial Year, the Group utilised the services of Willis Towers Watson on a global basis. In this role, Willis Towers Watson undertook the customary benchmarking review in each country of operation to analyse matters such as overall market trends, benchmarking between specific job types and with different industries, changing or emerging remuneration strategies and market predictions for the following financial year.

The results of the Willis Towers Watson reviews are an important part of the remuneration process. Willis Towers Watson also prepared specific reports regarding the remuneration of KMP and other executive roles specified by the Committee. Those reports are commissioned and received by the Chair of the Human Resources Committee. Willis Towers Watson did not make any recommendations on remuneration matters.

Based on the protocols established for the engagement of remuneration consultants, the terms of engagement and the declarations provided by the consultants, the Board is satisfied that the services provided by Willis Towers Watson and Mark Bieler Associates (including any remuneration recommendations) were provided without influence from KMP.

Having received advice from both Willis Towers Watson and Mark Bieler Associates, the Committee again notes that there are material variances in pay structures between the markets in which we operate. Taking CEO remuneration as an example, the Willis Towers Watson report and executive benchmarking noted that fixed pay in the UK typically constitutes a higher percentage of total remuneration when compared with other jurisdictions. By contrast, long term equity incentives in the US formed a higher proportion of overall remuneration, providing the opportunity for more significant fluctuations in the remuneration outcomes for CEOs. Broadly, practices adopted in each of the jurisdictions with respect to delivery of long term incentives do vary materially including in relation to the types of performance measures which are used and the vesting periods.

The Committee and the Board will continue to observe these trends over time, recognising the need to align Westfield's remuneration structures more closely with the markets in which we operate in order to attract and retain the best talent. However, no material changes to remuneration structures were made in the Financial Year.

8.2 Remuneration Policy Objectives
Our principal remuneration objectives are to:

(a) Fairly reward executives having regard to their individual performance against agreed objectives, the overall performance of the Group and the external compensation environment.

(b) Enable the Group to attract and retain key executives capable of contributing to the Group's global business, who will create sustainable value for securityholders and other stakeholders.

(c) Appropriately align the interests of executives with securityholders.

As in previous years, in the Financial Year, the Committee has received feedback from a variety of domestic and international investors and market surveys which confirm that Westfield's executive management team is widely regarded as a dedicated, highly competent and committed team. This feedback is consistent with the views expressed by investors over many years.

The management team is known for its focus on enhancing securityholder wealth over time, excellence in operations and capital management, good judgement and financial discipline in acquisitions and divestments, and the ability of management to articulate a clear strategy for long term growth. The market intelligence reviewed by the Committee and the Board suggests that since the creation of Westfield Corporation in 2014, the reputation of the management team in these areas has only been enhanced.

With the inception of Westfield Corporation, our team has established clear objectives relating to those goals which are fundamental to the long term success of the new entity, including:

– maintaining Westfield's reputation for consistent and predictable operating performance reflected in the operating metrics of the Group's portfolio of assets and in achievement of earnings and distributions forecasts;

– implementation and execution of the Group's $9.5 billion development pipeline, with particular emphasis on timely project commencements, execution of developments in accordance with approved budgets and project milestones and achievement of stabilised project yields consistent with Board approved feasibilities; and

– continuing the Group's focus on the importance of innovation and technology and the engagement of employees in a program of cultural change (known as the Westfield Edge) which emphasises the need for innovation in all aspects of the business and the need to achieve a greater connection with our retailers and customers, through our emerging digital platform and otherwise.

Our remuneration policies are designed to reward many aspects of individual performance which contribute to achieving these objectives – including financial and non-financial targets relating to all aspects of the Group's business. An indication of the broad nature of these targets is given in section 8.4 which sets out the STI objectives for KMP and the Hurdles applicable under the Group's LTI Plan.

Westfield Corporation's remuneration outcomes are focussed heavily on individual and corporate outcomes and not on remunerating executives based on movement in the share price. The Board's view over time has been that, consistent with the broad objectives outlined above, executives should be rewarded for sound operating performance and strategic decision making which enhances the underlying business and not based on movements in the price of the Group's securities.

Outstanding Retention Arrangements

In previous years, we have highlighted the ability to attract and retain key executives as a major human resource issue for the Group. Whilst many companies place a similar emphasis on attracting and retaining executives, the long term nature of our business means that this objective is particularly important for Westfield. In particular, the significant investment which the Group makes in its portfolio requires highly skilled and experienced executives to plan, develop, construct, lease and operate our assets which characteristically involve long lead times from initiation to completion.

This need is increasing over time as we sell non-core assets and reinvest the proceeds in the development of Flagship assets. No other global REIT has a development pipeline of a similar scale, despite a number of other REITs having significantly larger property portfolios.

These projects require material capital investment and typically take up to a decade to complete. Retaining executives with the skills and experience required to complete these developments and then transfer those skills and learnings to the next development is central to the continuing success of the business.

Provided management maintains its leadership position and this is reflected in increasing shareholder value over time, we aim to pay our KMP and high potential executives at or near the top of the markets in which they operate. This typically reflects the standing of those executives in their markets and acts as a deterrent to the poaching of those executives by competitors and other entities with significant property interests.

Some years ago, in a period of heightened competitive pressures, the former Westfield Group issued "Retention Awards" to some members of the Senior Executive Team. The Co-CEOs did not receive Retention Awards. The terms of these awards required that the executive remain with Westfield Group (as it then was) for the full vesting period of 5 years. The awards had no Performance Hurdles other than a requirement that the executive receive 50% of their target STI in each year. At the end of the 5 year vesting period, the awards vested in full. Westfield Corporation inherited these arrangements in respect of a number of senior executives (although the former Westfield Group had ceased issuing Retention Awards in the years immediately preceding the Restructure).

Although Retention Awards served as a valuable tool in securing key executives for the long term, Westfield Corporation has determined previously that it will not issue Retention Awards. The Board recognises that the issue of awards without Performance Hurdles and with a single vesting date at the end of 5 years gives rise to a concern amongst some investors that there is an insufficient link between that element of remuneration and the performance of the Group.

The Board notes that, as of the end of the Financial Year, there are very few Retention Awards outstanding. Executives with maturing Retention Awards will be considered for:

(a) additional awards granted over time under the LTI Plan; or

(b) in a limited number of cases, the grant of Target Incentive Rights (see section 8.4).

Equity Incentive Deferral and Vesting

Despite continuing concerns regarding an increasing level of competitor approaches to our key executives, the Board believes that it has the policies in place to secure an appropriate level of retention within the Senior Executive Team as required to ensure the long term future of the Group. Those policies relate not only to the overall level of remuneration, but to the structure of our remuneration packages which include a 3 year deferral of vesting of awards granted under the STI Plan and the 5 year period required for full vesting of awards under the LTI Plan. Each of these requirements encourages our executives to remain with the Group, and continue to perform at a high level, for an extended period.

Securityholder Alignment

It is the objective of the Group to align executive remuneration with the interests of securityholders. Broadly, the Group adopts policies and structures which encourage intensive focus on the operating business, to create sustainable growth in earnings and achieve competitive returns on equity over time.

Alignment is achieved in a number of ways including:

– through the application of appropriate performance criteria in the STI Plan including the deferral of a portion of the annual bonus into unvested equity for a three year period;

– through measurement of team performance against the Performance Hurdles set in respect of awards made under the LTI Plan that is aimed at driving sustainable financial performance and long term shareholder wealth creation;

– through participation by the executive team in the Group's Equity Linked Plans where the value derived by executives on maturity reflects movements in the share price over time;

– through a culture which rewards performance and decision making aimed at creating long term value for securityholders; and

– through the recently introduced minimum shareholding requirement for Executive KMP.

Broadly, as executives gain seniority in the Group, the balance of the remuneration mix moves to a higher proportion of contingent incentives (both short and long term), and a lesser proportion in base salary. These short and long term incentives are performance related and are considered to be "at risk".

8.3 Corporate Performance

Full details of the Group's various financial and operating achievements are contained in section 1 of the Directors' Report and various specific outcomes are noted in this section and sections 8.4(b) and (e).

Financial highlights during the Financial Year include:

– Net profit of $1,366.1 million;

– Funds from Operation (FFO) was $700.4 million, representing 33.7 cents per security; and

– Distributions for the 12 months were 25.1 cents per security.

The results for the Financial Year were in line with forecasts made to the market in August 2016, which were revised to include the impact of the depreciation of the British Pound against the US Dollar which occurred following the Brexit decision. This impacted the FFO forecast made in February 2016. The forecast distribution announced in February 2016 was not changed.

The following pages contain an analysis of the Group's performance using various metrics. As the Group has only been in existence since July 2014 (the first reporting period being the six months from 1 July 2014 – 31 December 2014), comparisons over time are limited at this stage.

(a) Earnings Performance

The Group reports FFO as the key performance measure with respect to earnings. FFO is widely used by real estate investment groups as the most important measure of operating performance.

The Group's FFO for the Financial Year was 33.7 cents per security, up 3.8% on a constant currency basis adjusted for asset divestments and income lost as a consequence of the commencement of developments at our centres. The calculation of FFO for the Financial Year is set out in Appendix B to this Report.

The Group also continues to measure and publish earnings per security (EPS). Significant fluctuations in EPS occur from year to year as, under AIFRS, EPS includes non-cash items such as movements in the value of properties in the Group's portfolio and mark to market adjustments of financial instruments. Because of the impact of these non-cash items on the Group's profit and loss statement, EPS is not used as a key metric for assessment of the Group's performance.

The Group's EPS for the Financial Year is as follows:

	EPS
1 July 2014 to 31 December 2014*	28.02 cents
1 January 2015 to 31 December 2015	111.81 cents
1 January 2016 to 31 December 2016	**65.74 cents**

(b) Distributions

The Distribution to be paid by the Group in respect of the Financial Year is as follows:

	Distribution per stapled security	Distribution
1 July 2014 to 31 December 2014*	12.3 cents	$255.6m
1 January 2015 to 31 December 2015	25.1 cents	$521.6m
1 January 2016 to 31 December 2016	**25.1 cents**	**$521.6m**

* This six month period was the first reporting period following the Restructure.

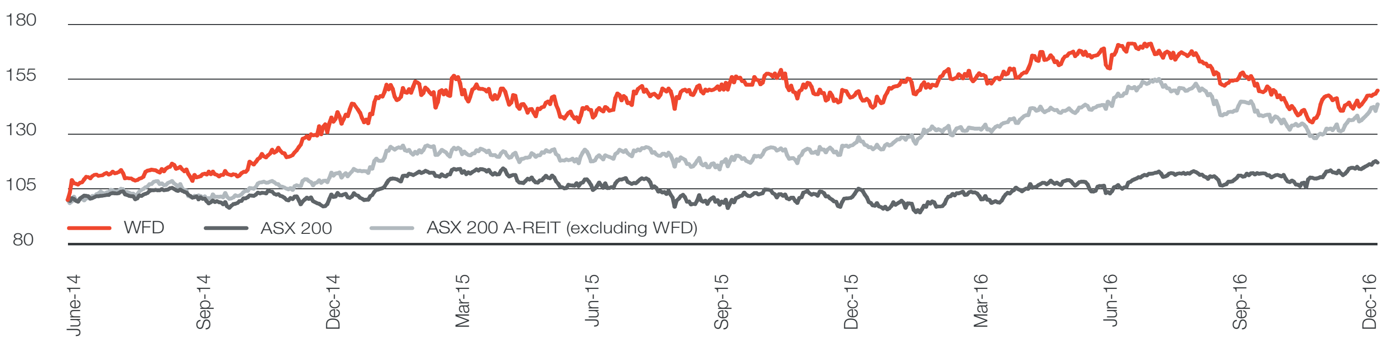
WFD security price

The Group's performance and security price (both on a standalone basis and measured against the S&P/ASX200 and S&P/ASX200 A-REIT Index) is shown in the graph below.

Westfield Corporation is included in the S&P/ASX200 A-REIT Index with a weighting of approximately 20%. Given this significant weighting of the Group in that index, it is informative to show the comparison of Westfield Corporation's total returns against the performance of index participants excluding Westfield Corporation.

Since the Group's Restructure on 24 June 2014, WFD has delivered a total return of 49.8%, outperforming the ASX200 Index by 32.8% and the ASX200 REIT Index (ex-WFD) by 6.2%.

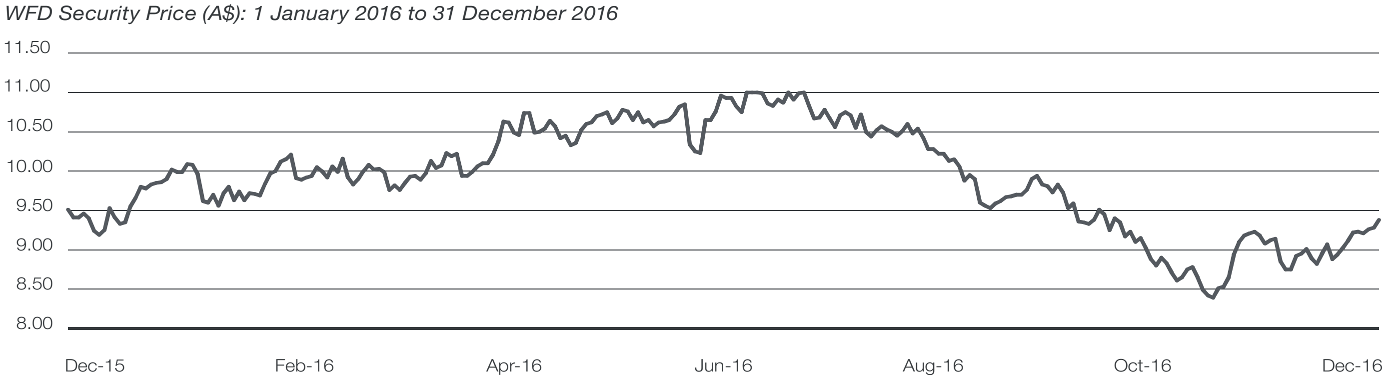
WFD total return (pro-forma for Restructure) versus S&P / ASX200 Index and S&P / ASX200 A-REIT Index constituents (Indexed to 100)



Source: Rothschild Australia, FactSet, Bloomberg

As shown below, the Group's security price was A$9.38 as at 31-Dec-2016 compared with $9.51 as at 31-Dec-2015. Taking into account distributions made by the Group in the Financial Year, the Group achieved a total return of 2.0% over the 12 month period.

WFD Security Price (A$): 1 January 2016 to 31 December 2016



Source: Bloomberg

8.4 Our Remuneration Structure

The broad remuneration structure adopted by the Group is similar for each member of the Senior Executive Team. That remuneration comprises:

– Base Salary;

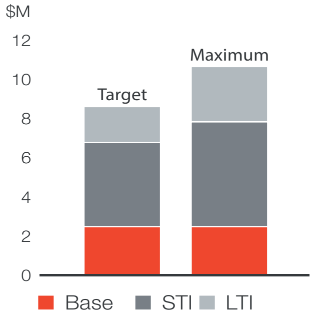
– Short Term Incentive – comprising a cash Performance Bonus, a portion of which is deferred into equity for three years under the STI Plan;

– Long Term Incentive – which are 5 year awards granted under the LTI Plan; and

A small number of executives will also receive Target Incentive Rights, which are fixed term (3 – 5 years) awards.

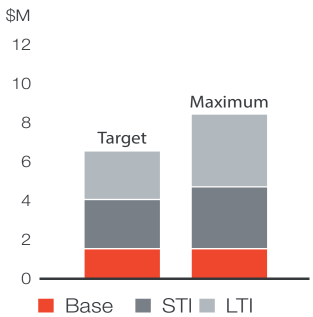
The Group's remuneration practices are regularly benchmarked against its competitors in the US and the UK. This extends beyond base salary and short-term performance bonuses to the Group's Equity Linked Plans which are an important part of the package used by the Group to attract, incentivise and retain executives.

For KMP other than Mr Kingsborough (see below), a typical breakdown of the components of Total Remuneration, measured at both the Target and Maximum levels is as follows:



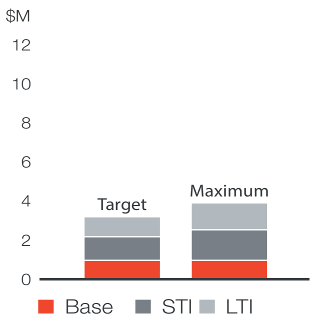
Co-Chief Executive Officers Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	29	24
STI:	50	50
LTI:	21	26
At Risk:	71	76



President and Chief Operating Officer Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	24	19
STI:	38	37
LTI:	38	44
At Risk:	76	81



Chief Financial Officer Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	32	26
STI:	40	41
LTI:	28	33
At Risk:	68	74

Note: Although included in KMP in the Financial Year, Mr Donald Kingsborough commenced his executive employment in August 2016. Given the relatively shorter period to which the disclosure on Mr Kingsborough's remuneration relates, we have not included Mr Kingsborough in the total remuneration analysis above or in the STI table at page 14. For 2017, the relevant disclosures will include Mr Kingsborough.

(a) Base Salary

Base Salary or fixed remuneration is reviewed annually and advised to the executive. Base Salary levels are benchmarked regularly against global competitors. All senior executives are paid in US dollars or British pounds – being the currencies in which the Group derives income from its business operations.

The Board has determined that FY17 base salaries for the Senior Executive Team should remain at the same level as FY16.

(b) Short Term Incentives

Short Term Incentives or STIs are closely linked to the performance of the executive measured against objectives (**KPIs**) which are established each year pursuant to a performance review and development system. Under that system, senior management and the executives work together prior to the commencement of each financial year to establish agreed business and personal development objectives. These KPIs are designed to recognise and reward both financial and non-financial performance. The objectives will vary according to the role of the particular executive and will typically relate to development, construction, retail management or corporate targets. In recent years, these KPIs have also extended to objectives relating to the expansion of the Group's digital and data activities as described elsewhere in this Report.

At the commencement of each financial year, each member of the Senior Executive Team is advised of a Target STI which is the amount which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the KPIs set for that executive. The executive is eligible for the Maximum STI which reflects the maximum amount the Group would pay to that executive for performance against those KPIs. The Maximum STI typically exceeds the Target STI by 25%. Payments in excess of the Target STI are typically made in recognition of an individual contribution which has resulted in the creation of significant value for the Group.

The actual STI awarded to members of the Senior Executive Team is determined by the Board (taking into account recommendations made by the Human Resources Committee) by reference to the performance of the executive against the agreed KPIs, the corporate performance of the Group and any other aspect of the executive's performance which is considered relevant in the context of the review, including participation in a major corporate or operational project undertaken by the Group in that year.

Once determined, the value of the STI is delivered to the executive through a combination of a cash Performance Bonus and equity linked awards under the 3 year Executive Performance Rights Plan (**EPR**). For the Senior Executive Team, the Performance Bonus typically represents 70% of the STI, with the balance (30%) paid to the executive under the EPR Plan. KMP receive a minimum of 35% of their STI in the form of awards issued under the EPR Plan. Essentially, the EPR Plan is a 3 year equity linked incentive where the value of awards received by the executive fluctuates up or down with movements in the price of the Group's securities. The mechanics of the EPR Plan are explained in more detail in Appendix A.

The KPIs adopted for each KMP in respect of the Financial Year, the weighting given to that KPI for that executive and the assessed performance against that KPI are set out in the table below. As noted above, this disclosure does not relate to Mr Kingsborough, who assumed his executive role in August 2016.

Performance against the STI objective by the Co-CEOs and the COO for the Financial Year was achieved at 90% of the Target Level and 72% of the Maximum STI (2015:72%). The STI paid to the CFO was paid at the Target Level which represents 80% of the Maximum STI (2015:80%).

For 2017, the Target Level and Maximum STI were maintained at the same level as FY16.

Details of the Short Term Incentive paid to KMP are set out in the table below, including the percentage paid in cash and the percentage deferred into the Group's 3 year EPR Plan.

Key Performance Indicator	Weighting			Performance Assessment	Commentary
1. Development Projects Objectives relate to achievement of targets relating to identification and progression of new developments, development starts and completion of developments on time and on budget as well as refreshing the development pipeline.	**Co-CEOs**	**President/ COO**	**CFO**	Marginally Above Target	The Group performed strongly during the Financial Year in relation to all aspects of the $9.5 billion development pipeline. A full discussion of progress of the development program is included in section 8.4. A highlight of the Financial Year was the opening of the first stage of the World Trade Center (New York) project. As noted in section 8.4, WTC is the first Flagship development completed by Westfield Corporation – acknowledging that the Port Authority or New York and New Jersey was responsible for the construction. The yield achieved on the project was ahead of target and the significant value creation which was achieved is reflected in the fact that the value uplift at WTC was a material part of the $1 billion of revaluation uplift achieved by the Group in the Financial Year. This achievement represents a significant endorsement of the Group's focus on development and management of Flagship assets and the strategy of recycling the proceeds of sale of non-core assets into our Flagship portfolio. In September 2016, we commenced the $1.1 billion project at Valley Fair (San Jose). In the early stages of construction, the project is progressing satisfactorily. Three major projects currently underway (with an aggregate cost of $2.3 billion) at Century City in Los Angeles ($1 billion), UTC in San Diego ($600 million), and the expansion of Westfield London (£600 million) are all progressing well against program, both in terms of construction and leasing. The $250 million project at Village at Topanga (Los Angeles) which opened in September 2015, is trading satisfactorily in this stabilisation period. Construction of the Milan project is now expected to commence in early 2018 with completion due in 2020. Significant progress has been made on pre-development work on our major project at Croydon (UK) (£1.4 billion).
	30	30	20		

Key Performance Indicator	Weighting			Performance Assessment	Commentary
2. Portfolio Management Targets relate to rental growth, specialty occupancy levels, sales growth, bad debts, management of tenant incentives, management of commercial relationships as joint venture partner and property manager.	**Co-CEOs** 25	**President/ COO** 25	**CFO** 20	Marginally Below Target	The Group achieved high levels of occupancy in the Flagship portfolio (96.0% leased at year-end) and in the regional portfolio (93.0% leased at year-end), which is reflected in the achievement of forecast FFO in the Financial Year. However, the level of occupancy in the Flagship portfolio was slightly below budgeted levels resulting in a "marginally below target" performance assessment which in turn impacted the STI payable to the Co-CEOs and the COO. The Group achieved comparable net income growth of 3.2% (Flagship centres: 4.0%) with annual specialty retail sales increasing by 2.2% (Flagship centres: 3.5%). The Group's two London centres again performed strongly with aggregate sales in excess of £2.2 billion. The Board considers that the operating results further endorse the Flagship portfolio strategy with that portfolio outperforming the remaining regional centres in all important metrics including occupancy, sales and comparative NOI.
3. Innovation and Digital Strategy Implementing the Group's strategy of developing the technology platform and infrastructure necessary to connect the digital shopper with the physical world and significantly enhance the shopping experience at Westfield centres for the benefit of both shoppers and retailers.	**Co-CEOs** 15	**President/ COO** 25	**CFO** 20	At Target	The Group continued its heavy focus on digital innovation during the Financial Year. In August 2016, Westfield Retail Solutions was established under the leadership of Donald Kingsborough to oversee implementation of the Group's digital strategy. Mr Kingsborough subsequently hired a number of experienced technology executives to support the expansion of the Group's digital strategy and initiatives. The Co-CEOs and Mr Kingsborough have taken an industry leading position on the need for greater focus by the REIT industry and retailers on technology related issues and specifically the need for increased cooperation between property owners and retailers in order to better respond to the growth of online retailing. This message was communicated to investors and analysts at specific forums which focussed on the Group's Flagship asset strategy as well as addressing the impact of digital retail on global retailing generally. The opening of Westfield WTC showcased the ability of the Group to attract major brand sponsorships (including Ford, Pepsi Co and JP Morgan) to our Flagship centres. Westfield also hired Scott Sanders, a high profile Broadway producer, to the role of Creative Head of Global Entertainment. Working closely with our marketing team, the objective is to create a continuous program to engage shoppers and promote our Flagship centres. At an operational level the Group completed the unification project whereby our centres across all markets now operate on a single digital platform. The digital suite of services, first piloted in 2015, was tested extensively at Westfield London, introducing consumer orientated products such as Wi-Fi, express parking and wayfinding. This was complemented by an expansion of the size and capability of the data and analytics team created in 2015. During the Financial Year there has been a continued focus on assessing and mitigating risks associated with cyber security, data protection and data privacy. This included an extensive review of risks associated with our technology platform and our business policies, systems and practices.

Key Performance Indicator	Weighting			Performance Assessment	Commentary
	Co-CEOs	**President/ COO**	**CFO**		
4. Financial Management and Reporting Oversight of compliance with the Group's statutory and financial reporting obligations including the statutory financial statements and quarterly information and other financial reporting and presentations required in the course of the Group's business.	5	–	10	At Target	As at the end of the Financial Year, Westfield Corporation has a strong balance sheet and liquidity position. The Group's gearing is 35.2% and we are in compliance with all relevant covenants. The compliance, reporting and stakeholder communication program for the Financial Year proceeded as expected. As part of the redomicile project (which ultimately did not proceed), the CFO assumed responsibility for a broader analysis of the Group's financial and compliance procedures relative to the requirements of Sarbanes-Oxley for US listed corporations.
5. Strategic Dispositions / Joint Ventures In the Financial Year, Westfield Corporation continued to implement a strategy of considering disposals of less productive assets and completion of strategic joint ventures on identified assets with the objectives of redirecting capital into higher performing Flagship assets.	5	–	10	At Target	During the Financial Year, the Group continued its examination of assets within the portfolio to determine their strategic importance and capacity to deliver ongoing returns within the parameters prescribed by the Group. The Group also continued discussions with a range of existing and prospective joint venture partners on the execution and funding of existing and prospective retail and residential developments.
6. New Markets and Opportunities Identification and exploration of potential new markets for expansion by the Group and alternative opportunities within the existing portfolio.	15	15	15	At Target	The Group has identified residential opportunities within the existing portfolio, both in the UK and the US. During the Financial Year, the Group progressed the planning, analysis and resourcing for this important opportunity. In 2018, we anticipate commencing the Group's first residential projects at both Stratford City (1200 apartments) and UTC in San Diego (300 apartments). The Group continued its review of new markets and opportunities in various regions. The Group reviewed a number of potential development opportunities in the world's leading markets.
7. Life Safety Objectives relate to all aspects of life safety issues including a review against key statistical measures, an assessment of compliance with legislation and industry standards and operation and improvements to the Westfield system dealing with life safety issues.	5	5	5	At Target	The Group met or exceeded all important life safety metrics. There were no fatalities on Westfield Corporation construction sites or otherwise affecting Westfield employees in the Financial Year. Other life safety statistics relating to employees, contractors and shoppers remained at or below comparable levels to previous years.

Executive	Assessed Performance Level		STI Amount	Cash		Equity	
Peter Lowy	90% of Target	72% of Maximum STI	$3,800,000	$2,470,000	(65%)	$1,330,000	(35%)
Steven Lowy AM	90% of Target	72% of Maximum STI	$3,800,000	$2,470,000	(65%)	$1,330,000	(35%)
Michael Gutman OBE	90% of Target	72% of Maximum STI	$2,210,000	$1,436,500	(65%)	$773,500	(35%)
Elliott Rusanow	At Target	80% of Maximum STI	$1,250,000	$812,500	(65%)	$437,500	(35%)

(c) Long Term Incentives

Only the senior leadership team participates in the LTI Plan utilised by the Group. In the Financial Year, 25 executives, including the Executive Directors, participated in the LTI Plan.

The LTI Plan is designed to encourage a "partnership" amongst the senior leadership team of the Group which emphasises the strategic leadership role of that team. Through the LTI Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of securityholders.

The mechanics of the LTI Plan (also referred to as the PIR Plan) are described in section 1 of Appendix A to this Report.

The Performance Hurdles applicable under the LTI Plan are determined annually by the Board. The Hurdles used in the Financial Year are described below.

Actual performance against the Hurdles which apply during the Qualifying Period will determine the final number of awards which the executive receives at the end of that period. If full qualification for awards is not achieved, there is no provision in the Plan for retesting in subsequent years.

The Board reserves the right to adjust the Performance Hurdles described above to reflect the impact on a hurdle of any capital transaction occurring during the Qualifying Period. Examples of the circumstances which may result in adjustment of the Performance Hurdles are a significant dilutionary equity issue made in any year or a major asset sale which has a dilutionary impact on FFO targets. Adjustments to Performance Hurdles are rare. Any such adjustment is reviewed by the Group's auditors or another independent third party for fairness and adjustments are consistent with revised forecasts issued to the market at the time of the relevant event. No adjustments were made to the Performance Hurdles in the Financial Year.

The awards issued under the LTI Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5.

By adopting this combination of the application of Performance Hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 year vesting period, Westfield aims, through the issue of awards under the LTI Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period.

In setting the Hurdles under the LTI Plan, the Board has adopted the concept of a "Target LTI" and a "Maximum LTI". The concepts are similar to those described above in connection with the STI Plan. That is, the "Target LTI" is the level of vesting of awards (measured against a performance hurdle) to which a plan participant is entitled assuming that performance against the hurdle meets the high levels expected by the Group. The "Maximum LTI" (which typically exceeds the Target LTI by 50%) includes "stretch objectives" and rewards a plan participant for performance which exceeds the "Target Level".

For the purposes of this Report (including the vesting tables for the PIR Plan in section 1.4 of Appendix A), the level of vesting is measured against both the Target LTI and the Maximum LTI for each year. As a further example, the table below relating to performance against the FFO hurdle in the Financial Year expresses the level of vesting against that hurdle as both a percentage of the Target LTI and the Maximum LTI.

2016 Long Term Incentives

As noted in the 2015 Remuneration Report, the 2016 awards were issued subject to Hurdles relating to both FFO (measured over 1 year) and a further 4 year hurdle which measures the success of execution of the Group's $9.5 billion current and future development pipeline over that 4 year period. Both these Hurdles have equal weighting. The Hurdles are described in greater detail below.

The Development Hurdle focusses on the execution of the development pipeline and reflects the Board's expectation that the performance of the Senior Executive Team in this area will have a material impact on the value of the Group (and ultimately on the security price).

The FFO Hurdle

The FFO Hurdle is an important measure of the health of the operating business of the Group. FFO is an internationally recognised and accepted measure of profitability used by the real estate industry. The basis for calculation of the Group's FFO is described in Appendix B to this Report. Essentially, FFO is defined as net income, calculated in accordance with generally accepted accounting standards, but adjusted to exclude capital gains (or losses) from the sale of property and property revaluations, gains or losses on certain interest rate hedges and other adjustments as identified in Appendix B to this Report. FFO is the primary earnings measure published by the Group and is reported to the market semi-annually. In order to avoid the level of vesting being impacted, adversely or favourably, by movements in currency exchange rates, the FFO Hurdle is tested on a constant currency basis using the exchange rates assumed in the Board approved budget for the relevant financial year.

Performance against this Hurdle is measured in a single Qualifying Period of 1 year. Awards are granted based on performance in the Qualifying Period, with a requirement that the executive remains with the Group for a further 4 years in order to achieve full vesting. The Committee considers that the structure of this Hurdle, with performance measured in a single Qualifying Period and vesting over an extended period, provides an appropriate balance between providing a performance incentive and promoting retention, particularly when used in conjunction with the longer term Development Hurdle described below.

The FFO per security Hurdle adopted by the Board for the 2016 Qualifying Period incorporated a graduated scale of FFO earnings per security which was as follows:

FFO Target (US cents)		Percentage of Target LTI	Percentage of Maximum LTI
37.6 or Above	Maximum LTI	150%	100%
37.1 – 37.5		140%	93.2%
36.6 – 37.0		130%	86.6%
36.1 – 36.5		125%	83.3%
35.6 – 36.0		120%	79.9%
35.1 – 35.5		115%	76.6%
34.6 – 35.0		110%	73.3%
34.1 – 34.5		105%	69.9%
33.7 – 34.0	**Target LTI**	100%	66.6%
33.3 – 33.6		90%	59.9%
32.7 – 33.2		80%	53.3%
32.3 – 32.6		50%	33.3%
32.2 or Below	Threshold	0%	0%

As was the case in FY15, in the Financial Year, Westfield adopted a graduated table which reflects a sharp decline in the level of vesting if the budgeted FFO is not achieved in the Qualifying Period. It is to be noted that vesting in accordance with the FFO Hurdle (which represents a material part of LTI entitlements and overall remuneration for the senior executive team) drops to 80% of Target if actual FFO drops 1.48% below forecast FFO and ceases altogether if FFO is less than 95.5% of forecast FFO.

In the 2016 Qualifying Period, the Group achieved FFO per security of 33.7 cents which was in line with the Group's forecast FFO. As a consequence, the hurdle was satisfied at the "Target Level" or 66.6% of the Maximum level of vesting achievable against this hurdle.

Development Hurdle

This Hurdle (first used in FY15) reflects the importance to Westfield Corporation of successful execution of the development pipeline of $9.5 billion (current and future projects). The Board considers that the execution of the development pipeline and the consequent value created is integral to the medium to long term performance of the Group and to the market value attributed to the Group's securities.

The Development Hurdle aims to test the execution of the development pipeline over a 4 year Qualifying Period.

The two most fundamental testing points relate to project starts, requiring that Board approved starts of a specified value must be achieved as budgeted, and once completed, each development must meet the forecast project yields (covering both costs of the development and income derived from it) specified in the Board Approved Feasibility in respect of the 3 financial years following completion of each development.

As noted below, the Board may also take into account other considerations relating to execution of the development pipeline including matters such as the securing of new projects and progress made and milestones achieved on pre-development work on projects in the development pipeline.

Broadening the assessment beyond a performance hurdle relating only to the level of project starts in a single year (as was used previously by Westfield Group) will necessarily give rise to a higher level of active testing against this Hurdle. The Board believes that a broader approach to testing against all elements of the development pipeline (including the financial measures described above) reinforces the importance of successful execution of the Group's projects and provides a more comprehensive long term hurdle for Plan participants.

Project Starts

Despite having moved away from a hurdle based solely on project starts, the Board recognises the importance of achieving project starts as a milestone in the value creation timeline for the development business. Achieving a development start requires that management obtain a Board approval based on a Project Feasibility which details the expected costs, timing, yields and (where relevant) project profits from each development. This Board approval is typically the culmination of years of work required to address issues relating to planning approvals, design, pre-leasing and construction budgeting – all with a view to creating a development project with acceptable financial and risk parameters. The focus on project starts as a major element of the Development Hurdle reflects the importance to the Group of meeting its budgeted targets on project starts.

Project Yields

Over the Qualifying Period of 4 years, the level of vesting of awards under the Development Hurdle will also be determined having regard to the project yields achieved in the 3 financial years following completion of projects (compared with the forecast yields for each of those years as set out in the Board approved Project Feasibility). Measurement of project yields is not limited to those projects which are started in the Qualifying Period. Rather, our review of project yields will extend to any project which is completed in the Qualifying Period.

Other Considerations

As part of the review process, the Board will also take into account other positive and negative factors relating to development projects in determining the level of vesting. For example, the level of project profits (vs budget) achieved on a joint venture project as well as progress made on pre-development work on other developments in the Group's development pipeline are important matters which will also be considered. The Board's intention is that the assessment made over the Qualifying Period is a comprehensive one relating to all relevant aspects of the development pipeline.

Assessment of Performance against Development Hurdle for FY16

In 2016 as part of the end of year remuneration process, the Committee reviewed Group's performance against the Group's expectations for that year including in relation to:

- project starts (compared with budget);
- project yields on completed projects (compared with Board approved Project Feasibilities);
- progress on all projects against the agreed milestones (compared with Board approved Project Feasibilities);
- progress on predevelopment work;
- other development initiatives (eg residential projects); and
- other relevant matters relating to the development program including any project profits earned on joint venture projects (vs budget).

The analysis resulted in the Committee adopting an assessed level of performance for 2016 – effectively an annual development score card. The Committee assessed performance for 2016 as "at Target" (2015: "Marginally Above Target"). A summary of that assessment is set out below.

As this is a 4 year hurdle with final vesting determined by a cumulative assessment at the end of that period, it was not necessary for the Board to determine a level of vesting against the Development Hurdle in 2016. Rather, at the end of the 4 year Qualifying Period, the Committee will consider the agreed score card for each of the relevant years comprised in that award and determine the proposed overall level of vesting against the Development Hurdle.

A summary of the milestones and relevant events considered by the Committee in making the assessment with respect to 2016 is as follows:

Project Starts:	Having commenced projects with an aggregate cost exceeding $2.4 billion in 2015, in 2016, the Valley Fair (San Jose) $1.1bn project was the only major project scheduled for commencement in the Financial Year. The Valley Fair project was approved and commenced in the third quarter of 2016. The original scope of the project increased materially to $1.1 billion in the final stage of planning. The project is progressing to plan.
Projects in Progress:	The projects commenced in 2015 which are in progress are at Century City (Los Angeles) $1 billion, UTC (San Diego) $600 million and Westfield London £600 million. Each of these projects is progressing satisfactorily against program and budget in terms of both construction and leasing. Despite some increase in the cost of the Century City project attributable largely to increases in scope, the expected project yield remains within the forecast range, reflecting additional leasing and other income attributable to the expansion of the area and scope of the project.

Projects Completed:	At the $1.5 billion World Trade Center (New York) project, the $1.2 billion major stage was opened in August 2016. This stage was fully leased and ahead of the Board feasibility both in terms of project yield and valuation uplift. This opening represents an important milestone for Westfield Corporation and the Westfield brand globally. Westfield was responsible for the leasing of the project, but not the delivery of the building, which was delayed. The additional costs associated with that delay were mitigated by compensatory payments made by the Port Authority of New York and New Jersey. WTC is the first Flagship centre development completed by Westfield Corporation following the restructure in 2014. The yield achieved on the project was ahead of target and the significant value creation which was achieved is reflected in the fact that the value uplift at WTC was a material part of the $1 billion of valuation uplift achieved by the Group in the Financial Year. The development features a diverse mix of 100 retailers including flagship stores for Apple and Eataly. The World Trade Center also showcases Westfield's broader strategy of partnering with brands such as Ford, Pepsi Co, JP Morgan and Sennheiser to generate new income streams. The incremental value achieved through this project is an endorsement of the Group's focus on development and management of Flagship assets and the strategy of recycling the proceeds of sale of non-core assets into our Flagship portfolio. The $0.3 billion balance of the project is to progressively open over coming years. The $250 million project at Village at Topanga (Los Angeles) which opened in September 2015 continues to trade satisfactorily through the stabilisation period following completion of construction.
Pre-Development Work in 2016:	With regard to the future development program, progress continued to be made on the Milan project (€1.4 billion) during the Financial Year. Following agreement with Galeries Lafayette and UCI cinemas on leasing deals, terms were also agreed with a leading supermarket chain and we are in advanced negotiations with a range of other key international and luxury brands. Highway and infrastructure works were also progressed. The necessary funding and administrative approvals are now in place for the government funded highway which will provide access to the centre. We are also undertaking preliminary site clearance works for the section of highway for which Westfield is responsible. Construction of the Milan project is now expected to commence in late 2017/early 2018 with completion due in 2020. For the Croydon project (£1.4 billion), an enhanced planning application was submitted in 2016, incorporating more recent land acquisitions and an updated design. The UK government committed in 2016 to underwrite vital infrastructure upgrades required in connection with the Croydon project. We expect to commence the Croydon project in 2018. We believe there are significant opportunities for residential apartments across our UK and US portfolios. The broader residential strategy has progressed during the Financial Year and specific opportunities are being fully investigated and analysed. In 2018, we anticipate commencing the Group's first residential projects at both Stratford City (1200 apartments) and UTC in San Diego (300 apartments).

Target Incentive Rights

In the Financial Year, the Group introduced a new category of long term incentives known as "Target Incentive Rights" (**TIRs**). Given the importance of the execution of the development program, and taking into account the adoption of the Development Hurdle as part of the PIR Plan, the Board considered that there was a need to introduce a long term incentive for certain key employees where the relevant performance hurdles relate specifically to the key development objectives relevant to that executive. In the case of certain key executives employed recently in the Group's digital business, Westfield Retail Solutions, our experience in recruiting those executives is that they require that the level of their remuneration is determined by reference to their success in the specific projects for which they are engaged, rather than the broader corporate objectives which are inherent in the performance hurdles for the LTI Plan. In order to attract and retain the best talent, it has been necessary to respond to these requirements.

In view of this, a limited number of Target Incentive Rights have, or will, be issued to key executives in 2016/17. 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.

As opposed to the Development Hurdle under the LTI Plan which measures performance across the Group, the hurdles applicable to Target Incentive Rights relate to the specific areas of responsibility of that key executive. At the end of each financial year during the vesting period, the performance of that executive against the applicable hurdles is discussed and an assessment made as to the appropriate level of vesting based on performance in that year. However, the final decision on the level of vesting is only made immediately prior to the end of the vesting period based on performance over the entire vesting period. In making that assessment, the Board will take into account performance against the specific hurdles as assessed each year.

Other LTI Hurdles considered by the Board

As in previous years, the Human Resources Committee has considered, and taken advice regarding, the implementation of a hurdle based on measurement of Total Return to Shareholders (**TRS**), either on a comparative basis or in absolute terms. The Committee ultimately rejected the use of a TRS based hurdle primarily due to unwillingness on the part of the Board and the Committee to determine executive rewards by reference to movements in the price of Westfield Corporation securities.

Although Westfield (and its predecessor) has a well-established record of superior share market performance both in relative and absolute terms, the philosophy of the Group has been, and remains, that this record of success is a product of sound operating performance and strategic decision making and that the focus of the executive team should remain on the underlying business and not on the price of the Group's securities.

The Board also noted that the price of the Group's securities is impacted materially by movements in the AUD/USD exchange rate. The Board's view is that it would be inappropriate for the level of vesting of LTI awards to be materially influenced by movements in the exchange rate.

The Board's view remains that the target level of vesting of long term incentives (which are an increasingly significant component of executive remuneration) should not fluctuate in favour of, or against, the executive, based principally on movements in the price of Westfield Corporation securities. Rather, Performance Hurdles should focus on the fundamentals of the Group's business and on the performance of the executive team in meeting the targets which the Group sets for itself. The Committee is of the view that if the management team maintains its intensive focus on these fundamentals, securityholders will be rewarded, over time, by superior market performance.

The interests of the executive and the members are also aligned in respect of the price of the Group's securities as the value of awards at the time of vesting fluctuates with movements in the price of the Group's securities. The higher the price at the time of vesting, the greater the benefit received by the executive and vice versa.

The Human Resources Committee and the Board are satisfied that the Hurdles used in respect of awards issued in the Financial Year, and the remuneration structure in general, are appropriate having regard to the general objectives referred to above.

Important Remuneration Policies

In response to consistent securityholder and governance questions on a variety of remuneration issues, we set out below Westfield's position on a number of those issues:

Clawback

Since inception, the Group's Equity Linked Plans have included provisions which allow the Group to cancel unvested awards in circumstances where the plan participant engages in serious misconduct, fraudulent or dishonest conduct or commits a serious or persistent breach of the terms of their employment. However, until 2015, there were no provisions in the STI Plan enabling the clawback of cash Performance Bonuses paid in prior years.

The Board has amended the terms of the STI Plan and the rules of the Equity Linked Plans to allow the Group to clawback equity awards and cash Performance Bonuses paid to employees where:

– an event occurs which has a material adverse impact on the financial standing of the Group, or results in a misstatement of the financial statements;
– the Board forms the view that it would not have granted the relevant award or the STI had it known about that event or circumstance; and
– the Board considers that an employee is responsible alone or jointly for that event or circumstance as a consequence of breach of duty, negligence or wilful misconduct by that employee.

In those circumstances, the Group can either cancel an unvested award in an equity linked plan or demand repayment of a cash Performance Bonus paid in a prior financial year. A demand may relate to one or more Performance Bonuses paid in prior years.

If that demand is not met, the Group has set-off rights against other payments which become due to that employee. Demands may be made against more than one employee in relation to the same event or circumstance.

Executive KMP Holdings

In 2016, the Group introduced a requirement that Executive KMP (and their associates) hold securities in the Group with an aggregate value which exceeds one year's Base Salary. All current Executive KMP (other than Mr Kingsborough) satisfied this requirement at the end of the Financial Year. Mr Kingsborough has a period of 12 months dating from August 2016 in which to satisfy this requirement. This is the grace period which applies to any new Executive KMP. This policy does not currently extend to Non-Executive Directors. However, a number of the Non-Executive Directors have material holdings in the Group as at the end of the Financial Year.

Termination Payments

The Group's position on termination payments is set out in section 8.6. The current arrangements reflect contractual obligations which preceded the introduction of legislation limiting termination payments for KMP to 12 month's Base Salary. To the extent that the contractual arrangements which are in place do not have the benefit of the "grandfathering" provisions of that legislation, the necessary shareholder approval will be obtained prior to the Group making any payment which exceeds the statutory limit.

In relation to employment arrangements for new executives joining the Group, our position is that termination payments should not exceed the statutory limit.

Issue Price of Awards

The process for issue of awards under the Group's Equity Linked Plans is outlined in Appendix A. The price used to determine the number of awards to which an executive is entitled is a volume weighted average price (**VWAP**) calculated over 10 business days prior to 15 December in each year. That is the pricing used to determine the value of awards which vest in any year. That same pricing is used to issue new awards to which executives are entitled. There is no discount applied to that market value based on accounting methodology used in valuing awards or for any other reason.

Cash Disclosure

In response to requests from securityholders and market commentators, this Report includes disclosure of both the statutory remuneration received by KMP and the cash value of remuneration received in the Financial Year (ie the aggregate value of Base Salary, Performance Bonus and those equity linked awards which vested in the Financial Year). That information is included in section 8.5.

Board Discretion to Adjust LTI Hurdles

As the Group's LTI Hurdles relate to the performance of the underlying business (see section 8.3), it is necessary to ensure that the Board retains a discretion to vary the terms of the hurdle during the Qualifying Period in order to take into account the impact of Board decisions on the hurdle. To date, the only example of Westfield using this discretion related to a Board mandated sale of a significant portfolio of non-core assets which resulted in a corresponding reduction in the FFO target for that Qualifying Period. That sale was mandated by the Board of Westfield Holdings Limited, a predecessor entity of Westfield Corporation. In that circumstance, the graduated table for vesting against the FFO Hurdle was amended to reflect the dilutionary impact of the transaction. The level of that impact was independently verified by the Group's auditors prior to the Board approving the hurdle amendment. The extent of the dilution to FFO was also announced to the market at the time the transaction was completed. Given that the discretion will only be exercised in exceptional circumstances, the Board believes that, given the nature of the Group's hurdles, the conferring of the discretion is appropriate. In the past, where events have occurred which had a marginal impact on the relevant hurdle, the discretion was not exercised.

For clarity, the Board does not retest against LTI Hurdles which are not satisfied at Target (or otherwise) at the end of the Qualifying Period.

Vesting on Change of Control

Awards under the Group's Equity Linked Plans do not vest automatically as a consequence of a control transaction or a corporate restructuring. In relation to control transactions, the Board retains a discretion to accelerate the vesting date for awards issued under the Plans in that circumstance. In exercising this discretion, it is to be expected that the Board would consider all of the surrounding circumstances with the objective of ensuring that plan participants are not disadvantaged (having regard to their existing position and the position of ordinary securityholders) by the control transaction.

In the case of corporate restructurings, the Plans contain provisions which enable the underlying securities which are the subject of the awards to be restructured – without vesting all of the awards in the Plan. The flexibility of these provisions was evidenced by the Westfield Retail Trust transaction in 2010 and the more recent restructuring to create Westfield Corporation and Scentre Group in 2014. In each case, the rights of Plan participants were adjusted (consistent with the economic impact on ordinary securityholders) and the existing awards were kept in place. Any necessary adjustment to the rights of plan participants in these circumstances is submitted for independent verification by the Group's auditors.

Hedging Policy for Plan Participants

In addition to the restrictions placed on entering into hedging arrangements by operation of the Group's Security Trading Policy, participants in the Plans are prohibited from entering into hedging arrangements in respect of unvested awards or rights (or rights the subject of a holding lock) in any of the Plans.

The primary purpose of this prohibition is to ensure that, at all times until awards granted to executives under the Plans have vested, there is complete alignment between the interests of the executive and the interests of the Group and its securityholders.

In the Board's view, that alignment potentially ceases if an executive's economic interest in the benefit of an award or right is hedged – with the effect that the executive is not affected (or is affected to a lesser extent), by positive or negative movements in the market value of Westfield Corporation securities.

Target and Maximum Incentives

As explained in section 8.4, the Board adopts the concept of Target and Maximum in relation to both STI and LTI incentives. That is, in relation to STI incentives, employees are given a Target STI at the start of the year and they have the opportunity to earn up to 125% of that Target, based on assessed performance against their KPIs.

In relation to the LTI incentives, plan participants are issued with awards at the Target Level. During the Qualifying Period in relation to each Performance Hurdle, the number of awards issued may be increased up to 150% of the Target Level (ie the Maximum level). For the LTI Plan, if the level of performance falls below a threshold level set in respect of that Performance Hurdle, no awards will vest.

Co-CEO Structure

The Co-CEO structure was established as an important part of the succession management plan, designed to minimise the impact of the transition of Frank Lowy, the Founder/Chairman, to a non-executive role (in the former Westfield Group). That occurred in 2011 and the Westfield Group Board was pleased to note at the time that the transition occurred with minimal disruption to the business and very little market reaction.

In support of the Co-CEO structure the Board takes into account the following matters:

– The additional senior resource (at the highest level) has greatly assisted in addressing the challenges posed by having operations and developments in various countries – recognising that Westfield operates 24/7 in various jurisdictions. The Co-CEO structure has contributed significantly to the success which Westfield has achieved internationally – an area where many others have failed.

– The Co-CEOs have a strong background in all aspects of the business but also have complementary skill sets, which allows them to focus on different areas of the business. Peter Lowy has a primary role in capital management and treasury matters and Steven Lowy's focus is greatest on operational, development and digital matters. However both maintain oversight over all aspects of the business.

– The relationship between the CEOs has resulted in the closest possible working relationship with information and strategic thoughts and views on all aspects of the business shared freely between them.

– The Board is strongly of the view that achieving objectives such as the execution of our $9.5 billion development pipeline, the continued transformation of the Group's portfolio and execution of the Group's digital strategy all require the additional leadership and resources provided by a continuance of the joint Co-CEO structure.

– The remuneration of the Co-CEOs reflects the position they hold in the global REIT industry and their experience and achievements over approximately 30 years' service with Westfield. Their current arrangements were put in place at the former Westfield Group and have remained unchanged through the transitional process, as has been the case for other members of the Senior Executive Team.

– Since 2009, the base salary payable to the Co-CEOs has not changed (other than the conversion of Steven Lowy's base salary to US dollars in 2015). A total remuneration freeze was applied in four of the six years prior to the formation of Westfield Corporation. A similar position has been taken by Westfield Corporation on base pay for each financial year since 2014. The Board is of the view that the remuneration has not increased excessively over time and that any incremental cost is far outweighed by the value derived from both executives remaining in those roles.

– Most importantly, the Co-CEO's have delivered consistently strong corporate performance over an extended period of time. Since assuming the role, the Co-CEO's have overseen the full corporate restructure which created Westfield Corporation and Scentre Group, a refocusing of the portfolio to Flagship assets, the disposal of non-core assets so as to provide the capital required for re-investment in the Flagship assets and the repositioning of the Group and the portfolio, particularly through digital innovation, to transform the nature of the relationship which the Group has with retailers and consumers.

For the reasons noted above, the Board is fully supportive of a continuance of the Co-CEO structure whilst Peter Lowy and Steven Lowy occupy those roles and believes that securityholders are well served by the current structure.

8.5 Remuneration of the Key Management Personnel

For the purposes of this section of the Report, the KMP disclosed are as follows:

1. Peter Lowy	Executive Director, Co-Chief Executive Officer
2. Steven Lowy AM	Executive Director, Co-Chief Executive Officer
3. Michael Gutman OBE	Executive Director, President and Chief Operating Officer
4. Elliott Rusanow	Chief Financial Officer
5. Donald Kingsborough	Executive Director, President, Westfield Retail Solutions

The non-executive Directors are also KMP. Their remuneration in the Financial Year is disclosed in section 8.7.

The remuneration of all KMP is determined by the Board, acting on recommendations made by the Human Resources Committee.

The Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Human Resources Committee takes into account advice from independent consultants and advisers on trends in remuneration for KMP (see section 8.1 for further details). Given the nature of the business conducted by Westfield Corporation, including the fact that the vast majority of employees are located in the US and the UK and the Group's earnings are from its operations in those jurisdictions, the focus of the Committee is increasingly on global remuneration trends. In arriving at recommendations, the advisers consider a wide range of factors including the Group's financial profile, the complexity and geographic spread of its business and the size and scope of the responsibilities assumed by KMP.

Specific discussion in relation to the Short Term Incentives and Long Term Incentives paid to the executive KMP in the Financial Year is included in section 8.4.

Statutory Disclosure vs Cash Disclosure

In response to requests from securityholders, this Report includes disclosure of both the statutory remuneration received by KMP (**Statutory Remuneration**) and the cash value of remuneration received in the Financial Year ie the aggregate value of Base Salary, Performance Bonus and those equity linked awards which vested in the Financial Year (**Cash Remuneration**). That information is included in respect of each of the KMP.

The principal reason for differences between the Statutory Remuneration and the Cash Remuneration now included in section 8.5 of the Report is the differing treatment of equity based incentives.

Remuneration which is actually paid in cash (such as base salary and the performance bonus) is reported in the same way in both disclosures.

However, the applicable Accounting Standards which dictate the disclosure of Statutory Remuneration require that equity based awards be valued at the date of grant and amortised on a straight line basis over the life of the award without regard to movements (up or down) in the price of the underlying security. For example, an executive receiving awards with an assessed value of $100,000 which vest after 5 years, would have $20,000 per annum included in their statutory remuneration in each of those 5 years, regardless of movements in the share price. The cash or market value of those equity awards will only be included in the Cash Remuneration disclosure in the year of vesting. That figure may be more or less than the $100,000 in value which is used for statutory remuneration purposes and will reflect movements in the value of the underlying security over the vesting period.

Effectively, Cash Remuneration is a snap-shot of the cash or cash equivalent value which the executive receives in a particular year. Cash Remuneration does not take into account the cost or value of other unvested equity awards held by that executive which remain on foot and will vest in future reporting periods.

For this reason the statutory disclosure and the cash disclosure are fundamentally different in nature. It is therefore to be expected that Statutory Remuneration will, in any year, differ materially from the Cash Remuneration actually received by an executive.

The Cash Remuneration will also be impacted materially by non-recurring equity based awards, including Retention Awards (issued previously by the Westfield Group and for which Westfield Corporation is now responsible) and Target Incentive Rights.

For the purposes of the Statutory Remuneration, these awards have been fully amortised and expensed through the profit and loss account over their 5 year life based on their original value at the date of issue. In this regard, the Statutory Remuneration typically exceeds the Cash Remuneration in each year prior to the year of vesting given that the Statutory Remuneration includes an amount representing the amortisation of these awards – but no cash is received by the executive until vesting in year 5. For the purposes of Cash Remuneration, the full amount accrued over the 5 year vesting period and paid on vesting of the awards is disclosed in the year of vesting.

The Cash Remuneration received by KMP also reflects any movement (up or down) in the share price of Westfield securities.

8.5.1 Co-Chief Executive Officers

The employment arrangements of the Co-Chief Executive Officers are as follows.

Mr Peter Lowy

- Has been with Westfield since 1983.
- Has resided in the United States since 1990.
- Mr Lowy is a member of the Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at 90% of the Target Level (72% of the Maximum level).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Peter Lowy's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 16 $**	**12 months 31 Dec 15 $**
Short term employee benefits		
– Base salary [1]	2,500,000	2,500,000
Fixed		
– Cash bonus [2]	2,470,000	2,470,000
At risk		
– Other short term employee benefits	–	–
Fixed		
– Non monetary benefits	–	–
Fixed		
Total short term employee benefits	4,970,000	4,970,000
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue [3]		
– Cash settled awards (at risk)	–	410,820
– Equity settled awards (at risk)	3,016,205	2,604,566
Total – Statutory Remuneration	**7,986,205**	**7,985,386**
Remuneration paid during the year		
– Base salary	2,500,000	2,500,000
– Cash bonus	2,470,000	2,470,000
Fair market value of securities at the date of vesting		
– Cash settled awards	–	1,317,285
– Equity settled awards [4]	4,594,820	2,717,428
Total – Cash Remuneration (including equity settled awards)	**9,564,820**	**9,004,713**

(1) Mr Lowy's base salary is exclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

(3) Refer to the tables in Appendix A for details of awards held by Mr Lowy under the Equity Linked Plans.

(4) Comprising awards issued under the 2014 EPR Plan, 2012 and 2013 PIR Plan with accounting fair value at the grant date of A$1,552,717, A$979,644 and A$989,468 respectively (equivalent to $1,142,489, $720,822 and $728,051 calculated at the US dollar exchange rate applicable on the vesting date).

Mr Steven Lowy AM

- Has been with Westfield since 1987.
- Mr Lowy is a member of the Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at 90% of the Target Level (72% of the Maximum level).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Steven Lowy's fixed and at risk remuneration for the Financial Year.

Component of Remuneration	**12 months 31 Dec 16 $**	**12 months 31 Dec 15 $**
Short term employee benefits		
– Base salary [(1)]	2,500,000	2,500,000
Fixed		
– Cash bonus [(2)]	2,470,000	2,470,000
At risk		
– Other short term employee benefits [(3)]	41,667	209,866
Fixed		
– Non monetary benefits	–	–
Fixed		
Total short term employee benefits	5,011,667	5,179,866
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue [(4)]		
– Cash settled awards (at risk)	–	410,820
– Equity settled awards (at risk)	3,039,305	2,627,932
Total – Statutory Remuneration	**8,050,972**	**8,218,618**
Remuneration paid during the year		
– Base salary	2,500,000	2,500,000
– Cash bonus	2,470,000	2,470,000
– Other short term employee benefits	41,667	209,866
Fair market value of securities at the date of vesting		
– Cash settled awards	–	1,317,285
– Equity settled awards [(5)]	4,865,821	2,717,428
Total – Cash Remuneration (including equity settled awards)	**9,877,488**	**9,214,579**

(1) Mr Lowy's base salary is inclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

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

(4) Refer to the tables in Appendix A for details of awards held by Mr Lowy under the Equity Linked Plans.

(5) Comprising awards issued under the 2014 EPR Plan, 2012 and 2013 PIR Plan with accounting fair value at the grant date of A$1,791,599, A$979,644 and A$989,468 respectively (equivalent to $1,318,259, $720,822 and $728,051 calculated at the US dollar exchange rate applicable on the vesting date).

8.5.2 President & Chief Operating Officer

Mr Michael Gutman OBE

- Has been with Westfield since 1993.
- Is responsible for overall management of all aspects of the Group's operating business globally. Mr Gutman is also a member of the Executive Committee.
- All aspects of Mr Gutman's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Gutman's Short Term Incentive for the Financial Year was paid at 90% of the Target Level (72% of the Maximum level).
- Details of Mr Gutman's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Gutman's fixed and at risk remuneration for the Financial Year.

Component of Remuneration	12 months 31 Dec 16 $	12 months 31 Dec 15 $
Short term employee benefits		
– Base salary [(1)]	1,560,000	1,560,000
Fixed		
– Cash bonus [(2)]	1,436,500	1,440,000
At risk		
– Other short term employee benefits [(3)]	26,182	108,434
Fixed		
– Non monetary benefits [(4)]	68,329	139,787
Fixed		
Total short term employee benefits	3,091,011	3,248,221
Post employment		
– Pension and superannuation benefits	96,109	93,411
Other long term benefits	–	–
Amortisation of all awards on issue [(5)]		
– Cash settled awards (at risk)	–	205,411
– Equity settled awards (at risk)	1,905,856	1,383,068
– Equity settled retention awards (at risk)	–	886,410
Total – Statutory Remuneration	**5,092,976**	**5,816,521**
Remuneration paid during the year		
– Base salary	1,560,000	1,560,000
– Cash bonus	1,436,500	1,440,000
– Other short term employee benefits	26,182	108,434
– Pension and superannuation benefits	96,109	93,411
Fair market value of securities at the date of vesting		
– Cash settled awards	–	658,643
– Equity settled awards [(6)]	2,319,999	1,650,256
– Equity settled retention awards	–	8,232,177
Total – Cash Remuneration (including equity settled awards)	**5,438,790**	**13,742,921**

(1) Mr Gutman's base salary is exclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

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

(4) Comprising normal expatriate benefits such as medical benefits, home leave plus fringe benefit tax on those benefits.

(5) Refer to the tables in Appendix A for details of awards held by Mr Gutman under the Equity Linked Plans.

(6) Comprising awards issued under the 2014 EPR Plan, 2012 and 2013 PIR Plan with accounting fair value at the grant date of A$796,262, A$489,828 and A$494,734 respectively (equivalent to $585,890, $360,415 and $364,025 calculated at the US dollar exchange rate applicable on the vesting date).

8.5.3 Chief Financial Officer

Mr Elliott Rusanow

- Has been with Westfield since 1999. During the Financial Year, Mr Rusanow relocated to the United States.
- Mr Rusanow is a member of the Executive Committee.
- All aspects of Mr Rusanow's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Rusanow's Short Term Incentive for the Financial Year was paid at the Target Level (80% of the Maximum level).
- Details of Mr Rusanow's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Rusanow's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 16 $**	**12 months 31 Dec 15 $**
Short term employee benefits		
– Base salary [1]	980,000	980,000
Fixed		
– Cash bonus [2]	812,500	815,000
At risk		
– Other short term employee benefits [3]	16,333	27,869
Fixed		
– Non monetary benefits [4]	225,977	–
Fixed		
Total short term employee benefits	2,034,810	1,822,869
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue [5]		
– Cash settled awards (at risk)	–	81,126
– Equity settled awards (at risk)	740,433	675,670
– Equity settled retention awards (at risk)	292,300	147,735
Total – Statutory Remuneration	**3,067,543**	**2,727,400**
Remuneration paid during the year		
– Base salary	980,000	980,000
– Cash bonus	812,500	815,000
– Other short term employee benefits	16,333	27,869
Fair market value of securities at the date of vesting		
– Cash settled awards	–	263,460
– Equity settled awards [6]	905,438	601,806
– Equity settled retention awards [7]	1,209,950	1,372,033
Total – Cash Remuneration (including equity settled awards)	**3,924,221**	**4,060,168**

(1) Mr Rusanow's base salary is inclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

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

(4) Comprising benefits associated with Mr Rusanow's relocation to the LA office and residence in the United States.

(5) Refer to the tables in Appendix A for details of awards held by Mr Rusanow under the Equity Linked Plans.

(6) Comprising awards issued under the 2014 EPR Plan, 2012 and 2013 PIR Plan with accounting fair value at the grant date of A$298,603, A$195,935 and A$197,895 respectively (equivalent to $219,712, $144,169 and $145,611 calculated at the US dollar exchange rate applicable on the vesting date).

(7) Comprising retention awards issued under the 2013 EPR Plan with accounting fair value at the grant date of A$982,323 (equivalent to $722,793 calculated at the US dollar exchange rate applicable on the vesting date).

8.5.4 President, Westfield Retail Solutions

Mr Donald Kingsborough

- First joined Westfield as a non-executive Director in August 2014.
- In August 2016, Mr Kingsborough agreed to become an executive Director when he assumed the role of President, Westfield Retail Solutions. In that role he oversees Westfield Corporation's digital business, based in San Francisco.
- Mr Kingsborough is a member of the Executive Committee.
- All aspects of Mr Kingsborough's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within various enterprises with a digital focus (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Kingsborough's Short Term Incentive for the Financial Year was paid at the Target Level (80% of the Maximum level). The STI was pro-rated from Mr Kingsborough's commencement date in August 2016.
- Mr Kingsborough's Long Term Incentive is in the form of Target Incentive Rights, as discussed in section 8.4.
- Details of Mr Kingsborough's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Kingsborough's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 16 $**	**12 months 31 Dec 15 $**
Non-executive Director fees (1)	122,500	187,300
Short term employee benefits		
Fixed		
– Base salary (2)	538,462	–
Fixed		
– Cash bonus (3)	585,000	–
At risk		
– Other short term employee benefits	–	–
Fixed		
– Non monetary benefits (4)	63,403	–
Fixed		
Total short term employee benefits	1,186,865	–
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue (5)		
– Cash settled awards (at risk)	–	–
– Equity settled awards (at risk)	806,256	–
Total – Statutory Remuneration	**2,115,621**	**–**
Remuneration paid during the year		
– Non-executive Director fees	122,500	187,300
– Base salary	538,462	–
– Cash bonus	585,000	–
Total – Cash Remuneration (including equity settled awards)	**1,245,962**	**187,300**

(1) Mr Kingsborough was a Non-Executive Director of Westfield Corporation. On 8 August 2016, he was appointed as President, Retail Solutions Executive Officer. His non-executive Director remuneration comprises a pro-rata base fee of $96,250 and a Digital Committee fee of $26,250.

(2) Mr Kingsborough's pro-rata base salary is exclusive of statutory superannuation contributions.

(3) No part of this bonus is payable in respect of any future financial year.

(4) Comprising benefits such as housing allowance and relocation benefits.

(5) Refer to the tables in Appendix A for details of awards held by Mr Kingsborough under the Equity Linked Plans.

8.6 Executive Service Agreements and Termination Arrangements

Following the Restructure, those executives employed in the US and UK businesses continued to be employed by the same entity and their existing Service Agreements remained in place (with minor amendments to reflect the change in groups). A small number of senior executives previously employed by Westfield Holdings (now Scentre Group Limited and part of Scentre Group) have executed Service Agreements with Westfield Corporation on terms which are identical in all material respects to their Service Agreements prior to the Restructure.

The Service Agreements entered into between Westfield Corporation and each of these executives are in a common form and are consistent with those policies and procedures.

The Service Agreements outline the elements of remuneration which may be conferred on the executive during their period of employment by the Group (including base salary, performance bonus and participation in the Group's Equity Linked Incentive Plans). The agreement is silent on the details of that remuneration. Those details are determined annually by the Board and advised to the executive by letter.

The Service Agreements do not have a fixed term. They may be terminated by the Group employer at any time by giving the relevant executive one month's notice. The executive may terminate the contract at any time by giving the Group three months' notice. In the case of Mr Kingsborough, consistent with the laws of California, either party may terminate the agreement on short notice.

Payments to the executive on termination are also common to each Service Agreement. The principles applicable to termination payments by the Group, as applied by the Group prior to execution of the Service Agreements and now reflected in those Service Agreements are set out below.

The provisions of these Service Agreements must be read subject to the requirements of the *Corporations Act 2001*. In certain circumstances, payment of the entitlements referred to below may require prior approval of the members.

Termination entitlements for new executives joining the Group will not exceed the statutory threshold, above which member approval is required. Mr Kingsborough is entitled to 12 months base salary on termination by the Group.

The provisions of the continuing Service Agreements applicable to the KMP other than Mr Kingsborough provide as follows:

(a) Resignation (excluding retirement) and termination by the Group for cause

An executive who resigns from the Group to pursue other opportunities or who is dismissed by the Group for cause (broadly defined to include serious misconduct, fraud or dishonest conduct or a refusal to comply with lawful directions) is entitled to minimal benefits on termination.

The executive is entitled only to accrued base salary and statutory entitlements to the date of departure. Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances. All unvested entitlements under the Group's Equity Linked Incentive Plans are forfeited, without payment, on termination.

(b) Redundancy or termination by the Group (other than for cause)

– An executive made redundant by the Group or who is terminated without cause is entitled to receive:
– accrued statutory entitlements;
– a pro-rata performance bonus to the date of termination;
– a redundancy payment of between 12 and 24 months base salary depending on the length of service of the executive plus one month's base salary in lieu of notice;
– pro-rata vesting of outstanding awards under the Group's Equity Linked Incentive Plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle); and
– Subject to the legacy issues noted above, termination entitlements now limited to 12 months' base salary.

(c) Death or permanent disability

If an executive dies or suffers a permanent disability during the term of employment the entitlements payable to that executive (or the estate of that executive) are as follows:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of death or disability; and
– full vesting of outstanding awards under the Group's Equity Linked Incentive Plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) other than retention awards which vest pro-rata to the date of termination.

(d) Retirement

The Group recognises that if an executive satisfies the retirement conditions (see below), the termination of the employment should be treated in a different manner to a resignation in the ordinary course.

Provided an executive has reached the age of 55 years with at least 5 years continuous service or the aggregate of the age of the participant and the number of years of service with the Group is equal to or greater than 70, the executive will be entitled to the following benefits:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of retirement; and
– the right to continue in the Group's Equity Linked Incentive Plans until the date of vesting of outstanding awards granted at least 6 months prior to the date of retirement (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) or, in circumstances where continued participation in the Plans is not permitted under the terms of the Plans, the executive is entitled to a cash payment from the Group equal to the amount that would have been received had the executive been permitted to continue in the Plans.

Where permitted by law, the Group imposes a further requirement that, following retirement, the executive complies with certain continuing non compete obligations which, if not satisfied, will result in forfeiture of all awards then outstanding.

The Human Resources Committee and the Board believe that these policies provide appropriate incentives (and disincentives) on termination which balances the interests of the Group and its members with the policy objective of providing commercially reasonable payments to executives which reflect the circumstances of their departure. As has been noted above, the retention of senior executives is a key objective of the Group. It is also an objective of the Board to keep long serving executives participating in the Equity Linked Incentive Plans right up to the point of their retirement.

The Board believes that the policies described in this Report assist in achieving those objectives.

8.7 Remuneration of Non-Executive Directors

The Group's remuneration of the non-executive Directors is straightforward. Non-executive Directors are paid fees for service on the Board and its Committees as detailed in this Report and are reimbursed for out of pocket expenses. No other bonuses or benefits are paid either during the tenure of a non-executive Director or on retirement. Non-executive Directors do not participate in any of the Group's Short or Long Term Incentive Plans. None of the non-Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

Non-executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions) and where relevant, a Committee fee and an additional fee for the role of deputy chair of the Board and for Committee chair.

The aggregate pool available for payment of fees to non-executive Directors of Westfield Corporation is currently a maximum of A$3.5 million per annum.

The fees paid to the non-executive Directors in the Financial Year are set out in the table below. The aggregate fees for non-executive Directors (including standing Committee fees) for the Financial Year were $1,938,705.

On the recommendation of the Human Resources Committee, the Board determined that, for the Financial Year, all fees for non-executive Directors (inclusive of superannuation guarantee contributions) remain at the level paid in 2015. The same policy applied to Committee fees, the additional fee for Deputy Chair and the fee for Committee chair.

For 2017, all fees have been maintained at the same level as applied in the Financial Year.

The remuneration of the non-executive Directors is determined by the Board (within the limits set by Westfield Corporation securityholders), acting on recommendations made by the Human Resources Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate high calibre non-executive Directors to serve on the Westfield Corporation Board.

In making recommendations to the Board, the Human Resources Committee takes into account advice from independent consultants and advisers on domestic and international trends in non-executive director remuneration. In arriving at recommendations, the advisers consider a wide range of factors including Westfield's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by non-executive Directors.

The table below sets out the remuneration for the non-executive Directors for the Financial Year.

Name	Position	Base fee[1] $	Deputy Chair fee $	Audit & Risk Committee $	Nomination Committee $	Human Resources Committee $	Digital Committee $	Total $
F P Lowy AC	Chairman	450,000	–	–	–	–	–	**450,000**
B M Schwartz AM	Deputy Chairman	165,000	27,000	45,000	10,050	–	–	**247,050**
I R Atlas	Director	165,000	–	27,000	–	18,000	–	**210,000**
R L Furman	Director	165,000	–	–	3,155	18,000	–	**186,155**
P H Goldsmith QC PC	Director	165,000	–	–	–	–	–	**165,000**
J A Goldstein [2]	Director	15,245	–	–	–	–	–	**15,245**
M G Johnson	Director	165,000	–	27,000	–	–	–	**192,000**
M R Johnson AO	Director	165,000	–	–	9,000	27,000	–	**201,000**
D D Kingsborough	Director	96,250	–	–	–	–	26,250	**122,500**
J McFarlane	Director	165,000	–	–	–	–	–	**165,000**
D Ostroff [2]	Director	15,245	–	–	–	–	–	**15,245**

(1) Base fees are inclusive of statutory superannuation contributions for the Australian based non-executive Directors.
(2) Appointment effective 28 November 2016.

8.8 Definitions

An understanding of the following definitions will assist the reader in reviewing this Report:

Executive Director	means each member of the Board who is employed as an executive of the Group – being Mr Peter Lowy and Mr Steven Lowy (Co-Chief Executive Officers), Mr Michael Gutman (President & Chief Operating Officer) and Mr Donald Kingsborough (President, Westfield Retail Solutions).
Key Management Personnel	or KMP includes each of the Executive Directors and any other executive responsible for planning, directing and controlling the Group's activities. The remuneration of all KMP, including non-executive Directors, is reported in detail in this Report.
Senior Executive Team	means the Group's senior management team comprising approximately 30 executives performing senior operational and corporate roles in the various countries in which the Group operates.
Base Salary	means the fixed remuneration paid to an executive at regular intervals (typically fortnightly or monthly).
Short Term Incentive	or STI means the annual incentive paid to an executive based on performance against KPIs which reflect the expected performance of that executive in relation to financial and non-financial matters. A further description of the process for awarding STIs is set out in section 8.4. For the Senior Executive Team, each STI has two components: (a) cash performance bonus paid shortly after the end of the relevant financial year; and (b) the grant of awards under the EPR Plan (see below) whereby part of the STI is deferred for 3 years. The value of the deferred awards received by the executive at that time will fluctuate with movements in the market price of the Group's securities.
Key Performance Indicators	or KPIs are the performance objectives or measures used to assess the entitlement of executives to Short Term Incentives in any year.
Performance Bonus	means that part of the STI which is paid in cash.
Equity Linked Plans	or Plans means the Executive Performance Rights Plan (EPR Plan) and the Partnership Incentive Rights Plan (PIR Plan), both of which Plans are established under the Westfield Performance Rights Plan. Under the EPR Plan, the Group grants 3 year equity linked awards to executives (including the Senior Executive Team) as part of the annual Short Term Incentive. Under the PIR Plan, the Group grants 5 year equity linked awards to the Group's most senior executives. Unlike the EPR Plan, in order to achieve vesting of awards granted under the PIR Plan, the executive must satisfy certain Performance Hurdles set by the Board at the commencement of each year. A full description of both Plans can be found in section 8.4 and in the Appendix.
Long Term Incentive Plan	or LTI Plan means the Partnership Incentive Rights Plan (PIR Plan) established under the Westfield Performance Rights Plan. A full description of the LTI Plan can be found in section 8.4 and in the Appendix.
Performance Hurdles	means the Hurdles established by the Board in connection with awards granted under the LTI Plan with a view to measuring performance of the executive team against key business and shareholder metrics. The rationale for choosing these Hurdles and the way in which the Hurdles operate is set out in section 8.4.
Restructure	means the transaction approved by securityholders in June 2014 whereby Westfield Corporation was established following the demerger of the former Westfield Group's Australian and New Zealand business.
Target STI	is a reference to the Target Short Term Incentive which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the objectives set for that executive at the start of the financial year.
Maximum STI	is a reference to the maximum Short Term Incentive which could be earned by an executive in a financial year. See section 8.4 for a discussion of the relationship between Target STI and Maximum STI.
Target LTI	is a reference to the Target Long Term Incentive which would be awarded to a participant in the LTI Plan for performance against a Performance Hurdle at a level which meets the high expectations of the Group in relation to performance against that Performance Hurdle over the period of measurement.
Maximum LTI	is a reference to the maximum Long Term Incentive which could be awarded to a participant in the LTI Plan for performance against the relevant Performance Hurdle. See section 8.4 for a discussion of the relationship between Target LTI and Maximum LTI.
Target Incentive Rights	are Rights granted under the Group's Equity Linked Plans which vest over a period of 3 – 5 years conditional on Performance Hurdles which relate to specific objectives set for the recipient over that vesting period, particularly in relation to execution of the Group's development pipeline.

APPENDIX A

1. Westfield's Equity Linked Plans

1.1 Equity Linked Incentive Plans

Westfield Corporation has 2 active Equity Linked Incentive Plans – the EPR Plan and the PIR Plan.

The terms of the EPR and PIR Plans provide the Group with an election as to whether to settle awards with a cash payment or with the Group's equity. That election must be made by the Group no later than the date of vesting of an award.

1.2 Mechanics of the Plans

Under the EPR Plan and the PIR Plan (used in connection with the STI Plan and long term incentives), on maturity, the executive is entitled to receive, at the election of the Group and for no further consideration, either:

– one Westfield Corporation security for each award; or

– a cash payment to the same value.

The relevant common features of both Plans are as follows:

– based on principles and remuneration bands agreed with the Human Resources Committee, participating executives earn the opportunity to participate in a Plan;

– immediately prior to the commencement of participation in the Plan, the dollar value of the executive's entitlement is converted into an award based on the then current market price of Westfield Corporation's stapled securities. For example, assuming a market price of $10.00 per stapled security, a participant entitled to a grant of $400,000 would receive an award equal to the economic benefit of 4,000 Westfield Corporation stapled securities; and

– assuming the executive remains employed by the Group through the vesting period and any applicable Performance Hurdles are satisfied, the executive will receive either a physical Westfield Corporation security or a cash pay-out equal to the capital value of the securities represented by the award.

As noted above, the right to receive the benefit of an award under a Plan is dependent on the executive remaining employed by Westfield throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board will allow vesting of all or part of the awards granted under the Plans (see section 8.6), or allow the executive to remain as a participant in the Plan through to the vesting date.

1.3 Short Term Incentives – The EPR Plan

The EPR Plan is a broader based plan in which senior executives and high performing employees participate. The EPR Plan uses the deferral of vesting of a portion of the Short Term Incentive as part of a broader strategy for retaining the services of those executives participating in the Plan.

If it is determined that an executive is entitled to a Short Term Incentive which exceeds a specific dollar amount, part of that incentive, typically 25-35% depending on the seniority of the executive, will be deferred into the EPR Plan.

Executives qualify to receive a pay-out of that deferred compensation by satisfying the requirement that they remain in the employment of Westfield Corporation through the vesting period. That vesting period is typically 3 years. There are no additional Performance Hurdles applicable during the vesting period.

Participants in the EPR and PIR Plans only receive dividends on securities after the vesting date.

Participants will qualify to receive the benefit of each award on the qualification date or, in limited circumstances described below, the date that they cease to be an employee of the Group. Depending on age, length of service and the date of retirement, retiring executives may be eligible to continue to participate in the Plans up to the vesting date.

The circumstances in which a participant's award will be forfeited include the following:

– voluntary resignation by the executive (other than where the retirement conditions are met);

– a "Summary Termination Event" occurring in respect of a participant (this includes the participant engaging in serious misconduct or, in certain cases, being convicted of a criminal offence); and

– the participant failing to comply with a "Competition and Confidentiality Condition" (which will include standard confidentiality, non-compete and non-solicitation conditions).

In the case of death or total and permanent disablement, the awards will fully vest (with the exception of Retention Awards in respect of which a pro-rata payment will be made).

If a participant is made redundant or Westfield terminates their employment other than for cause, a pro-rata payment will be made to that participant.

(a) Participation in EPR Plan

The following table details awards under the EPR Plan[1] held by KMP.

Executive	Date of grant	Number of rights held	Total rights held post adjustment[2]	Vesting date	Fair value at grant[3] A$	Market value at 31 Dec 2016[4] A$	Performance Hurdles
Peter Lowy	1 Jul 2014	268,984[6]	268,984	15 Dec 2016	1,552,717	2,388,578[5]	N/A
	1 Jan 2015	291,614	291,614	15 Dec 2017	2,265,841	2,735,339	N/A
	1 Jan 2016	212,036	212,036	14 Dec 2018	1,817,149	1,988,898	N/A
Steven Lowy AM	1 Jul 2014	310,367[6]	310,367	15 Dec 2016	1,791,599	2,756,059[5]	N/A
	1 Jan 2015	272,859	272,859	15 Dec 2017	2,120,114	2,559,417	N/A
	1 Jan 2016	212,036	212,036	14 Dec 2018	1,817,149	1,988,898	N/A
Michael Gutman OBE	1 Jul 2014	137,940[6]	137,940	15 Dec 2016	796,262	1,224,907[5]	N/A
	1 Jan 2015	125,194	125,194	15 Dec 2017	972,757	1,174,320	N/A
	1 Jan 2016	122,758	122,758	14 Dec 2018	1,052,036	1,151,470	N/A
Elliott Rusanow	1 Jan 2013	118,638	184,764	15 Dec 2016[7]	982,323	1,640,704[7]	N/A
	1 Jul 2014	51,729[6]	51,729	15 Dec 2016	298,603	459,354[5]	N/A
	1 Jan 2015	38,522	38,522	15 Dec 2017	299,316	361,336	N/A
	1 Jan 2016	69,351	69,351	14 Dec 2018	594,338	650,512	N/A

(1) In Australia, the issuer of rights under the EPR Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

(2) The number of rights held reflects the adjustment made as a consequence of the Restructure. All rights issued by Westfield Group prior to the Restructure (which rights related to Westfield Group securities) were converted to Westfield Corporation rights in the manner, and based on the formula, set out on page 146 of the Securityholder Booklet. Excluding this adjustment, there has been no alteration to the terms of any right granted to any KMP under the EPR Plan since the grant date.

(3) The fair value of the rights issued under the EPR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the EPR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EPR Plan.

(4) The market value as at 31 December 2016 is based on the closing price of Westfield Corporation securities of $9.38.

(5) As this award was paid out before 31 December 2016, the market value has been calculated using the closing price of Westfield Corporation securities as at vesting date on 15 December 2016 ($8.88).

(6) The issue of 2014 rights under the EPR Plan was postponed until after the Restructure. The 2014 rights related solely to Westfield Corporation stapled securities. Therefore no adjustment to the number of these rights was required.

(7) The market value has been calculated using the closing price of Westfield Corporation securities as at vesting date on 15 December 2016 ($8.88). The Human Resources Committee consented to the acceleration (by one year) of the vesting date of this 5 year award to 15 December 2016 as a result of Mr Rusanow's relocation to the United States.

1.4 Long Term Incentives – The PIR Plan

Only the senior leadership team of Westfield Corporation participates in the PIR Plan under which Long Term Incentives are awarded. In the Financial Year, 25 executives, including the Executive Directors, participated in the PIR Plan.

The PIR Plan itself is designed to encourage a "partnership" amongst the senior leadership team which will emphasise the strategic leadership role of that team. Through the PIR Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of members as discussed in section 8.2(c). The operation of the PIR Plan is as described above.

The performance hurdle(s) applicable under the PIR Plan are determined annually by the Human Resources Committee when determining which executives will be invited to participate in the PIR Plan. Executives are informed of those Hurdles at the same time as they are advised of the potential number of awards for which they will qualify if the Performance Hurdles are achieved. More than one hurdle may be set in any year.

Actual performance against the Hurdles which apply during the Qualifying Period will determine the final number of awards which the executive will receive at the end of that period. If performance against a hurdle is such that full qualification for awards is not achieved, there is no provision in the Plan for re-testing in subsequent years. The Board will revise Hurdles during a Qualifying Period only where required as a consequence of a capital transaction undertaken by the Group (e.g. a major capital raising) or a strategic decision by the Group which prevents achievement of the hurdle.

The awards issued under the PIR Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5. No other Performance Hurdles are imposed during the vesting period.

The Performance Hurdles chosen by the Human Resources Committee in respect of awards issued in the Financial Year are discussed in section 8.4(c).

By adopting this combination of the application of Performance Hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 year vesting period, the Group aims, through the issue of awards under the PIR Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Executives participating in the PIR Plan will be required to remain with the Group for a period of 5 years in order to get the full benefit of each award.

(b) Participation in PIR Plan

The following table details awards under the PIR Plan[1] held by KMP.

Executive	Date of grant	Number of rights held/ vesting date	Total rights held post adjustment[2]	Fair value at grant[3] A$	Market value at 31 Dec 2016[4] A$	Performance Hurdles % Vesting[5] Target	Maximum
Peter Lowy	1 Jan 2012	163,820:15/12/16	255,131	979,644	2,265,563[6]	110%[7]	73%
	1 Jan 2013	113,994:15/12/16	177,532	989,468	1,576,484[6]	100%	67%
		148,297:15/12/17	230,955	1,227,899	2,166,358	125%[8]	83%
	1 Jul 2014[9]	179,986:15/12/17	179,986	989, 279	1,688,269	100%[10]	67%
		187,546:14/12/18	187,546	981,456	1,759,181	100%	67%
	1 Jan 2015	146,036:14/12/18	146,036	1,095,270	1,369,818	100%[10]	67%
		150,589:16/12/19	150,589	1,091,770	1,412,525	– [11]	–
	1 Jan 2016	150,500:16/12/19	150,500	1,244,635	1,411,690	100%[12]	67%
		150,500:15/12/20	150,500	1,200,990	1,411,690	– [13]	–
Steven Lowy AM	1 Jan 2012	163,820:15/12/16	255,131	979,644	2,265,563[6]	110%[7]	73%
	1 Jan 2013	113,994:15/12/16	177,532	989,468	1,576,484[6]	100%	67%
		148,297:15/12/17	230,955	1,227,899	2,166,358	125%[8]	83%
	1 Jul 2014[9]	179,986:15/12/17	179,986	989,279	1,688,269	100%[10]	67%
		187,546:14/12/18	187,546	981,456	1,759,181	100%	67%
	1 Jan 2015	146,036:14/12/18	146,036	1,095,270	1,369,818	100%[10]	67%
		150,589:16/12/19	150,589	1,091,770	1,412,525	– [11]	–
	1 Jan 2016	150,500:16/12/19	150,500	1,244,635	1,411,690	100%[12]	67%
		150,500:15/12/20	150,500	1,200,990	1,411,690	– [13]	–
Michael Gutman OBE	1 Jan 2012	81,911:15/12/16	127,567	489,828	1,132,795[6]	110%[7]	73%
	1 Jan 2013	56,997:15/12/16	88,766	494,734	788,242[6]	100%	67%
		74,149:15/12/17	115,478	613,954	1,083,184	125%[8]	83%
	1 Jul 2014[9]	89,993:15/12/17	89,993	494,640	844,134	100%[10]	67%
		93,773:14/12/18	93,773	490,728	879,591	100%	67%
	1 Jan 2015	94,112:14/12/18	94,112	705,840	882,771	100%[10]	67%
		97,046:16/12/19	97,046	703,584	910,291	– [11]	–
	1 Jan 2016	201,503:16/12/19	201,503	1,666,430	1,890,098	100%[12]	67%
		201,502:15/12/20	201,502	1,607,986	1,890,089	– [13]	–
Elliott Rusanow	1 Jan 2012	32,765:15/12/16	51,028	195,935	453,129[6]	110%[7]	73%
	1 Jan 2013	22,799:15/12/16	35,507	197,895	315,302[6]	100%	67%
		29,659:15/12/17	46,191	245,577	433,272	125%[8]	83%
	1 Jul 2014[9]	35,998:15/12/17	35,998	197,856	337,661	100%[10]	67%
		37,510:14/12/18	37,510	196,293	351,844	100%	67%
	1 Jan 2015	43,405:14/12/18	43,405	325,538	407,139	100%[10]	67%
		44,759:16/12/19	44,759	324,503	419,839	– [11]	–
	1 Jan 2016	61,454:16/12/19	61,454	508,225	576,439	100%[12]	67%
		61,454:15/12/20	61,454	490,403	576,439	– [13]	–

(1) In Australia, the issuer of rights under the PIR Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

(2) The number of rights held reflects the adjustment made as a consequence of the Restructure. All rights issued by Westfield Group prior to the Restructure (which rights related to Westfield Group securities) were converted to Westfield Corporation rights in the manner, and based on the formula, set out on page 146 of the Securityholder Booklet. Excluding this adjustment, there has been no alteration to the terms of any right granted to any KMP under the PIR Plan since the grant date.

(3) The fair value of the rights issued under the PIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the PIR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIR Plan.

(4) The market value as at 31 December 2016 is based on the closing price of Westfield Corporation securities of $9.38.

(5) For a discussion of the meaning of "Target LTI" and "Maximum LTI", refer to section 8.4(c) of this Report.

(6) This number represents 50% of the original number of the rights, as rights under the PIR Plan vest in two tranches. These rights are tranche 2 of the rights first granted in 2012 and tranche 1 of the rights first granted in 2013. The tranches vested and the securities were issued prior to 31 December 2016. The market value calculated uses the closing price of $8.88 on vesting date of 15 December 2016.

(7) The reference to vesting of PIR awards at the Target Level relates only to vesting against the FFO hurdle (which accounts for 75% of the total number of awards granted in 2012). As the Restructure occurred during the testing period for the ROCE performance hurdle, the level of vesting in respect of that hurdle was determined by the Remuneration Committee and Board of Westfield Holdings Limited (now known as Scentre Group Limited) prior to the Restructure being effected. That process is described in the Scentre Group Remuneration Report as Scentre Group Limited is now a member of Scentre Group. It was determined that, based on performance against that hurdle to the time of Restructure, that tranche of PIR Plan awards to which the ROCE hurdle related, should be adjusted on an assumed vesting level of 110% of Target.

(8) The reference to vesting of PIR awards at the Target Level relates only to vesting against the FFO hurdle (which accounts for 50% of the total number of awards granted in 2013). As the Restructure occurred during the testing period for the ROCE performance hurdle, the level of vesting in respect of that hurdle was determined by the Remuneration Committee and Board of Westfield Holdings Limited (now known as Scentre Group Limited) prior to the Restructure being effected. That process is described in the Scentre Group Remuneration Report as Scentre Group Limited is now a member of Scentre Group. It was determined that, based on performance against that hurdle to the time of Restructure, that tranche of PIR Plan awards to which the ROCE hurdle related, should be adjusted on an assumed vesting level of 125% of Target.

(9) The issue of 2014 rights under the PIR Plan was postponed until after the Restructure. The 2014 rights related solely to Westfield Corporation stapled securities. Therefore no adjustment to the number of these rights was required.

(10) The reference to vesting of PIR awards at the Target Level relates to vesting against the FFO hurdle (which accounts for 100% of the total number of awards).

(11) The number of rights shown in the table represents the Target level (100%) which equates to 67% of the Maximum. The actual level of vesting will not be determined until December 2018 when performance against the applicable performance hurdle is determined.

(12) The reference to vesting of PIR awards at the Target Level in 2016 relates to performance against the FFO Hurdle (see section 8.4(c)).

(13) The number of rights shown in the table represents the Target level (100%) which equates to 67% of the Maximum. The actual level of vesting will not be determined until December 2019 when performance against the applicable performance hurdle is determined.

(c) Target Incentive Rights

Certain key executives have been selected to receive Target Incentive Rights. The only KMP who received Target Incentive Rights in the Financial Year was Mr Kingsborough. Details of those Rights are set out in the table below.

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.

If performance against a hurdle is such that full qualification for awards is not achieved, there is no provision in the Plan for re-testing in subsequent years.

The Target Incentive Rights vest on a single vesting date at the end of the Qualifying Period.

The specific Performance Hurdles set in relation to individual Target Incentive Rights are commercial in confidence and it is not proposed that they be disclosed. The level of vesting of Target Incentive Rights achieved by an executive will be disclosed in respect of the period in which they vest.

Executives who receive Target Incentive Rights will be required to remain with the Group for the full vesting period in order to get the full benefit of each award. The provisions of the Plans relating to vesting on retirement do not apply to Target Incentive Rights.

The following table details awards under the TIR Plan[1] held by KMP.

Executive	Date of grant	Number of rights granted	Vesting date	Fair value at grant[2] A$	Market value at 31 Dec 2016[3] A$
Donald Kingsborough	8 Aug 2016	798,723	3 Sep 2019	7,803,524	7,492,022

(1) In the United States, the issuer of rights under the TIR Plan is Westfield LLC.

(2) The fair value of the rights issued under the TIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the TIR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the TIR Plan.

(3) The market value as at 31 December 2016 is based on the closing price of Westfield Corporation securities of $9.38.

APPENDIX B: Funds from operation

	31 Dec 16 US cents	31 Dec 15 US cents
(a) Summary of funds from operations per security		
Funds from operations per stapled security attributable to securityholders of Westfield Corporation	**33.70**	**37.70**

(b) Funds from operations

Reconciliation of profit after tax to funds from operations:	US$million	US$million
Profit after tax for the period	1,366.1	2,323.5
Property revaluations	(1,005.0)	(632.0)
Amortisation of leasing incentives and related leasing costs	54.9	44.0
Net fair value gain of currency derivatives that do not qualify for hedge accounting	(8.6)	(11.4)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	68.5	64.3
Net fair value (gain)/loss on other financial liabilities	(29.7)	30.0
(Gain)/loss in respect of asset dispositions	(1.7)	97.3
Deferred tax	255.9	(1,132.3)
Funds from operations attributable to securityholders of Westfield Corporation	**700.4**	**783.4**
Funds from operations, prepared in the proportionate format is represented by:		
Property revenue (excluding amortisation of leasing incentives and related leasing costs)	1,242.7	1,326.0
Property expenses, outgoing and other costs	(447.6)	(457.6)
Net property income	795.1	868.4
Property development and project management revenue	555.4	595.7
Property development and project management costs	(462.4)	(471.5)
Project income	93.0	124.2
Property management income	55.2	61.4
Property management costs	(22.1)	(24.6)
Property management income	33.1	36.8
Overheads	(116.1)	(116.8)
Funds from operations before interest and tax	805.1	912.6
Interest income	18.8	5.3
Financing costs (excluding net fair value gain or loss) [(i)]	(101.7)	(95.2)
Currency gain/(loss) (excluding net fair value gain or loss)	–	–
Tax expense (excluding deferred tax and tax on capital transactions)	(21.8)	(39.3)
Funds from operations attributable to securityholders of Westfield Corporation	**700.4**	**783.4**

(i) Financing costs (excluding net fair value gain or loss) consists of gross financing cost of US$212.8 million (31 December 2015: US$179.6 million), finance leases interest expense of US$3.5 million (31 December 2015: US$2.9 million) and interest expense on other financial liabilities of US$18.9 million (31 December 2015 US$22.2 million) less interest expense capitalised of US$133.5 million (31 December 2015: US$109.5 million).

Funds from operations (**FFO**) is a non IFRS performance measure which is considered to be a useful supplemental measure of operating performance. FFO is a measure that is widely accepted in offshore and domestic real estate markets, gaining further importance in the Australian markets as more property trusts adopt FFO reporting.

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

The Group's measure of FFO is based upon the NAREIT definition, adjusted to reflect that Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and IFRS.

The Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of leasing incentives and related leasing costs from the reported profit after tax.

(c)_Income and security data

The following reflects the income data used in the calculations of FFO per stapled security:

	31 Dec 16 US$million	31 Dec 15 US$million
FFO used in calculating basic FFO per stapled security	700.4	783.4

The following reflects the security data used in the calculations of FFO per stapled security:

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating FFO per stapled security	2,078,089,686	2,078,089,686

9. ASIC DISCLOSURES

9.1 Rounding

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. 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.

9.2 Relief from section 323D(5) of the Corporations Act

Each of WCL and WAML (as RE of WFDT) has obtained ASIC relief from section 323D(5) of the Corporations Act. The effect of the relief is that the first half-year for WCL is deemed to be the period from its incorporation on 28 November 2013 until 30 June 2014 and that the first half-year for WFDT is deemed to be the period from its registration on 9 April 2014 until 30 June 2014.

10. ASX LISTING RULE

ASX reserves the right (but without limiting its absolute discretion) to remove WCL, WFDT and WAT 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 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.

Frank Lowy AC
Chairman

Brian Schwartz AM
Director

23 February 2017

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Independent Auditor's Report To the Shareholders of Westfield Corporation Limited
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westfield Corporation Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group has interests in shopping centre investment properties which are carried at a fair value of $16.8 billion at 31 December 2016 (from both consolidated shopping centres and equity accounted investments) and represents 89.7% of total assets. Fair values are determined each reporting period by reference to valuations, with changes in fair value recognised in the consolidated income statement. Valuations contain a number of assumptions which are based on direct market comparisons, or where comparable transactions are not available, estimates. Minor changes in certain assumptions can lead to significant changes in the valuation. Note 14 of the financial report discloses the sensitivity of these valuations to changes in key assumptions. As out lined in note 14, the Group's basis for determining the carrying value of shopping centre Investment Properties is underpinned by external valuations sourced from qualified valuation experts. Refer to note 2(b) of the financial report for a description of the accounting policy treatment for these assets.	We assessed the extent to which we could rely on the work of the valuation experts by considering, for a sample of the valuers, their competence and independence. We also evaluated the suitability of their valuation scope and methodology for the financial report. On a sample basis, we agreed data used in the valuation to the actual and budgeted financial performance of the specific properties. We assessed the key inputs and assumptions used by the valuers by comparing this information to external market data obtained by our Real Estate valuation specialists.

Property Development and Project Management Costs and Revenues

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group recognised $555.4 million of property development and project management revenue and $462.4 million of property development and project management costs for the year ended 31 December 2016. Revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete. The determination of the cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment. Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report. Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report. Note 2(e) of the financial report discloses the accounting policy for recognition of such amounts.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls for accumulating property development and project management costs and for estimating costs to complete of major development projects. We evaluated the Group's history of budget and forecasting accuracy associated with project management costs and estimating costs to complete. We enquired with management for a selection of major projects to gain an understanding of the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports. We assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks. We inspected project feasibility reports, on a sample basis, and assessed the assumptions used in forecasting revenues and costs to complete. We also agreed a sample of costs incurred to invoice and/ or payment, including testing that they were allocated to the appropriate development. We also evaluated subsequent payments made after the reporting date to assess whether costs were accrued in the correct reporting period. We assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards – AASB 111 *Construction Contracts*.

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Interest Bearing Liabilities and Financing Costs

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group has interest bearing liabilities of $6.1 billion at 31 December 2016. During the year the Group incurred $181.9 million in financing and interest costs of which $60.5 million has been recognised in the consolidated income statement and $121.4 million capitalised to assets under construction. The Group has established a range of finance facilities with various terms, counterparties and currencies. The Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 19 of the financial report discloses the Group's interest bearing liabilities. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these liabilities.	We understood the Group's processes and assessed the design and operating effectiveness of controls for recording and reporting the terms and conditions of interest bearing liabilities and the associated interest costs. We confirmed a selection of interest bearing liabilities directly with counterparties. We tested the calculation of interest recognised in the consolidated income statement and interest capitalised during the period to assess whether these were calculated in accordance with the Group's accounting policy detailed in Note 2(h). We assessed the maturity profile of the Group's interest bearing liabilities to check that loans maturing within the next twelve months were classified in current liabilities.

Derivative Financial Instruments

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
The Group manages interest and currency risks through the use of derivative financial instruments ("Derivatives") which have been set out in notes 11 and 21 of the financial report. Fair value movements in Derivatives are driven by movements in financial markets. These complex transactions may have a significant financial effect and have extensive accounting and reporting obligations. Note 39 of the financial report discloses the fair value of the Group's Derivative assets and liabilities outstanding at balance date. Refer to note 2(k) of the financial report for a description of the accounting policy treatment for these instruments.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls for recording, reviewing and reporting the terms and conditions of its Derivatives. We involved our treasury specialists to evaluate the accuracy with which the Group revalues Derivatives, including periodic reviews of position reports by senior executives. We confirmed a selection of Derivatives directly with counterparties. We tested the calculation of fair value movements on Derivatives during the period to check these movements were recognised in the consolidated income statement or deferred in accordance with the Group's accounting policy detailed in note 2(k).

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Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a t rue and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 34 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001* .

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Sydney, 23 February 2017

Graham Ezzy

Graham Ezzy
Engagement Partner

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
Revenue			
Property revenue	4	**512.0**	620.3
Property development and project management revenue		**555.4**	595.7
Property management income		**55.2**	61.4
		1,122.6	1,277.4
Share of after tax profits of equity accounted entities			
Property revenue		**675.8**	661.7
Property revaluations	9	**491.2**	426.3
Property expenses, outgoings and other costs		**(224.4)**	(210.0)
Net interest expense		**(80.0)**	(86.5)
Tax expense		**(0.5)**	(0.3)
	15(a)	**862.1**	791.2
Expenses			
Property expenses, outgoings and other costs		**(223.2)**	(247.6)
Property development and project management costs		**(462.4)**	(471.5)
Property management costs		**(22.1)**	(24.6)
Overheads		**(116.1)**	(116.8)
		(823.8)	(860.5)
Interest income		**18.8**	5.3
Currency gain/(loss)	5	**8.6**	11.4
Financing costs	6	**(60.5)**	(103.0)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	**1.7**	(97.3)
Property revaluations	9	**513.8**	205.7
Profit before tax for the period		**1,643.3**	1,230.2
Tax credit/(expense)	8	**(277.2)**	1,093.3
Profit after tax for the period		**1,366.1**	2,323.5
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		**1,366.1**	2,323.5
– External non controlling interests		**–**	–
Profit after tax for the period		**1,366.1**	2,323.5

	31 Dec 16 US$million	31 Dec 15 US$million
Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:		
Westfield Corporation Limited (WCL) members	**331.8**	599.3
WFD Trust (WFDT) and Westfield America Trust (WAT) members	**1,034.3**	1,724.2
Net profit attributable to members of Westfield Corporation	**1,366.1**	2,323.5

	Note	**US cents**	US cents
Basic earnings per WCL share		**15.97**	28.84
Diluted earnings per WCL share		**15.82**	28.55
Basic earnings per stapled security	26(a)	**65.74**	111.81
Diluted earnings per stapled security	26(a)	**64.87**	110.68

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 US$million	31 Dec 15 US$million
Profit after tax for the period	**1,366.1**	2,323.5
Other comprehensive income		
Movement in foreign currency translation reserve (i)		
– Net exchange difference on translation of foreign operations	**(517.9)**	(206.5)
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(58.9)**	(11.6)
Total other comprehensive income	**(576.8)**	(218.1)
Total comprehensive income for the period	**789.3**	2,105.4
Total comprehensive income attributable to:		
– Members of Westfield Corporation	**789.3**	2,105.4
– External non controlling interests	**–**	–
Total comprehensive income for the period	**789.3**	2,105.4

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**254.4**	652.7
WFDT and WAT members (ii)	**534.9**	1,452.7
Total comprehensive income attributable to members of Westfield Corporation	**789.3**	2,105.4

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of US$1,034.3 million (31 December 2015: US$1,724.2 million) and the net exchange loss on translation of foreign operations of US$499.4 million (31 December 2015: US$271.5 million).

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
Current assets			
Cash and cash equivalents	10(a)	**292.1**	1,106.8
Trade debtors		**22.6**	14.2
Derivative assets	11	**25.7**	–
Receivables		**185.0**	231.0
Inventories		**40.9**	21.5
Other	12	**51.2**	125.2
Total current assets		**617.5**	1,498.7
Non current assets			
Investment properties	13	**8,625.7**	7,478.0
Equity accounted investments	15(c)	**8,236.9**	7,728.9
Other property investments	16	**607.9**	337.4
Derivative assets	11	**158.9**	131.8
Receivables		**206.5**	214.0
Plant and equipment	17	**144.1**	69.2
Deferred tax assets	8(b)	**16.7**	10.1
Other	12	**151.3**	114.3
Total non current assets		**18,148.0**	16,083.7
Total assets		**18,765.5**	17,582.4
Current liabilities			
Trade creditors		**29.2**	36.9
Payables and other creditors	18	**722.7**	729.4
Interest bearing liabilities	19	**753.9**	3.6
Other financial liabilities	20	**2.2**	3.0
Tax payable		**29.2**	59.5
Derivative liabilities	21	**2.6**	–
Total current liabilities		**1,539.8**	832.4
Non current liabilities			
Payables and other creditors	18	**102.8**	148.1
Interest bearing liabilities	19	**5,300.1**	5,267.8
Other financial liabilities	20	**224.2**	253.9
Deferred tax liabilities	8(c)	**1,967.2**	1,761.3
Derivative liabilities	21	**21.2**	19.1
Total non current liabilities		**7,615.5**	7,450.2
Total liabilities		**9,155.3**	8,282.6
Net assets		**9,610.2**	9,299.8
Equity attributable to members of WCL			
Contributed equity	22(b)	**853.1**	869.7
Reserves	23	**(36.3)**	42.0
Retained profits	24	**1,092.0**	760.2
Total equity attributable to members of WCL		**1,908.8**	1,671.9
Equity attributable to WFDT and WAT members			
Contributed equity	22(b)	**10,571.0**	10,571.0
Reserves	23	**(908.0)**	(408.6)
Retained profits	24	**(2,021.8)**	(2,534.5)
Total equity attributable to WFDT and WAT members		**7,641.2**	7,627.9
Equity attributable to external non controlling interests			
Contributed equity		**60.2**	–
Reserves		**–**	–
Retained profits		**–**	–
Total equity attributable to external non controlling interests		**60.2**	–
Total equity		**9,610.2**	9,299.8
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**1,908.8**	1,671.9
WFDT and WAT members		**7,641.2**	7,627.9
Total equity attributable to members of Westfield Corporation		**9,550.0**	9,299.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Comprehensive Income 31 Dec 16 US$million	Equity and Reserves 31 Dec 16 US$million	**Total 31 Dec 16 US$million**	Total 31 Dec 15 US$million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,440.7	**11,440.7**	11,459.3
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(16.6)	**(16.6)**	(18.6)
Closing balance of contributed equity	–	11,424.1	**11,424.1**	11,440.7
Opening balance of reserves	–	(366.6)	**(366.6)**	(144.1)
– Movement in foreign currency translation reserve [(i)] [(ii)]	(576.8)	–	**(576.8)**	(218.1)
– Movement in employee share plan benefits reserve [(i)]	–	(0.9)	**(0.9)**	(4.4)
Closing balance of reserves	(576.8)	(367.5)	**(944.3)**	(366.6)
Opening balance of retained profits/(accumulated losses)	–	(1,774.3)	**(1,774.3)**	(3,581.4)
– Profit after tax for the period [(ii)]	1,366.1	–	**1,366.1**	2,323.5
– Dividend/distribution paid	–	(521.6)	**(521.6)**	(516.4)
Closing balance of retained profits/(accumulated losses)	1,366.1	(2,295.9)	**(929.8)**	(1,774.3)
Closing balance of equity attributable to members of Westfield Corporation	789.3	8,760.7	**9,550.0**	9,299.8
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	–	**–**	–
– External non controlling interests consolidated during the period	–	60.2	**60.2**	–
Closing balance of equity attributable to non controlling interests	–	60.2	**60.2**	–
Total equity	789.3	8,820.9	**9,610.2**	9,299.8
Closing balance of equity attributable to:				
– WCL members	254.4	1,654.4	**1,908.8**	1,671.9
– WFDT and WAT members	534.9	7,106.3	**7,641.2**	7,627.9
Closing balance of equity attributable to members of Westfield Corporation	789.3	8,760.7	**9,550.0**	9,299.8

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US$499.4 million (31 December 2015: US$271.5 million) and net credit to the employee share plan benefits reserve of nil (31 December 2015: nil).

(ii) Total comprehensive income for the period amounts to a gain of US$789.3 million (31 December 2015: US$2,105.4 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,345.9**	1,511.0
Payments in the course of operations (including sales tax)		**(961.2)**	(869.7)
Dividends/distributions received from equity accounted associates		**296.0**	313.2
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(13.4)**	(19.1)
Interest received		**19.8**	4.9
Financing costs capitalised to inventories and work in progress		**(0.6)**	(3.6)
Income and withholding taxes paid		**(53.9)**	(45.4)
Sales tax paid		**(79.8)**	(37.7)
Net cash flows from operating activities	10(b)	**552.8**	853.6
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated		**(871.0)**	(623.4)
Capital expenditure on property investments and plant and equipment – equity accounted		**(290.3)**	(330.7)
Acquisition of property investments – consolidated		**(351.0)**	(24.3)
Acquisition of property investments – equity accounted		**(14.7)**	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated		**54.9**	1,257.8
Tax paid on disposition of property investments		**(6.7)**	(37.0)
Capital distribution and advances from equity accounted associates		**–**	268.7
Financing costs capitalised to qualifying development projects and construction in progress		**(120.8)**	(96.1)
Net cash flows (used in)/from investing activities		**(1,599.6)**	354.2
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**787.4**	109.2
Dividends/distributions paid		**(521.6)**	(516.4)
Net cash flows from/(used in) financing activities		**265.8**	(407.2)
Net (decrease)/increase in cash and cash equivalents held		**(781.0)**	800.6
Add opening cash and cash equivalents brought forward		**1,106.8**	308.5
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(33.7)**	(2.3)
Cash and cash equivalents at the end of the period	10(a)	**292.1**	1,106.8

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

Index of Notes to the Financial Statements

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NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2016 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 23 February 2017.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2015 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2016.

– AASB 2014-3 Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interest in Joint Operations. (AASB 1 & AASB 11);
– AASB 2014-4 Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation;
– AASB 2014-9 Amendments to Australian Accounting Standards-Equity Method in Separate Financial Statements;
– AASB 2015-1 Amendments to Australian Accounting Standards-Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
– AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101; and
– AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2016. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– IFRS 16 Leases (effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
– AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);
– AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018); and
– AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2018).

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

(c) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Company and each of its controlled entities which include WFDT and WAT (Subsidiaries) as from the date the Parent Company obtained control until such time control ceased. The Parent Company and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Company, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

i) Joint arrangements

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

Joint ventures
The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Group and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint venture.

ii) Controlled entities

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

(b) Investment properties

The Group's investment properties include shopping centre investments as well as development projects and construction in progress.

i) Shopping centre investments

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

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

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

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

The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors, and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 14 for further details on investment properties.

(c) Other property investments

Listed and unlisted investments
Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(d) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

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

Revenue from property management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

The Parent Company and its Australian resident wholly owned subsidiaries have formed a Tax Consolidated Group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss of the subsidiary at the current tax rate. The Tax Consolidated Group has applied the modified separate tax payer approach in determining the appropriate amount of current taxes to allocate.

ii) WFDT

Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WFDT's constitution.

iii) WAT

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WAT's constitution.

Westfield America, Inc. (WEA), a subsidiary of WAT, is a Real Estate Investment Trust (REIT) for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders. Dividends paid by WEA to WAT are subject to United States withholding taxes.

Under current Australian income tax legislation, holders of the stapled securities of the Group may be entitled to receive a foreign income tax offset for United States withholding tax deducted from dividends paid to WAT by WEA.

iv) Deferred tax

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

The net amount of sales tax payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(h) Financing costs

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

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

(i) Inventories and work in progress

Property development projects for third parties are carried at the lower of cost or net realisable value. The gross amount of work in progress consists of costs attributable to work performed, including property development profit. Work in progress is presented as part of inventories for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented in payables and other creditors. Profit on property development is recognised on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(j) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction of the proceeds received.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derivative and other financial instruments

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

i) Financial assets

Cash and cash equivalents

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

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

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

Other financial liabilities

Other financial liabilities include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement.

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(l) Earnings per security

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

(m) Rounding

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 SEGMENTAL REPORTING

Operating segments

The Group's operating segments are as follows:

a) The Group's operational segment comprises the property investment and the property and project management segments.

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of US$450 million, specialty annual sales in excess of US$500 per square foot and anchored by premium department stores.

(ii) Property and project management

Property and project management segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of investment properties, change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, gain/(loss) and financing costs in respect of capital transactions and the corporate business unit are not allocated to the above segments and are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

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

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(i) Income and expenses

	Operational			
31 December 2016	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,187.8	–	–	1,187.8
Property development and project management revenue	–	555.4	–	555.4
Property management income	–	55.2	–	55.2
	1,187.8	**610.6**	**–**	**1,798.4**
Expenses				
Property expenses, outgoings and other costs	(447.6)	–	–	(447.6)
Property development and project management costs	–	(462.4)	–	(462.4)
Property management costs	–	(22.1)	–	(22.1)
Overheads	–	–	(116.1)	(116.1)
	(447.6)	**(484.5)**	**(116.1)**	**(1,048.2)**
Segment result	**740.2**	**126.1**	**(116.1)**	**750.2**
Revaluation of properties and development projects				513.8
Equity accounted-revaluation of properties and development projects				491.2
Currency gain/(loss)				8.6
Gain/(loss) in respect of capital transactions				
– asset dispositions				1.7
Interest income				18.8
Financing costs				(140.5)
Tax expense				(277.7)
External non controlling interests				–
Net profit attributable to members of the Group				**1,366.1**

[i] Total revenue of US$1,798.4 million comprises of revenue from United States of US$1,249.2 million and United Kingdom of US$549.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(ii) Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	857.7	385.0	1,242.7
Amortisation of leasing incentives and related leasing costs	(30.4)	(24.5)	(54.9)
Property revenue	827.3	360.5	1,187.8
Property expenses, outgoings and other costs	(280.6)	(167.0)	(447.6)
Net property income	**546.7**	**193.5**	**740.2**

(iii) Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	1,081.0	(76.0)	1,005.0
	1,081.0	**(76.0)**	**1,005.0**

(iv) Currency gain/(loss)	
Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	8.6
	8.6
(v) Financing costs	
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(212.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(68.5)
Finance leases interest expense	(3.5)
Interest expense on other financial liabilities	(18.9)
Net fair value gain on other financial liabilities	29.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories	133.5
	(140.5)
(vi) Tax expense	
Current – underlying operations	(21.8)
Deferred tax	(255.9)
	(277.7)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(vii) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2016	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	512.0	675.8	1,187.8
Property development and project management revenue	555.4	–	555.4
Property management income	55.2	–	55.2
	1,122.6	675.8	1,798.4
Expenses			
Property expenses, outgoings and other costs	(223.2)	(224.4)	(447.6)
Property development and project management costs	(462.4)	–	(462.4)
Property management costs	(22.1)	–	(22.1)
Overheads	(116.1)	–	(116.1)
	(823.8)	**(224.4)**	**(1,048.2)**
Segment result	**298.8**	**451.4**	**750.2**
Revaluation of properties and development projects	513.8	–	513.8
Equity accounted-revaluation of properties and development projects	–	491.2	491.2
Currency gain/(loss)	8.6	–	8.6
Gain/(loss) in respect of capital transactions			
– asset dispositions	1.7	–	1.7
Interest income	18.8	–	18.8
Financing costs	(60.5)	(80.0)	(140.5)
Tax expense	(277.2)	(0.5)	(277.7)
Net profit attributable to members of the Group	**504.0**	**862.1**	**1,366.1**
Assets and liabilities			
Cash	292.1	65.0	357.1
Shopping centre investments	7,008.0	9,830.1	16,838.1
Development projects and construction in progress	1,617.7	620.4	2,238.1
Other property investments	607.9	–	607.9
Inventories	40.9	–	40.9
Other assets	962.0	70.4	1,032.4
Total segment assets	**10,528.6**	**10,585.9**	**21,114.5**
Interest bearing liabilities	6,054.0	2,141.0	8,195.0
Other financial liabilities	226.4	–	226.4
Deferred tax liabilities	1,967.2	–	1,967.2
Other liabilities	907.7	208.0	1,115.7
Total segment liabilities	**9,155.3**	**2,349.0**	**11,504.3**
Total segment net assets	**1,373.3**	**8,236.9**	**9,610.2**

(viii) Assets and liabilities

	Operational			
As at 31 December 2016	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	20,474.3	60.0	580.2	21,114.5
Total segment liabilities	998.7	2.9	10,502.7	11,504.3
Total segment net assets	19,475.6	57.1	(9,922.5)	9,610.2
Equity accounted associates included in – segment assets	10,585.9	–	–	10,585.9
Equity accounted associates included in – segment liabilities	208.0	–	2,141.0	2,349.0
Additions to segment non current assets during the period	1,403.1	–	–	1,403.1

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2016	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,345.9	578.6	1,924.5
Payments in the course of operations (including sales tax)	(961.2)	(208.3)	(1,169.5)
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(13.4)	(92.1)	(105.5)
Interest received	19.8	–	19.8
Financing costs capitalised to inventories and work in progress	(0.6)	–	(0.6)
Income and withholding taxes paid	(53.9)	–	(53.9)
Sales tax paid	(79.8)	–	(79.8)
Net cash flows from operating activities	**256.8**	**278.2**	**535.0**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated	(871.0)	–	(871.0)
Capital expenditure on property investments and plant and equipment – equity accounted	–	(290.3)	(290.3)
Acquisition of property investments – consolidated	(351.0)	–	(351.0)
Acquisition of property investments – equity accounted	–	(14.7)	(14.7)
Proceeds from the disposition of property investments and plant and equipment – consolidated	54.9	–	54.9
Tax paid on disposition of property investments	(6.7)	–	(6.7)
Financing costs capitalised to qualifying development projects and construction in progress	(120.8)	(12.1)	(132.9)
Net cash flows used in investing activities	**(1,294.6)**	**(317.1)**	**(1,611.7)**
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	787.4	–	787.4
Dividends/distributions paid	(521.6)	–	(521.6)
Net cash flow from financing activities	**265.8**	**–**	**265.8**
Net decrease in cash and cash equivalents held			(810.9)
Add opening cash and cash equivalents brought forward			1,206.8
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(38.8)
Cash and cash equivalents at the end of the period			**357.1**

Historical cash flow summary on proportionate format

	6 months to 31 Dec 14 US$million	6 months to 30 Jun 15 US$million	6 months to 31 Dec 15 US$million	6 months to 30 Jun 16 US$million	6 months to 31 Dec 16 US$million
Net cash flows from operating activities	358.9	317.7	612.7	176.0	359.0
Net cash flows from/(used in) investing activities	(439.5)	(91.5)	167.2	(552.5)	(1,059.2)
Net cash flow from/(used in) financing activities (exclude distributions paid)	477.0	40.8	278.1	(5.6)	793.0
Dividends/distributions paid	(408.0)	(255.6)	(260.8)	(260.8)	(260.8)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(i) Income and expenses

31 December 2015	**Operational**			
	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,282.0	–	–	1,282.0
Property development and project management revenue	–	595.7	–	595.7
Property management income	–	61.4	–	61.4
	1,282.0	**657.1**	**–**	**1,939.1**
Expenses				
Property expenses, outgoings and other costs	(457.6)	–	–	(457.6)
Property development and project management costs	–	(471.5)	–	(471.5)
Property management costs	–	(24.6)	–	(24.6)
Overheads	–	–	(116.8)	(116.8)
	(457.6)	**(496.1)**	**(116.8)**	**(1,070.5)**
Segment result	**824.4**	**161.0**	**(116.8)**	**868.6**
Revaluation of properties and development projects				205.7
Equity accounted-revaluation of properties and development projects				426.3
Currency gain/(loss)				11.4
Gain/(loss) in respect of capital transactions				
– asset dispositions				(97.3)
Interest income				5.3
Financing costs				(189.5)
Tax expense				1,093.0
Net profit attributable to members of the Group				**2,323.5**

[i] Total revenue of US$1,939.1 million comprises of revenue from United States of US$1,251.9 million and United Kingdom of US$687.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(ii) Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	824.1	501.9	1,326.0
Amortisation of leasing incentives and related leasing costs	(19.0)	(25.0)	(44.0)
Property revenue	805.1	476.9	1,282.0
Property expenses, outgoings and other costs	(251.1)	(206.5)	(457.6)
Net property income	**554.0**	**270.4**	**824.4**

(iii) Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	649.9	(17.9)	632.0
	649.9	**(17.9)**	**632.0**

(iv) Currency gain/(loss)	
Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	11.4
	11.4
(v) Financing costs	
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(179.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(64.3)
Finance leases interest expense	(2.9)
Interest expense on other financial liabilities	(22.2)
Net fair value loss on other financial liabilities	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	109.5
	(189.5)
(vi) Tax expense	
Current – underlying operations	(39.3)
Deferred tax	1,132.3
	1,093.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(vii) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	620.3	661.7	1,282.0
Property development and project management revenue	595.7	–	595.7
Property management income	61.4	–	61.4
	1,277.4	**661.7**	**1,939.1**
Expenses			
Property expenses, outgoings and other costs	(247.6)	(210.0)	(457.6)
Property development and project management costs	(471.5)	–	(471.5)
Property management costs	(24.6)	–	(24.6)
Overheads	(116.8)	–	(116.8)
	(860.5)	**(210.0)**	**(1,070.5)**
Segment result	**416.9**	**451.7**	**868.6**
Revaluation of properties and development projects	205.7	–	205.7
Equity accounted-revaluation of properties and development projects	–	426.3	426.3
Currency gain/(loss)	11.4	–	11.4
Gain/(loss) in respect of capital transactions			
– asset dispositions	(97.3)	–	(97.3)
Interest income	5.3	–	5.3
Financing costs	(103.0)	(86.5)	(189.5)
Tax expense	1,093.3	(0.3)	1,093.0
Net profit attributable to members of the Group	**1,532.3**	**791.2**	**2,323.5**
Assets and liabilities			
Cash	1,106.8	100.0	1,206.8
Shopping centre investments	5,502.3	9,531.2	15,033.5
Development projects and construction in progress	1,975.7	475.6	2,451.3
Other property investments	337.4	–	337.4
Inventories	21.5	–	21.5
Other assets	909.8	53.1	962.9
Total segment assets	**9,853.5**	**10,159.9**	**20,013.4**
Interest bearing liabilities	5,271.4	2,230.9	7,502.3
Other financial liabilities	256.9	–	256.9
Deferred tax liabilities	1,761.3	–	1,761.3
Other liabilities	993.0	200.1	1,193.1
Total segment liabilities	**8,282.6**	**2,431.0**	**10,713.6**
Total segment net assets	**1,570.9**	**7,728.9**	**9,299.8**

(viii) Assets and liabilities

	Operational			
As at 31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	19,677.5	31.5	304.4	20,013.4
Total segment liabilities	1,051.2	3.7	9,658.7	10,713.6
Total segment net assets	18,626.3	27.8	(9,354.3)	9,299.8
Equity accounted associates included in – segment assets	10,159.9	–	–	10,159.9
Equity accounted associates included in – segment liabilities	200.1	–	2,230.9	2,431.0
Additions to segment non current assets during the period	1,022.0	–	–	1,022.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,511.0	682.0	2,193.0
Payments in the course of operations (including sales tax)	(869.7)	(205.5)	(1,075.2)
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(19.1)	(86.5)	(105.6)
Interest received	4.9	–	4.9
Financing costs capitalised to inventories and work in progress	(3.6)	–	(3.6)
Income and withholding taxes paid	(45.4)	–	(45.4)
Sales tax paid	(37.7)	–	(37.7)
Net cash flows from operating activities	**540.4**	**390.0**	**930.4**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated	(623.4)	–	(623.4)
Capital expenditure on property investments and plant and equipment – equity accounted	–	(330.7)	(330.7)
Acquisition of property investments – consolidated	(24.3)	–	(24.3)
Acquisition of property investments – equity accounted	–	(60.8)	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated	1,257.8	–	1,257.8
Tax paid on disposition of property investments	(37.0)	–	(37.0)
Financing costs capitalised to qualifying development projects and construction in progress	(96.1)	(9.8)	(105.9)
Net cash flows from/(used in) investing activities	**477.0**	**(401.3)**	**75.7**
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	109.2	209.7	318.9
Dividends/distributions paid	(516.4)	–	(516.4)
Net cash flow (used in)/from financing activities	**(407.2)**	**209.7**	**(197.5)**
Net increase in cash and cash equivalents held			808.6
Add opening cash and cash equivalents brought forward			400.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(2.7)
Cash and cash equivalents at the end of the period			**1,206.8**

	Note	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**534.1**	641.9
Amortisation of leasing incentives and related leasing costs		**(22.1)**	(21.6)
		512.0	620.3
NOTE 5 CURRENCY GAIN/(LOSS)			
Net fair value gain on currency derivatives that do not qualify for hedge accounting	9	**8.6**	11.4
		8.6	11.4
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(121.4)**	(83.3)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	9	**(68.5)**	(64.3)
Finance leases interest expense		**(2.8)**	(2.9)
Interest expense on other financial liabilities		**(18.9)**	(22.2)
Net fair value gain/(loss) on other financial liabilities	9	**29.7**	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**121.4**	99.7
		(60.5)	(103.0)
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**56.1**	1,790.8
– less: carrying value of assets disposed and other capital costs		**(54.4)**	(1,888.1)
Gain/(loss) in respect of asset dispositions	9	**1.7**	(97.3)
NOTE 8 TAXATION			
(a) Tax expense			
Current – underlying operations		**(21.3)**	(39.0)
Deferred tax	9	**(255.9)**	(234.9)
Deferred tax – change in United States tax rules [i]	9	**–**	1,367.2
		(277.2)	1,093.3

[i] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

	Note	31 Dec 16 US$million	31 Dec 15 US$million
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:			
Profit before income tax		**1,643.3**	1,230.2
Prima facie tax expense at 30% (31 December 2015: Prima facie tax expense at 30%)		**(493.0)**	(369.1)
Trust income not taxable for the Group – tax payable by securityholders		**10.6**	40.2
Differential of effective tax rates on foreign income		**204.7**	84.2
Capital transactions not deductible		**0.5**	(29.2)
Deferred tax – change in tax rates		**–**	1,367.2
Tax expense		**(277.2)**	1,093.3
(b) Deferred tax assets			
Provisions and accruals		**16.7**	10.1
		16.7	10.1
(c) Deferred tax liabilities			
Tax effect of book value in excess of the tax cost base of investment properties		**1,945.3**	1,737.9
Unrealised fair value gain on financial derivatives		**4.4**	6.0
Other timing differences		**17.5**	17.4
		1,967.2	1,761.3

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
NOTE 9 SIGNIFICANT ITEMS			
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations		**513.8**	205.7
Equity accounted property revaluations		**491.2**	426.3
Amortisation of leasing incentives and related leasing costs		**(22.1)**	(21.6)
Equity accounted amortisation of leasing incentives and related leasing costs		**(32.8)**	(22.4)
Net fair value gain on currency derivatives that do not qualify for hedge accounting	5	**8.6**	11.4
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(68.5)**	(64.3)
Net fair value gain/(loss) on other financial liabilities	6	**29.7**	(30.0)
Gain/(loss) in respect of asset dispositions	7	**1.7**	(97.3)
Deferred tax	8	**(255.9)**	1,132.3

NOTE 10 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents		
Cash	**292.1**	1,106.8
Total cash and cash equivalents	**292.1**	1,106.8

(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**1,366.1**	2,323.5
Property revaluations	**(513.8)**	(205.7)
Share of equity accounted profit in excess of dividend/distribution	**(566.1)**	(478.0)
Deferred tax	**255.9**	(1,132.3)
Net fair value gain on currency derivatives	**(8.6)**	(11.4)
Financing costs capitalised to qualifying development projects and construction in progress	**120.8**	96.1
Gain/(loss) in respect of capital transactions	**(1.7)**	97.3
(Increase)/decrease in working capital attributable to operating activities	**(99.8)**	164.1
Net cash flows from operating activities	**552.8**	853.6

NOTE 11 DERIVATIVE ASSETS

Current		
Receivables on interest rate derivatives	**25.7**	–
	25.7	–
Non Current		
Receivables on interest rate derivatives	**29.6**	111.7
Receivables on currency derivatives	**129.3**	20.1
	158.9	131.8
Total derivative assets	**184.6**	131.8

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2016, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$184.6 million are reduced by US$23.8 million to the net amount of US$160.8 million (31 December 2015: derivative assets of US$131.8 million are reduced by US$19.1 million to the net amount of US$112.7 million).

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 12 OTHER		
Current		
Prepayments and deposits	**26.1**	112.8
Deferred costs – other	**25.1**	12.4
	51.2	125.2
Non Current		
Intangibles	**131.8**	85.2
Deferred costs – other	**19.5**	29.1
	151.3	114.3

Intangible assets with finite lives are amortised over their useful economic lives. At each reporting date, intangible assets are assessed for impairment and written down to their expected recoverable amount as required.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 13 INVESTMENT PROPERTIES		
Shopping centre investments	**7,008.0**	5,502.3
Development projects and construction in progress	**1,617.7**	1,975.7
	8,625.7	7,478.0
Movement in total investment properties		
Balance at the beginning of the year	**7,478.0**	9,288.3
Acquisition of properties	**68.2**	24.3
Disposal of properties	**(52.3)**	(1,756.6)
Transfer to equity accounted investment properties	**–**	(486.7)
Minority interest consolidated during the period	**60.2**	–
Redevelopment costs	**1,026.4**	483.0
Net revaluation increment	**503.2**	83.9
Retranslation of foreign operations	**(458.0)**	(158.2)
Balance at the end of the year [(i)]	**8,625.7**	7,478.0

[(i)] The fair value of investment properties at the end of the year of US$8,625.7 million (31 December 2015: US$7,478.0 million) comprises investment properties at market value of US$8,586.0 million (31 December 2015: US$7,437.8 million) and ground leases included as finance leases of US$39.7 million (31 December 2015: US$40.2 million).

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated shopping centres	13	**7,008.0**	5,502.3
Equity accounted shopping centres	15(c)	**9,830.1**	9,531.2
		16,838.1	15,033.5

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

United States shopping centres

- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 16 US$million	**Estimated Yield[(i)] 31 Dec 16 %**	Carrying Amount 31 Dec 15 US$million	Estimated Yield[(i)] 31 Dec 15 %
Flagship and Regional				
Flagship				
– United States	**10,340.7**	**4.44%**	8,085.6	4.83%
– United Kingdom	**3,530.6**	**4.45%**	3,996.6	4.40%
	13,871.3	**4.44%**	12,082.2	4.69%
Regional				
– United States	**2,966.8**	**5.55%**	2,951.3	5.74%
Total	**16,838.1**	**4.64%**	15,033.5	4.89%

(i) The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would results in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of US$1,638.0 million (31 December 2015: US$1,394.6 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of US$2,033.6 million (31 December 2015: US$1,712.2 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**559.3**	549.0	**116.5**	112.7	**675.8**	661.7
Share of after tax profit of equity accounted entities	**628.5**	512.6	**233.6**	278.6	**862.1**	791.2

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**628.5**	512.6	**233.6**	278.6	**862.1**	791.2
Other comprehensive income (i)	**–**	–	**(230.3)**	(67.9)	**(230.3)**	(67.9)
Share of total comprehensive income of equity accounted entities	**628.5**	512.6	**3.3**	210.7	**631.8**	723.3

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

		United States		United Kingdom		Total	
	Note	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**42.0**	64.9	**23.0**	35.1	**65.0**	100.0
Shopping centre investments		**8,227.1**	7,818.8	**1,603.0**	1,712.4	**9,830.1**	9,531.2
Development projects and construction in progress		**395.0**	234.8	**225.4**	240.8	**620.4**	475.6
Other assets		**40.9**	19.9	**29.5**	33.2	**70.4**	53.1
Total assets		**8,705.0**	8,138.4	**1,880.9**	2,021.5	**10,585.9**	10,159.9
Payables		**(162.6)**	(148.3)	**(45.4)**	(51.8)	**(208.0)**	(200.1)
Interest bearing liabilities – current (i)	19(d)	**(4.9)**	(4.7)	**–**	–	**(4.9)**	(4.7)
Interest bearing liabilities – non current (i)	19(d)	**(1,673.3)**	(1,673.6)	**(462.8)**	(552.6)	**(2,136.1)**	(2,226.2)
Total liabilities		**(1,840.8)**	(1,826.6)	**(508.2)**	(604.4)	**(2,349.0)**	(2,431.0)
Net assets		**6,864.2**	6,311.8	**1,372.7**	1,417.1	**8,236.9**	7,728.9

(i) The fair value of interest bearing liabilities was US$2,178.3 million compared to the book value of US$2,141.0 million (31 December 2015: US$2,269.8 million compared to the book value of US$2,230.9 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 16	Economic interest 31 Dec 15
(d) Equity accounted entities economic interest				
United Kingdom investments (i)				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City (ii)	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments (i)				
Annapolis (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert (iii)	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita (iii)	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull (iii)	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton (iii)	Partnership units	31 Dec	**52.6%**	52.6%

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) Stratford is considered a material joint venture with Canneth Limited Partnership Inc. Summarised financial information are as follows: Revenue of US$102.4 million (31 December 2015: US$106.6 million), total assets of US$1,644.4 million and total liabilities of US$495.8 million (31 December 2015: total assets US$1,762.6 million and total liabilities of US$585.0 million).

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**297.8**	69.0
Unlisted investments	**310.1**	268.4
	607.9	337.4
Movement in other property investments		
Balance at the beginning of the year	**337.4**	257.9
Additions	**254.6**	113.8
Disposals	**–**	(60.5)
Net revaluation increment to income statement	**16.6**	39.6
Retranslation of foreign operations	**(0.7)**	(13.4)
Balance at the end of the year	**607.9**	337.4
NOTE 17 PLANT AND EQUIPMENT		
Plant and equipment	**144.1**	69.2
Movement in plant and equipment		
Balance at the beginning of the year	**69.2**	77.4
Additions	**129.0**	10.7
Disposals	**(35.1)**	–
Depreciation expense	**(17.0)**	(14.1)
Retranslation of foreign operations and other differences	**(2.0)**	(4.8)
Balance at the end of the year	**144.1**	69.2
NOTE 18 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	**680.7**	691.2
Employee benefits	**42.0**	38.2
	722.7	729.4
Non current		
Sundry creditors and accruals	**98.6**	138.5
Employee benefits	**4.2**	9.6
	102.8	148.1

NOTE 19 INTEREST BEARING LIABILITIES

	31 Dec 16 US$million	31 Dec 15 US$million
Interest bearing liabilities – consolidated		
Current		
Unsecured		
Notes payable		
– US$ denominated	**750.0**	–
Finance leases	**0.6**	0.5
Secured		
Bank loans and mortgages		
– US$ denominated	**3.3**	3.1
	753.9	3.6
Non current		
Unsecured		
Bank loans		
– € denominated	**213.5**	149.9
– £ denominated	**222.1**	–
– US$ denominated	**500.0**	–
Notes payable		
– US$ denominated	**3,750.0**	4,500.0
Finance leases	**39.1**	39.7
Secured		
Bank loans and mortgages		
– US$ denominated	**575.4**	578.2
	5,300.1	5,267.8
Total interest bearing liabilities – consolidated	**6,054.0**	5,271.4

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

(a) Summary of financing facilities – consolidated

Committed financing facilities available to the Group:

	31 Dec 16 US$million	31 Dec 15 US$million
Total financing facilities at the end of the year	**8,518.4**	8,571.5
Total interest bearing liabilities	**(6,054.0)**	(5,271.4)
Total bank guarantees	**(46.3)**	(22.5)
Available financing facilities	**2,418.1**	3,277.6
Cash	**292.1**	1,106.8
Financing resources available at the end of the year	**2,710.2**	4,384.4

These facilities comprise fixed secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 16 US$million	**Total interest bearing liabilities 31 Dec 16 US$million**	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2016	**–**	**–**	3.6	3.6
Year ending December 2017	**753.9**	**753.9**	953.9	903.8
Year ending December 2018	**4.2**	**4.2**	124.6	124.6
Year ending December 2019	**4,504.4**	**2,131.1**	4,504.4	1,254.4
Year ending December 2020	**1,322.8**	**1,231.7**	1,172.8	1,172.8
Year ending December 2021	**0.7**	**0.7**	0.7	0.7
Year ending December 2022	**275.8**	**275.8**	275.8	275.8
Year ending December 2023	**0.9**	**0.9**	0.9	0.9
Year ending December 2024	**1,000.9**	**1,000.9**	1,000.9	1,000.9
Year ending December 2025	**1.0**	**1.0**	1.0	1.0
Year ending December 2026	**122.0**	**122.0**	1.0	1.0
Due thereafter	**531.8**	**531.8**	531.9	531.9
	8,518.4	**6,054.0**	8,571.5	5,271.4

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 16 million**	**Total interest bearing liabilities (local currency) 31 Dec 16 million**	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Unsecured bank loan – bilateral facility (i)	3-Jul-17	**–**	**–**	US$200.0	€138.0
Unsecured notes payable – bonds	15-Sep-17	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage – San Francisco Centre (ii)	6-Mar-18	**–**	**–**	US$120.5	US$120.5
Unsecured bank loan – syndicated facility (iii)	30-Jun-19	**US$3,250.0**	**US$500.0**	US$3,250.0	–
			€147.0		–
			£180.0		–
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Old Orchard	1-Mar-20	**US$182.7**	**US$182.7**	US$185.8	US$185.8
Unsecured bank loan – bilateral facility (i)	3-Jul-20	**US$150.0**	**€56.0**	–	–
Unsecured notes payable – bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – San Francisco Centre (ii)	1-Aug-26	**US$121.0**	**US$121.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the above		**8,478.7**	**6,014.3**	8,531.3	5,231.2
Add:					
Finance leases		**39.7**	**39.7**	40.2	40.2
Consolidated financing facilities and interest bearing liabilities		**8,518.4**	**6,054.0**	8,571.5	5,271.4

(i) The bilateral facility was extended from July 2017 to July 2020.
(ii) The mortgage was refinanced in July 2016 to 1 August 2026.
(iii) Assumes options have been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are US$578.7 million (31 December 2015: US$581.3million). Secured liabilities are borrowings secured by mortgages over properties that have an aggregate fair value of US$1,884.3 million (31 December 2015: US$1,839.8 million). These properties are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 16 US$million	**Total interest bearing liabilities 31 Dec 16 US$million**	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	**2,130.6**	**2,130.6**	2,223.9	2,223.9
Finance leases	**10.4**	**10.4**	7.0	7.0
	2,141.0	**2,141.0**	2,230.9	2,230.9
Interest bearing liabilities – current	**4.9**	**4.9**	4.7	4.7
Interest bearing liabilities – non current	**2,136.1**	**2,136.1**	2,226.2	2,226.2
	2,141.0	**2,141.0**	2,230.9	2,230.9
(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2016	**–**	**–**	4.7	4.7
Year ending December 2017	**4.9**	**4.9**	222.5	222.5
Year ending December 2018	**34.4**	**34.4**	34.5	34.5
Year ending December 2019	**469.7**	**469.7**	559.6	559.6
Year ending December 2020	**188.6**	**188.6**	188.7	188.7
Year ending December 2021	**3.2**	**3.2**	3.3	3.3
Year ending December 2022	**3.4**	**3.4**	3.4	3.4
Year ending December 2023	**501.4**	**501.4**	501.5	501.5
Year ending December 2024	**437.6**	**437.6**	437.7	437.7
Year ending December 2025	**269.3**	**269.3**	269.4	269.4
Year ending December 2026	**218.6**	**218.6**	0.2	0.2
Due thereafter	**9.9**	**9.9**	5.4	5.4
	2,141.0	**2,141.0**	2,230.9	2,230.9

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 16 million**	**Total interest bearing liabilities (local currency) 31 Dec 16 million**	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(f) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – San Francisco Emporium (i)	11-Jan-17	**–**	**–**	US$217.5	US$217.5
Secured mortgage – Southgate (ii)	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage – Southcenter	11-Jan-20	**US$125.9**	**US$125.9**	US$127.9	US$127.9
Secured mortgage – Brandon	01-Mar-20	**US$70.9**	**US$70.9**	US$72.0	US$72.0
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$69.0**	**US$69.0**	US$70.4	US$70.4
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage – Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage – Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage – Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage – San Francisco Emporium (i)	01-Aug-26	**US$218.5**	**US$218.5**	–	–
Total US$ equivalent of the above		**2,130.6**	**2,130.6**	2,223.9	2,223.9
Add:					
Finance leases		**10.4**	**10.4**	7.0	7.0
		2,141.0	**2,141.0**	2,230.9	2,230.9

(i) The mortgage was refinanced in July 2016 to 1 August 2026.

(ii) The first and second options have been exercised to extend the loan from 2015 to 2017 and assumes third option has been exercised to extend the loan from 2017 to 2018.

Total equity accounted secured liabilities are US$2,141.0 million (31 December 2015: US$2,230.9 million). The aggregate net asset value of equity accounted entities with secured borrowings is US$3,780.0 million (31 December 2015: US$3,706.3 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.2**	3.0
		2.2	3.0
Non current			
Convertible redeemable preference shares/units	(a)	**70.3**	95.8
Other redeemable preference shares/units	(b)	**153.9**	158.1
		224.2	253.9
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**2.2**	3.0
Non current – after one year		**224.2**	253.9
		226.4	256.9

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2016, the Jacobs Group holds 1,493,574 (31 December 2015: 1,503,567) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2016, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2015: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2016, 1,538,481 (31 December 2015: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

(v) As at 31 December 2016, 764,205 (31 December 2015: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

(i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 21 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**2.6**	–
	2.6	–
Non current		
Payables on interest rate derivatives	**21.2**	19.1
	21.2	19.1
Total derivative liabilities	**23.8**	19.1

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2016, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$23.8 million are reduced by US$23.8 million to the net amount of nil (31 December 2015: derivative liabilities of US$19.1 million are reduced by US$19.1 million to the net amount of nil).

	Securities	Securities
NOTE 22 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	US$million	US$million
(b) Amount of contributed equity		
of WCL	**853.1**	869.7
of WFDT and WAT	**10,571.0**	10,571.0
of the Group	**11,424.1**	11,440.7
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,440.7**	11,459.3
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(16.6)**	(18.6)
Balance at the end of the year	**11,424.1**	11,440.7

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 23 RESERVES		
of WCL	**(36.3)**	42.0
of WFDT and WAT	**(908.0)**	(408.6)
of the Group	**(944.3)**	(366.6)
Total reserves of the Group		
Foreign currency translation reserve	**(978.1)**	(401.3)
Employee share plan benefits reserve	**33.8**	34.7
Balance at the end of the year	**(944.3)**	(366.6)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(401.3)**	(183.2)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(576.8)**	(218.1)
Balance at the end of the year	**(978.1)**	(401.3)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**34.7**	39.1
– movement in equity settled share based payment	**(0.9)**	(4.4)
Balance at the end of the year	**33.8**	34.7

NOTE 24 RETAINED PROFITS		
of WCL	**1,092.0**	760.2
of WFDT and WAT	**(2,021.8)**	(2,534.5)
of the Group	**(929.8)**	(1,774.3)
Movement in retained profits		
Balance at the beginning of the year	**(1,774.3)**	(3,581.4)
Profit after tax for the period	**1,366.1**	2,323.5
Dividend/distribution paid	**(521.6)**	(516.4)
Balance at the end of the year	**(929.8)**	(1,774.3)

	Note	**Number of rights 31 Dec 16**	**Weighted average exercise price US$ 31 Dec 16**	Number of rights 31 Dec 15	Weighted average exercise price US$ 31 Dec 15
NOTE 25 SHARE BASED PAYMENTS					
(a) Rights over Westfield Corporation stapled securities					
– Executive performance rights	(b)(i)	**5,187,061**	**–**	7,971,200	–
– Partnership incentive rights	(b)(ii)	**6,945,086**	**–**	6,786,586	–
– Target incentive rights	(b)(iii)	**1,165,142**	**–**	–	–
		13,297,289	**–**	14,757,786	–

(b) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Executive Performance Rights		
Balance at the beginning of the year	**7,971,200**	11,143,275
Rights issued	**2,542,056**	2,723,604
Rights exercised	**(4,053,886)**	(5,046,484)
Rights forfeited	**(1,272,309)**	(849,195)
Balance at the end of the year	**5,187,061**	7,971,200

Vesting profile	**Fair value granted US$million 31 Dec 16**	**Number of rights[(i)] 31 Dec 16**	Fair value granted US$million 31 Dec 15	Number of rights[(i)] 31 Dec 15
2016	**–**	**–**	15.9	4,101,771
2017	**14.1**	**2,603,499**	16.0	2,986,284
2018	**13.6**	**2,268,290**	3.5	803,982
2019	**0.8**	**120,664**	0.5	79,163
2020	**0.6**	**95,906**	–	–
2021	**0.6**	**98,702**	–	–
	29.7	**5,187,061**	35.9	7,971,200

(i) The exercise price for the EPR Plan is nil.

The EPR Plan is a plan in which senior executives and high performing employees participate. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,786,586**	6,226,538
Rights issued [(i)]	**2,496,651**	1,909,028
Rights exercised	**(1,832,947)**	(1,100,979)
Rights forfeited	**(505,204)**	(248,001)
Balance at the end of the year	**6,945,086**	6,786,586

(i) As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2016 the rights were issued subject to two performance hurdles: FFO measured over one year (2016) and development hurdle measured over four years. In 2016, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled (continued)

Vesting profile	**Fair value granted US$million 31 Dec 16**	**Number of rights[i] 31 Dec 16**	Fair value granted US$million 31 Dec 15	Number of rights[i] 31 Dec 15
2016	**–**	**–**	6.2	1,870,066
2017	**7.4**	**1,889,081**	8.1	2,036,809
2018	**8.1**	**1,780,602**	8.9	1,937,886
2019	**11.8**	**2,081,431**	5.0	941,825
2020	**6.9**	**1,193,972**	–	–
	34.2	**6,945,086**	28.2	6,786,586

(i) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2016 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Target Incentive Rights		
Balance at the beginning of the year	**–**	–
Rights issued [i]	**1,165,142**	–
Balance at the end of the year	**1,165,142**	–

(i) As outlined in section 8.4(c) of the Remuneration Report, the Group introduced a new category of long term incentives known as Target Incentive Rights. A limited number of Target Incentive Rights have been issued to the key executives in 2016. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	**Fair value granted US$million 31 Dec 16**	**Number of rights[i] 31 Dec 16**	Fair value granted US$million 31 Dec 15	Number of rights[i] 31 Dec 15
2018	**1.6**	**266,242**	–	–
2019	**5.6**	**798,723**	–	–
2020	**0.6**	**100,177**	–	–
	7.8	**1,165,142**	–	–

(i) The exercise price for the TIR Plan is nil.

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying Period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$21.7 million (31 December 2015: US$22.9 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

(i) The Executive Deferred Award Plan (EDA Plan) – Cash settled

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**–**	1,203,506
Awards exercised	**–**	(1,004,931)
Awards lapsed	**–**	(198,575)
Balance at the end of the year	**–**	–

(ii) The Partnership Incentive Plan (PIP Plan) – Cash settled

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**–**	829,338
Awards exercised	**–**	(810,272)
Awards lapsed	**–**	(19,066)
Balance at the end of the year	**–**	–

Accounting for cash settled Share Based Payments

During the year, nil (31 December 2015: US$1.5 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

	31 Dec 16 US cents	31 Dec 15 US cents
Basic earnings per stapled security attributable to members of Westfield Corporation	**65.74**	111.81
Diluted earnings per stapled security attributable to members of Westfield Corporation	**64.87**	110.68

(b) Income and security data

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

	31 Dec 16 US$million	31 Dec 15 US$million
Earnings used in calculating basic earnings per stapled security	**1,366.1**	2,323.5
Adjustment to earnings on options which are considered dilutive	**(5.5)**	–
Earnings used in calculating diluted earnings per stapled security	**1,360.6**	2,323.5

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security [(i)]	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(ii)]	**19,189,668**	21,235,219
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security [(iii)]	**2,097,279,354**	2,099,324,905

(i) 2,078.1 million (31 December 2015: 2,078.1 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(ii) At 31 December 2016, 13,297,289 actual employee award scheme security options were on hand (31 December 2015: 14,757,786).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 6,575,131 (31 December 2015: 6,477,433).

(c) Conversions, calls, subscription or issues after 31 December 2016

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary securities since the reporting date and before the completion of this report.

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 27 DIVIDENDS/DISTRIBUTIONS

(a) Final dividends/distributions paid

	31 Dec 16 US$million	31 Dec 15 US$million
Dividend/distribution in respect of the 6 months to 31 December 2016		
– to be paid on 28 February 2017		
WFDT: 1.90 US cents per unit	**39.5**	–
WAT: 10.65 US cents per unit	**221.3**	–
Dividend/distribution in respect of the 6 months to 31 December 2015		
WFDT: 0.10 US cents per unit	**–**	2.1
WAT: 12.45 US cents per unit	**–**	258.7
	260.8	260.8

Interim dividend/distributions of 12.55 US cents were paid on 31 August 2016. Final dividend/distributions will be paid on 28 February 2017. The record date for the final dividends/distributions was 5pm, 14 February 2017. No distribution reinvestment plan is operational for the distribution.

(b) Interim dividends/distributions paid

	31 Dec 16 US$million	31 Dec 15 US$million
Dividend/distribution in respect of the 6 months to 30 June 2016		
WFDT: 1.20 US cents per unit	**24.9**	–
WAT: 11.35 US cents per unit	**235.9**	–
Dividend/distribution in respect of the 6 months to 30 June 2015		
WFDT: 3.55 US cents per unit	**–**	73.8
WAT: 9.00 US cents per unit	**–**	187.0
	260.8	260.8

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

(c) Franking credit balance of the Parent Company

	31 Dec 16 US$million	31 Dec 15 US$million
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**3.9**	2.7
Franking credits available for future distributions	**3.9**	2.7

NOTE 28 NET TANGIBLE ASSET BACKING

	US$	US$
Net tangible asset backing per security	**4.60**	4.48

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2015: 2,078,089,686).

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 29 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

	31 Dec 16 US$million	31 Dec 15 US$million
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**710.0**	653.0
Due between one and five years	**2,291.2**	2,037.5
Due after five years	**2,256.0**	1,841.3
	5,257.2	4,531.8

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

Total operating lease receivables of US$5,257.2 million (31 December 2015: US$4,531.8 million) comprises US$2,619.4 million (31 December 2015: US$1,796.6 million) of consolidated and US$2,637.8 million (31 December 2015: US$2,735.2 million) of equity account operating lease receivables.

Operating lease payable

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease payable.

	31 Dec 16 US$million	31 Dec 15 US$million
Due within one year	**34.3**	32.6
Due between one and five years	**146.4**	141.8
Due after five years	**386.7**	421.0
	567.4	595.4

Total operating lease payables of US$567.4 million (31 December 2015: US$595.4 million) comprises US$562.2 million (31 December 2015: US$593.5 million) of consolidated and US$5.2 million (31 December 2015: US$1.9 million) of equity accounted operating lease payables.

NOTE 30 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

	31 Dec 16 US$million	31 Dec 15 US$million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects.		
Due within one year	**818.4**	675.2
Due between one and five years	**567.1**	1,058.4
Due after five years	**–**	–
	1,385.5	1,733.6

Total capital expenditure commitment of US$1,385.5 million (31 December 2015: US$1,733.6 million) comprises US$818.7 million (31 December 2015: US$1,531.5 million) of consolidated and US$566.8 million (31 December 2015: US$202.1 million) of equity accounted capital expenditure commitments.

NOTE 31 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 16 US$million	31 Dec 15 US$million
Performance guarantees	**83.0**	127.5
	83.0	127.5

Total contingent liabilities of US$83.0 million (31 December 2015: US$127.5 million) comprises US$51.9 million (31 December 2015: US$113.6 million) of consolidated and US$31.1 million (31 December 2015: US$13.9 million) of equity accounted contingent liabilities.

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

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

NOTE 32 CAPITAL RISK MANAGEMENT

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

– comply with capital and distribution requirements of their constitutions and/or trust deeds;

– comply with capital requirements of relevant regulatory authorities;

– maintain strong investment grade credit ratings; and

– continue to operate as going concerns.

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

– sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;

– financing facilities for unforeseen contingencies are maintained; and

– distributions to members are maintained within the stated distribution policy.

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

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

NOTE 33 FINANCIAL RISK MANAGEMENT

The Group’s principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, other investments and derivative financial instruments.

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

The Group’s treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group’s treasury management objectives.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Board Audit and Risk Committee comprising three Directors. The Board Audit and Risk Committee reviews and oversees Management’s compliance with these policies, procedures and limits. The Board Audit and Risk Committee is assisted in its oversight role by the Group’s Executive Risk Management Committee, Treasury Finance Committee and internal audit function.

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

The Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, and hedges of share based payments, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

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

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

NOTE 34 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	19	**753.9**	3.6
Non current interest bearing liabilities	19	**5,300.1**	5,267.8
Share of equity accounted entities interest bearing liabilities	19(d)	**2,141.0**	2,230.9
Cross currency swaps			
– £461.1 million (31 December 2015: £461.1 million)	35(i)	**569.0**	679.5
Principal amounts subject to interest rate payable exposure		**8,764.0**	8,181.8
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– US$	35(i)	**700.0**	700.0
Cash	10(a)	**292.1**	1,106.8
Share of equity accounted entities cash	15(c)	**65.0**	100.0
Principal amounts subject to interest rate receivable exposure		**1,057.1**	1,906.8
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**7,706.9**	6,275.0
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £375.0 million (31 December 2015: £375.0 million)	34(ii)	**462.8**	552.6
– US$	34(ii)	**6,718.0**	6,603.6
Fixed rate derivatives			
– £461.1 million (31 December 2015: £461.1 million)	34(ii)	**569.0**	679.5
– US$	34(ii)	**1,350.0**	–
Interest rate options			
– US$	34(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**9,128.3**	7,864.2
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	34(ii)	**3,950.0**	3,950.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,950.0**	3,950.0
Principal amounts on which net interest rate payable exposure has been hedged		**5,178.3**	3,914.2

At 31 December 2016, the Group has hedged 67% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 33% is exposed to floating rates on a principal payable of US$2,528.6 million, at an average interest rate of 1.9%, including margin (31 December 2015: 62% hedged with floating exposure of US$2,360.8 million at an average rate of 2.4 %). Changes to derivatives due to interest rate movements are set out in Note 34(ii).

Interest rate sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**50.6**	47.2
	-1.0%	**25.3**	23.6
	-0.5%	**12.6**	11.8
	0.5%	**(12.6)**	(11.8)
	1.0%	**(25.3)**	(23.6)
	2.0%	**(50.6)**	(47.2)

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average rate**	**31 Dec 16 Principal amount million**	**31 Dec 16 Average rate including margin**	31 Dec 15 Notional principal amount million	31 Dec 15 Average rate	31 Dec 15 Principal amount million	31 Dec 15 Average rate including margin
US$ payable								
31 December 2015	**–**	**–**	**–**	**–**	–	–	US$(6,603.6)	3.61%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(6,718.0)**	**3.52%**	US$(1,350.0)	1.39%	US$(6,596.0)	3.61%
31 December 2017	**–**	**–**	**US$(5,959.8)**	**3.74%**	–	–	US$(5,620.3)	3.76%
31 December 2018	**–**	**–**	**US$(5,950.4)**	**3.74%**	–	–	US$(5,610.9)	3.76%
31 December 2019	**–**	**–**	**US$(4,689.8)**	**4.01%**	–	–	US$(4,350.3)	4.06%
31 December 2020	**–**	**–**	**US$(3,329.1)**	**3.94%**	–	–	US$(2,989.6)	4.00%
31 December 2021	**–**	**–**	**US$(3,325.9)**	**3.94%**	–	–	US$(2,986.4)	4.00%
31 December 2022	**–**	**–**	**US$(3,047.6)**	**3.91%**	–	–	US$(2,708.1)	3.98%
31 December 2023	**–**	**–**	**US$(2,546.2)**	**3.92%**	–	–	US$(2,206.7)	4.00%
31 December 2024	**–**	**–**	**US$(1,108.7)**	**4.11%**	–	–	US$(769.2)	4.42%
31 December 2025	**–**	**–**	**US$(839.5)**	**4.20%**	–	–	US$(500.0)	4.75%
31 December 2026-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
£ payable								
31 December 2015	**–**	**–**	**–**	**–**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2016	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2017	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2018	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2019	**£(461.1)**	**3.26%**	**–**	**–**	£(461.1)	3.26%	–	–
US$ receivable								
31 December 2015	**–**	**–**	**–**	**–**	US$3,950.0	2.89%	–	–
31 December 2016	**US$3,950.0**	**2.89%**	**–**	**–**	US$3,950.0	2.89%	–	–
31 December 2017	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–
31 December 2018	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–
31 December 2019	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment, refer Note 33. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a receivable of US$31.6 million (31 December 2015: US$92.6 million). The change in fair value for the year ended 31 December 2016 was US$61.0 million (31 December 2015: US$70.0 million).

Fair value sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**100.9**	154.8
	-1.0%	**49.2**	75.6
	-0.5%	**24.3**	37.2
	0.5%	**(23.8)**	(36.3)
	1.0%	**(47.2)**	(71.5)
	2.0%	**(92.6)**	(140.2)

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

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

Notional principal of the Group's consolidated and share of equity accounted interest rate options:

Interest rate caps contracted as at the reporting date and outstanding at	**Interest rate options** **31 Dec 16 Notional principal amount million**	**31 Dec 16 Average strike rates**	Interest rate options 31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rate
US$ payable caps				
31 December 2015	**–**	**–**	US$(28.5)	3.50%
31 December 2016	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a payable of US$3,050 (31 December 2015: US$2,004). The change in fair value for the year ended 31 December 2016 was US$1,046 (31 December 2015: US$0.1 million).

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 16 million	31 Dec 15 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,622.1**	£3,196.5
£ borrowings	**£(555.0)**	£(375.0)
£ cross currency swaps	**£(461.1)**	£(461.1)
£ denominated net assets	**£2,606.0**	£2,360.4
Euro		
€ net assets	**€298.7**	€140.8
€ borrowings	**€(203.0)**	€(138.0)
€ denominated net assets	**€95.7**	€2.8
Australian Dollar		
A$ net assets	**A$(28.7)**	A$(68.9)
A$ denominated net assets	**A$(28.7)**	A$(68.9)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

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

Foreign currency sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.8103 rate (31 December 2015: 0.6786) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,053.8**	1,453.7
	- 10 pence	**452.7**	601.2
	- 5 pence	**211.5**	276.7
	+ 5 pence	**(186.9)**	(238.7)
	+ 10 pence	**(353.3)**	(446.8)
	+ 20 pence	**(636.6)**	(791.9)
The sensitivity of € denominated net assets to changes in the year end US$/€0.9509 rate (31 December 2015: 0.9205) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**26.8**	0.8
	- 10 cents	**11.8**	0.4
	- 5 cents	**5.6**	0.2
	+ 5 cents	**(5.0)**	(0.2)
	+ 10 cents	**(9.6)**	(0.3)
	+ 20 cents	**(17.5)**	(0.5)
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.3873 rate (31 December 2015: 1.3725) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(3.5)**	(8.6)
	- 10 cents	**(1.6)**	(3.9)
	- 5 cents	**(0.8)**	(1.9)
	+ 5 cents	**0.7**	1.8
	+ 10 cents	**1.4**	3.4
	+ 20 cents	**2.6**	6.4

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate **31 Dec 16**	31 Dec 15	**31 Dec 16 million**	Amount receivable/(payable) **31 Dec 16 million**	31 Dec 15 million	31 Dec 15 million
£						
Contracts to buy US\$[i] and sell £						
31 December 2015	**–**	0.6587	**–**	**–**	US\$700.0	£(461.1)
31 December 2016	**0.6587**	0.6587	**US\$700.0**	**£(461.1)**	US\$700.0	£(461.1)
31 December 2017	**0.6587**	0.6587	**US\$700.0**	**£(461.1)**	US\$700.0	£(461.1)
31 December 2018	**0.6587**	0.6587	**US\$700.0**	**£(461.1)**	US\$700.0	£(461.1)
31 December 2019	**0.6587**	0.6587	**US\$700.0**	**£(461.1)**	US\$700.0	£(461.1)

[i] The receive US\$ exposure is matched with a pay US\$ exposure in the income statement.

The pay £ exposure is held by a self-sustaining foreign operation, hence gains or losses are recorded directly in the foreign currency translation reserve.
At 31 December 2016, the aggregate fair value is a receivable of US\$129.3 million (31 December 2015: US\$20.1 million). The change in fair value for the year ended 31 December 2016 was US\$109.2 million (31 December 2015: US\$20.1 million).

Foreign currency sensitivity		**31 Dec 16 US\$million**	31 Dec 15 US\$million
The sensitivity of £ denominated exposures to changes in the year end US\$/£0.8103 rate (31 December 2015: 0.6786) is as follows:	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**(186.5)**	(284.0)
	- 10 pence	**(80.1)**	(117.5)
	- 5 pence	**(37.4)**	(54.1)
	+ 5 pence	**33.1**	46.6
	+ 10 pence	**62.5**	87.3
	+ 20 pence	**112.6**	154.7

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2016, the aggregate credit risk in respect of cash and cash equivalents is US\$357.1 million (31 December 2015: US\$1,206.8 million).

At 31 December 2016, the aggregate credit risk in respect of derivative financial instruments is US\$160.8 million (31 December 2015: US\$112.7 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 80% (31 December 2015: 49%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

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

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

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

c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)
   - at least 1.5 times

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

At and during the years ended 31 December 2016 and 2015, the Group was in compliance with all the above financial covenants.

NOTE 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVES CASH FLOW MATURITY PROFILE

	31 Dec 16 US$million	31 Dec 15 US$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(926.9)**	(167.8)
Due between one and five years	**(3,869.2)**	(4,012.3)
Due after five years	**(2,560.8)**	(2,493.9)
	(7,356.9)	(6,674.0)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(6,054.0)**	(5,271.4)
– aggregate future estimated nominal interest	**(1,302.9)**	(1,402.6)
	(7,356.9)	(6,674.0)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**41.6**	61.8
Due between one and five years	**171.0**	97.5
Due after five years	**–**	–
	212.6	159.3

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
Consolidated assets				
Cash	**292.1**	1,106.8	**292.1**	1,106.8
Trade receivables [(i)]	**22.6**	14.2	**22.6**	14.2
Receivables [(i)]	**391.5**	445.0	**391.5**	445.0
Other property investments [(ii)]	**607.9**	337.4	**607.9**	337.4
Derivative assets [(ii)]	**184.6**	131.8	**184.6**	131.8
Consolidated liabilities				
Payables [(i)]	**854.7**	914.4	**854.7**	914.4
Interest bearing liabilities [(ii)]				
– Fixed rate debt	**5,140.9**	4,988.0	**5,078.7**	4,960.8
– Floating rate debt	**975.2**	315.2	**975.3**	310.6
Other financial liabilities [(ii)]	**226.4**	256.9	**226.4**	256.9
Derivative liabilities [(ii)]	**23.8**	19.1	**23.8**	19.1

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

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

Determination of fair value

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

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 16 US$million	**Level 1 US$million**	**Level 2 US$million**	**Level 3 US$million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**297.8**	297.8	–	–
– Unlisted investments	**310.1**	–	–	310.1
Derivative assets				
– Interest rate derivatives	**55.3**	–	55.3	–
– currency derivatives	**129.3**	–	129.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**5,140.9**	–	5,140.9	–
– Floating rate debt	**975.2**	–	975.2	–
Other financial liabilities				
– Redeemable preference shares/units	**226.4**	–	–	226.4
Derivative liabilities				
– Interest rate derivatives	**23.8**	–	23.8	–

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 15 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	69.0	69.0	–	–
– Unlisted investments	268.4	–	–	268.4
Derivative assets				
– Interest rate derivatives	111.7	–	111.7	–
– currency derivatives	20.1	–	20.1	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,988.0	–	4,988.0	–
– Floating rate debt	315.2	–	315.2	–
Other financial liabilities				
– Redeemable preference shares/units	256.9	–	–	256.9
Derivative liabilities				
– Interest rate derivatives	19.1	–	19.1	–

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

	Unlisted investments(i) 31 Dec 16 US$million	**Redeemable preference shares/units(ii) 31 Dec 16 US$million**	Unlisted investments(i) 31 Dec 15 US$million	Redeemable preference shares/units(ii) 31 Dec 15 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**268.4**	**256.9**	114.7	234.6
Additions	**18.2**	**–**	114.9	–
Disposals	**–**	**(0.8)**	–	(7.7)
Net fair value (gain)/loss to income statement	**23.5**	**(29.7)**	38.8	30.0
Balance at the end of the year	**310.1**	**226.4**	268.4	256.9

(i) The fair value of the unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2016, an increment of 1% to the earnings yield would result in an additional gain of US$37.6 million (31 December 2015: US$41.8 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$57.0 million (31 December 2015: US$64.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

NOTE 40 PARENT COMPANY

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

	31 Dec 16 US$million	31 Dec 15 US$million
(a) Assets		
Current assets	**20.3**	43.3
Non current assets	**1,556.2**	1,407.1
Total assets	**1,576.5**	1,450.4
(b) Liabilities		
Current liabilities	**413.7**	447.6
Non current liabilities	**–**	32.0
Total liabilities	**413.7**	479.6
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**(255.4)**	(238.5)
Retained profits	**548.9**	340.0
Total equity	**1,162.8**	970.8
(d) Comprehensive income		
Profit/(loss) after tax for the period	**208.9**	33.0
Other comprehensive income	**(16.9)**	(104.3)
Total comprehensive income for the period	**192.0**	(71.3)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**5,435.6**	4,649.9
	5,435.6	4,649.9

NOTE 41 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2016, WFDT held current assets of US$2.6 billion, non current assets of US$2.1 billion and liabilities of US$0.2 billion (31 December 2015: current assets of US$2.9 billion, non current assets of US$2.1 billion and liabilities of US$0.3 billion).

As at 31 December 2016, the total equity held by WFDT was US$4.5 billion (31 December 2015: US$4.7 billion).

The loss after tax for the period was US$135.4 million and total comprehensive loss was US$182.6 million. The revenue for the period was US$19.2 million (31 December 2015: profit after tax of US$360.3 million and total comprehensive loss of US$221.0 and revenue of US$83.3 million).

Westfield America Trust

As at 31 December 2016, WAT held current assets of US$0.3 billion, non current assets of US$13.7 billion, current liabilities of US$2.4 billion and non current liabilities of US$7.8 billion (31 December 2015: current assets of US$1.4 billion, non current assets of US$11.8 billion, current liabilities of US$2.7 billion and non current liabilities of US$7.3 billion).

As at 31 December 2016, the total equity held by WAT was US$3.8 billion (31 December 2015: US$3.2 billion).

The profit after tax for the period was US$1,053.6 million and total comprehensive income was US$1,055.5 million. The revenue for the period was US$513.6 million (31 December 2015: profit after tax of US$1,875.2 million and total comprehensive income of US$2,103.4 million and revenue of US$622.9 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 16 US$000	31 Dec 15 US$000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,157**	1,336
– Assurance and compliance services	**–**	117
– Technical accounting advice and services	**1,234**	789
	2,391	2,242
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,601**	3,337
– Assurance and compliance services	**116**	132
– Taxation advice and compliance	**875**	310
– Technical accounting advice and services	**208**	827
	4,800	4,606
	7,191	6,848

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 107.8 hours (31 December 2015: 37.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm's length. During the year ended 31 December 2016 there was no charge to or from either party (31 December 2015: US$1,341,419 billed to LFG by the Group) for use in excess of the interchange agreement.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG US$657,152 (31 December 2015: US$819,038) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, the Group charged LFG US$1,493,493 (31 December 2015: US$1,028,197) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2016 US$**	2015 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute US$7,687 (31 December 2015 US$7,477) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2016.

(c) Other

During the financial year, the Group purchased all of the equity in Scott Sanders Theatrical Productions (SSTP) for US$12.4 million. Mr Roy Furman, a non-executive director, held a 15.5% shareholding in SSTP which was purchased as part of the transaction. Mr Furman played no part in the negotiation or approval of the transaction. The Board was satisfied that the transaction was negotiated on arm's length terms. In reaching that conclusion the Board considered all material facts. The Board also considered the outcome of an independent review by an investment bank which concluded that based on their review of the transaction documents and on responses received from management to a detailed questionnaire, they were satisfied that the evidence was consistent with a transaction negotiated on arm's length terms.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2016 to 31 December 2016 are set out below:

– Frank Lowy AC	Chairman	
– Brian Schwartz AM	Deputy Chairman / Lead Independent Director	
– Ilana Atlas	Non-Executive Director	
– Roy Furman	Non-Executive Director	
– Peter Goldsmith QC PC	Non-Executive Director	
– Jeffrey Goldstein	Non-Executive Director	appointed 28 November 2016
– Michael Gutman OBE	President / Chief Operating Officer	
– Mark G. Johnson	Non-Executive Director	
– Mark R. Johnson AO	Non-Executive Director	
– Donald Kingsborough	Executive Director	
– Peter Lowy	Co-Chief Executive Officer	
– Steven Lowy AM	Co-Chief Executive Officer	
– John McFarlane	Non-Executive Director	
– Dawn Ostroff	Non-Executive Director	appointed 28 November 2016
– Elliott Rusanow	Chief Financial Officer	

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2016 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits[(i)] US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments[(ii)] US$	US$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2016	**9,037,167**	**6,961,500**	**131,732**	**67,849**	**96,109**	**8,767,622**	**25,061,979**
31 December 2015	8,614,751	6,380,000	139,787	318,300	93,411	8,529,027	24,075,276
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2016	**980,000**	**812,500**	**225,977**	**16,333**	**–**	**1,032,733**	**3,067,543**
31 December 2015	980,000	815,000	–	27,869	–	904,531	2,727,400
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2016	**10,017,167**	**7,774,000**	**357,709**	**84,182**	**96,109**	**9,800,355**	**28,129,522**
31 December 2015	9,594,751	7,195,000	139,787	346,169	93,411	9,433,558	26,802,676

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 16 – Interest Beneficial[i] Parent Company %	31 Dec 16 – Interest Westfield Corporation %	31 Dec 16 – Interest Consolidated or Equity accounted %	31 Dec 15 – Interest Beneficial[i] Parent Company %	31 Dec 15 – Interest Westfield Corporation %	31 Dec 15 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN IRELAND						
Consolidated Controlled Entities						
Westfield Europe Finance PLC [ii]	–	–	–	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Europe Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
White City Acquisitions Limited	51.0	100.0	100.0	51.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
New WTC Retail Member LLC [iii]	17.5	100.0	100.0	–	–	–
WCI Finance, LLC [ii]	–	–	–	17.4	100.0	100.0
WEA Finance, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield America, LP	17.5	100.0	100.0	17.5	100.0	100.0
Westfield DDC, LLC	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

(ii) Entity dissolved/deregistered during the financial year.

(iii) Entity became a material and significant entity during the financial year.

Directors' Declaration

The Directors of Westfield Corporation Limited (Company) declare that:

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

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:

(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 2016 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 23 February 2017 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Brian Schwartz AM
Director

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Independent auditor's report to the members of Westfield Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Westfield Corporation Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statement's, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

a. the financial report of Westfield Corporation Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001 ; and
b. the financial report also complies with International *Financial Reporting Standards* as disclosed in Note 1(c).

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 31 of the directors' report for the year ended 31 December 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300 A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 24 February 2016

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

Westfield Corporation was established on 30 June 2014 as a result of the Restructure as described in Note 1(b). The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Revenue			
Property revenue	4	**562.5**	572.5
Property development and project management revenue		**595.7**	185.3
Property management income		**74.7**	60.8
		1,232.9	818.6
Share of after tax profits of equity accounted entities			
Property revenue		**661.7**	564.0
Property revaluations	10	**426.3**	418.0
Property expenses, outgoings and other costs		**(210.0)**	(168.9)
Net interest expense		**(86.5)**	(67.7)
Tax expense		**(0.3)**	(0.3)
	15(a)	**791.2**	745.1
Expenses			
Property expenses, outgoings and other costs		**(196.8)**	(209.7)
Property development and project management costs		**(471.5)**	(136.1)
Property management costs		**(30.9)**	(29.8)
Overheads		**(116.8)**	(105.5)
		(816.0)	(481.1)
Interest income		**5.3**	7.9
Currency gain/(loss)	5	**11.4**	(117.5)
Financing costs	6	**(103.0)**	(326.8)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	**(97.3)**	(7.6)
Property revaluations	10	**205.7**	152.3
Charges and credits in respect of the Restructure and Merger	8	**–**	(800.8)
Profit before tax for the period		**1,230.2**	(9.9)
Tax credit/(expense)	9	**1,093.3**	(205.1)
Profit after tax for the period		**2,323.5**	(215.0)

Net profit after tax comprising:		
Profit after tax for the six months ended 31 December 2015 [(i)]	**1,857.6**	582.3
Profit after tax for the six months ended 30 June 2015 [(ii)]	**465.9**	(797.3)
Profit after tax for the period	**2,323.5**	(215.0)

Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:		
Westfield Corporation Limited (WCL) members	**599.3**	160.9
WFD Trust (WFDT) and Westfield America Trust (WAT) members	**1,724.2**	(375.9)
Net profit attributable to members of Westfield Corporation	**2,323.5**	(215.0)

		US cents	US cents
Basic earnings per WCL share		**28.84**	8.70
Diluted earnings per WCL share		**28.55**	8.61
Basic earnings per stapled security	26(a)	**111.81**	(11.63)
Diluted earnings per stapled security	26(a)	**110.68**	(11.63)

(i) Comprise the results of Westfield Corporation (including WAT, WCL and WFDT) following the Restructure.

(ii) Comprise the results of Westfield Corporation (including WAT, WCL and WFDT) for the 6 months ended 30 June 2015 following the Restructure. The results for the 6 months ended 30 June 2014 comprises only the earnings of WAT prior to the Restructure.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

Westfield Corporation was established on 30 June 2014 as a result of the Restructure as described in Note 1(b). The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

	31 Dec 15 US$million	31 Dec 14 US$million
Profit after tax for the period	**2,323.5**	(215.0)
Other comprehensive income		
Movement in foreign currency translation reserve (i)		
– Net exchange difference on translation of foreign operations	**(206.5)**	(212.1)
– Realised and unrealised gain/(loss) on currency loans and asset hedging derivatives which qualify for hedge accounting	**(11.6)**	(7.6)
Total comprehensive income for the period	**2,105.4**	(434.7)

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**652.7**	114.9
WFDT and WAT members (ii)	**1,452.7**	(549.6)
Total comprehensive income attributable to members of Westfield Corporation	**2,105.4**	(434.7)

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of US$1,724.2 million (31 December 2014: loss of US$375.9 million) and the net exchange loss on translation of foreign operations of US$271.5 million (31 December 2014: US$173.7 million).

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Current assets			
Cash and cash equivalents	11(a)	**1,106.8**	308.6
Trade debtors		**14.2**	17.2
Investment properties	13	**–**	438.7
Derivative assets	12	**–**	5.7
Receivables		**231.0**	164.2
Inventories		**21.5**	152.1
Other		**125.2**	33.0
Total current assets		**1,498.7**	1,119.5
Non current assets			
Investment properties	13	**7,478.0**	8,849.6
Equity accounted investments	15(c)	**7,728.9**	6,814.6
Other property investments	16	**337.4**	257.9
Derivative assets	12	**131.8**	159.3
Receivables		**214.0**	69.7
Plant and equipment	17	**69.2**	77.4
Deferred tax assets	9(b)	**10.1**	10.3
Other		**114.3**	129.0
Total non current assets		**16,083.7**	16,367.8
Total assets		**17,582.4**	17,487.3
Current liabilities			
Trade creditors		**36.9**	38.9
Payables and other creditors	18	**729.4**	895.6
Interest bearing liabilities	19	**3.6**	123.4
Other financial liabilities	20	**3.0**	2.7
Tax payable		**59.5**	96.7
Derivative liabilities	21	**–**	0.5
Total current liabilities		**832.4**	1,157.8
Non current liabilities			
Payables and other creditors	18	**148.1**	134.8
Interest bearing liabilities	19	**5,267.8**	5,306.8
Other financial liabilities	20	**253.9**	231.9
Deferred tax liabilities	9(c)	**1,761.3**	2,922.2
Derivative liabilities	21	**19.1**	–
Total non current liabilities		**7,450.2**	8,595.7
Total liabilities		**8,282.6**	9,753.5
Net assets		**9,299.8**	7,733.8
Equity attributable to members of WCL			
Contributed equity	22(b)	**869.7**	888.3
Reserves	23	**42.0**	(6.9)
Retained profits	24	**760.2**	160.9
Total equity attributable to members of WCL		**1,671.9**	1,042.3
Equity attributable to WFDT and WAT members			
Contributed equity	22(b)	**10,571.0**	10,571.0
Reserves	23	**(408.6)**	(137.2)
Retained profits	24	**(2,534.5)**	(3,742.3)
Total equity attributable to WFDT and WAT members		**7,627.9**	6,691.5
Total equity		**9,299.8**	7,733.8
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**1,671.9**	1,042.3
WFDT and WAT members		**7,627.9**	6,691.5
Total equity attributable to members of Westfield Corporation		**9,299.8**	7,733.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Comprehensive Income 31 Dec 15 US$million	Equity and Reserves 31 Dec 15 US$million	**Total 31 Dec 15 US$million**	Total 31 Dec 14 US$million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,459.3	**11,459.3**	4,957.5
– Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation	–	–	**–**	901.8
– Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	–	–	**–**	5,613.5
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(18.6)	**(18.6)**	(13.5)
Closing balance of contributed equity	–	11,440.7	**11,440.7**	11,459.3
Opening balance of reserves	–	(144.1)	**(144.1)**	39.7
– Movement in foreign currency translation reserve [(i) (ii)]	(218.1)	–	**(218.1)**	(219.7)
– Movement in employee share plan benefits reserve [(i)]	–	(4.4)	**(4.4)**	(6.8)
– Employee share plan benefits reserve contributed for WCL pursuant to the establishment of Westfield Corporation	–	–	**–**	42.7
Closing balance of reserves	(218.1)	(148.5)	**(366.6)**	(144.1)
Opening balance of retained profits/(accumulated losses)	–	(3,581.4)	**(3,581.4)**	(2,966.2)
– Profit after tax for the period [(ii)]	2,323.5	–	**2,323.5**	(215.0)
– Dividend/distribution paid	–	(516.4)	**(516.4)**	(553.7)
– Amounts previously included in non controlling interest	–	–	**–**	153.5
Closing balance of retained profits/(accumulated losses)	2,323.5	(4,097.8)	**(1,774.3)**	(3,581.4)
Closing balance of equity attributable to members of Westfield Corporation	2,105.4	7,194.4	**9,299.8**	7,733.8
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	–	**–**	203.8
Total comprehensive income attributable to non controlling interests [(ii)]	–	–	**–**	(50.3)
Amounts previously included in non controlling interest	–	–	**–**	(153.5)
Closing balance of equity attributable to non controlling interests	–	–	**–**	–
Total equity	2,105.4	7,194.4	**9,299.8**	7,733.8

Closing balance of equity attributable to:				
– WCL members	652.7	1,019.2	**1,671.9**	1,042.3
– WFDT and WAT members	1,452.7	6,175.2	**7,627.9**	6,691.5
Closing balance of equity attributable to members of Westfield Corporation	2,105.4	7,194.4	**9,299.8**	7,733.8

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US$271.5 million (31 December 2014: US$173.7 million) and net credit to the employee share plan benefits reserve of nil (31 December 2014: nil).

(ii) Total comprehensive income for the period amounts to a gain of US$2,105.4 million (31 December 2014: loss of US$434.7 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

Westfield Corporation was established on 30 June 2014 as a result of the Restructure as described in Note 1(b). The cash flows for the year ended 31 December 2014 comprise the cash flows of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the cash flows of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,511.0**	816.8
Payments in the course of operations (including sales tax)		**(869.7)**	(523.6)
Settlement of income hedging currency derivatives		**–**	20.7
Dividends/distributions received from equity accounted associates		**313.2**	279.6
Income and withholding taxes paid		**(45.4)**	(30.7)
Sales tax paid		**(37.7)**	(7.1)
Net cash flows from operating activities	11(b)	**871.4**	555.7
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment - consolidated		**(623.4)**	(429.9)
Capital expenditure on property investments and plant and equipment - equity accounted		**(330.7)**	(152.4)
Acquisition of property investments - consolidated		**(24.3)**	(626.5)
Acquisition of property investments - equity accounted		**(60.8)**	–
Proceeds from the disposition of property investments - consolidated		**1,257.8**	252.0
Tax paid on disposition of property investments		**(37.0)**	(77.2)
Capital distribution and advances from equity accounted associates		**268.7**	324.0
Financing costs capitalised to qualifying development projects and construction in progress		**(96.1)**	(60.2)
Cash held by entities of WCL and WFDT consolidated during the period		**–**	146.5
Net cash flows from/(used in) investing activities		**354.2**	(623.7)
Cash flows used in financing activities			
Net proceeds/(repayment) from interest bearing liabilities and other financial liabilities		**109.2**	(10.6)
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(19.1)**	(123.4)
– accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		**–**	(61.1)
Interest received		**4.9**	9.7
Financing costs capitalised to inventories and work in progress		**(3.6)**	(5.2)
Dividends/distributions paid		**(516.4)**	(553.7)
Dividends/distributions paid to non controlling interests		**–**	(41.7)
Loans received from Westfield Group related entities prior to the Restructure and Merger		**–**	404.3
Charges and credits in respect of the Restructure and Merger			
– Drawdown from bridging facilities		**–**	3,000.0
– Loans received from related entities		**–**	2,286.4
– Repayment of bonds and banking facilities		**–**	(4,584.6)
– Refinancing costs		**–**	(744.9)
– Settlement of amount due from Scentre Group as at 30 June 2014		**–**	61.2
Net cash flows used in financing activities		**(425.0)**	(363.6)
Net increase/(decrease) in cash and cash equivalents held		**800.6**	(431.6)
Add opening cash and cash equivalents brought forward		**308.5**	749.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(2.3)**	(9.8)
Cash and cash equivalents at the end of the period	11(a)	**1,106.8**	308.5

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

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FOR THE YEAR ENDED 31 DECEMBER 2015

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NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2015 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 24 February 2016.

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

(b) Detail on the Restructure and Merger

Background

On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

– Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

– Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

– A restructure stage (Restructure), where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;

– A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and

– A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Accounting for the establishment of Westfield Corporation

The Group was established by the stapling of securities of each of the Parent Company, WFDT and WAT. The securities trade as one security on the Australian Securities Exchange (ASX) under the code WFD. The stapling transaction is referred to as the Merger.

The Merger has been accounted for as a business combination by contract alone in accordance with AASB 3 Business Combinations. WAT has been identified as the acquirer for accounting purposes as WAT is the stapled entity whose relative size is the largest.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL has been deemed to be the parent entity of the Group as it has legal control of WFDT and WAT due to its subsidiary, Westfield America Management Limited, being the responsible entity of both WFDT and WAT.

However, as WAT is the deemed acquirer in accordance with AASB 3, the consolidated financial statements are issued under the name of Westfield Corporation but are a continuation of the financial statements of WAT. Accordingly, the comparative balances in these financial statements present the results of WAT for the year ended 31 December 2014 and also include the results of the Parent Company and WFDT from the date of stapling, being 30 June 2014. The results and equity attributable to WFDT and WAT are shown separately in the financial statements as non controlling interests.

This financial report has been prepared based upon a business combination by the Parent Company of WFDT and WAT and in recognition of the fact that the securities issued by the Parent Company, WFDT and WAT have been stapled and cannot be traded separately.

(c) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2014 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2015.

– AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and

– AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Group is currently assessing the impact of this standard.

– AASB 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group is currently assessing the impact of this standard.

– IFRS 16 Leases (expected to be effective from 1 January 2019)

  This standard specifies how an entity will recognise, measure, present and disclose leases. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);

– AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);

– AASB 2014-1 Amendments to Australian Accounting Standards - Part E: Financial Instruments (effective from 1 January 2018);

– AASB 2014-3 Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations. (AASB 1 & AASB 11) (effective from 1 January 2016);

– AASB 2014-10 Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2016);

– AASB 2015-1 Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012-2014 Cycle. (effective from 1 January 2016);

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

(c) Statement of Compliance (continued)

- AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016); and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015).

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

(d) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(e) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Company and each of its controlled entities which include WFDT and WAT (Subsidiaries) as from the date the Parent Company obtained control until such time control ceased. The Parent Company and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Company, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

i) Joint arrangements

Joint operations

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

Joint ventures

The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Group and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint venture.

ii) Controlled entities

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

(b) Investment properties

The Group's investment properties include shopping centre investments as well as development projects and construction in progress.

i) Shopping centre investments

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

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

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

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

The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors, and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 14 for further details on investment properties.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Other property investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(d) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

Revenue from property management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

The Parent Company and its Australian resident wholly owned subsidiaries have formed a Tax Consolidated Group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss of the subsidiary at the current tax rate. The Tax Consolidated Group has applied the modified separate tax payer approach in determining the appropriate amount of current taxes to allocate.

ii) WFDT

Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WFDT's constitution.

iii) WAT

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WAT's constitution.

Westfield America, Inc. (WEA), a subsidiary of WAT, is a Real Estate Investment Trust (REIT) for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders. Dividends paid by WEA to WAT are subject to United States withholding taxes.

Under current Australian income tax legislation, holders of the stapled securities of the Group may be entitled to receive a foreign income tax offset for United States withholding tax deducted from dividends paid to WAT by WEA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation (continued)

iv) Deferred tax

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

The net amount of sales tax payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(h) Financing costs

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

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

(i) Inventories and work in progress

Property development projects for third parties are carried at the lower of cost or net realisable value. Profit on property development is recognised on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(j) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction of the proceeds received.

(k) Derivative and other financial instruments

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

i) Financial assets

Cash and cash equivalents

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

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

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

Other financial liabilities

Other financial liabilities include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement.

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(l) Earnings per security

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

(m) Rounding

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

NOTE 3 SEGMENTAL REPORTING

Westfield Corporation was established on 30 June 2014 as a results of the Restructure. The segmental results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure.

Operating segments

The Group's operating segments are as follows:

a) The Group's operational segment comprises the property investment and the property and project management segments.

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of US$450 million, specialty annual sales in excess of US$500 per square foot and anchored by a premium department store.

(ii) Property and project management

Property and project management segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of investment properties, change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, gain/(loss) and financing costs in respect of capital transactions and the corporate business unit are not allocated to the above segments and are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

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

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(i)_Income and expenses

	Operational			
31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,224.2	–	–	1,224.2
Property development and project management revenue	–	595.7	–	595.7
Property management income	–	74.7	–	74.7
	1,224.2	**670.4**	**–**	**1,894.6**
Expenses				
Property expenses, outgoings and other costs	(406.8)	–	–	(406.8)
Property development and project management costs	–	(471.5)	–	(471.5)
Property management costs	–	(30.9)	–	(30.9)
Overheads	–	–	(116.8)	(116.8)
	(406.8)	**(502.4)**	**(116.8)**	**(1,026.0)**
Segment result	**817.4**	**168.0**	**(116.8)**	**868.6**
Revaluation of properties and development projects				205.7
Equity accounted-revaluation of properties and development projects				426.3
Currency gain/(loss)				11.4
Gain/(loss) in respect of capital transactions				
– asset dispositions				(97.3)
Interest income				5.3
Financing costs				(189.5)
Tax expense				1,093.0
Net profit attributable to members of the Group				**2,323.5**

[i] Total revenue of US$1,894.6 million comprises of revenue from United States of US$1,207.4 million and United Kingdom of US$687.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(ii)_Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	824.1	444.1	1,268.2
Amortisation of tenant allowances	(19.0)	(25.0)	(44.0)
Property revenue	805.1	419.1	1,224.2
Property expenses, outgoings and other costs	(251.1)	(155.7)	(406.8)
Net property income	**554.0**	**263.4**	**817.4**

(iii)_Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	649.9	(17.9)	632.0
	649.9	**(17.9)**	**632.0**

(iv)_Currency gain/(loss)

Realised gain on income hedging currency derivatives	–
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	11.4
	11.4

(v)_Financing costs

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(179.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(64.3)
Finance leases interest expense	(2.9)
Interest expense on other financial liabilities	(22.2)
Net fair value loss on other financial liabilities	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	109.5
	(189.5)

(vi)_Tax expense

Current - underlying operations	(39.3)
Deferred tax	1,132.3
	1,093.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(vii)_Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

Income and expenses

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	562.5	661.7	1,224.2
Property development and project management revenue	595.7	–	595.7
Property management income	74.7	–	74.7
	1,232.9	**661.7**	**1,894.6**
Expenses			
Property expenses, outgoings and other costs	(196.8)	(210.0)	(406.8)
Property development and project management costs	(471.5)	–	(471.5)
Property management costs	(30.9)	–	(30.9)
Overheads	(116.8)	–	(116.8)
	(816.0)	**(210.0)**	**(1,026.0)**
Segment result	**416.9**	**451.7**	**868.6**
Revaluation of properties and development projects	205.7	–	205.7
Equity accounted-revaluation of properties and development projects	–	426.3	426.3
Currency gain/(loss)	11.4	–	11.4
Gain/(loss) in respect of capital transactions			
– asset dispositions	(97.3)	–	(97.3)
Interest income	5.3	–	5.3
Financing costs	(103.0)	(86.5)	(189.5)
Tax expense	1,093.3	(0.3)	1,093.0
Net profit attributable to members of the Group	**1,532.3**	**791.2**	**2,323.5**
Assets and liabilities			
Cash	1,106.8	100.0	1,206.8
Shopping centre investments	5,502.3	9,531.2	15,033.5
Development projects and construction in progress	1,975.7	475.6	2,451.3
Inventories	21.5	–	21.5
Other assets	1,247.2	53.1	1,300.3
Total segment assets	**9,853.5**	**10,159.9**	**20,013.4**
Interest bearing liabilities	5,271.4	2,230.9	7,502.3
Other financial liabilities	256.9	–	256.9
Deferred tax liabilities	1,761.3	–	1,761.3
Other liabilities	993.0	200.1	1,193.1
Total segment liabilities	**8,282.6**	**2,431.0**	**10,713.6**
Total segment net assets	**1,570.9**	**7,728.9**	**9,299.8**

(viii)_Assets and liabilities

	Operational			
As at 31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	19,677.5	31.5	304.4	20,013.4
Total segment liabilities	1,051.2	3.7	9,658.7	10,713.6
Total segment net assets	18,626.3	27.8	(9,354.3)	9,299.8
Equity accounted associates included in - segment assets	10,159.9	–	–	10,159.9
Equity accounted associates included in - segment liabilities	200.1	–	2,230.9	2,431.0
Additions to segment non current assets during the period	1,022.0	–	–	1,022.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Operating segments for the year ended 31 December 2015

(ix)_Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,511.0	682.0	2,193.0
Payments in the course of operations (including sales tax)	(869.7)	(205.5)	(1,075.2)
Income and withholding taxes paid	(45.4)	–	(45.4)
Sales tax paid	(37.7)	–	(37.7)
Net cash flows from operating activities	**558.2**	**476.5**	**1,034.7**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment - consolidated	(623.4)	–	(623.4)
Capital expenditure on property investments and plant and equipment - equity accounted	–	(330.7)	(330.7)
Acquisition of property investments - consolidated	(24.3)	–	(24.3)
Acquisition of property investments - equity accounted	–	(60.8)	(60.8)
Proceeds from the disposition of property investments - consolidated	1,257.8	–	1,257.8
Tax paid on disposition of property investments	(37.0)	–	(37.0)
Financing costs capitalised to qualifying development projects and construction in progress	(96.1)	(9.8)	(105.9)
Net cash flows from/(used in) investing activities	**477.0**	**(401.3)**	**75.7**
Cash flows used in financing activities			
Net proceeds/(repayment) from interest bearing liabilities and other financial liabilities	109.2	209.7	318.9
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(19.1)	(86.5)	(105.6)
Interest received	4.9	–	4.9
Financing costs capitalised to inventories and work in progress	(3.6)	–	(3.6)
Dividends/distributions paid	(516.4)	–	(516.4)
Net cash flow (used in)/from financing activities	**(425.0)**	**123.2**	**(301.8)**
Net increase in cash and cash equivalents held			808.6
Add opening cash and cash equivalents brought forward			400.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(2.7)
Cash and cash equivalents at the end of the period			**1,206.8**

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments for the year ended 31 December 2014

The operating segments of Westfield Corporation for the year ended 31 December 2014 comprise the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(i)_Income and expenses

	Operational			
31 December 2014	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Revenue [i]				
Property revenue	1,136.5	–	–	1,136.5
Property development and project management revenue	–	185.3	–	185.3
Property management income	–	60.8	–	60.8
	1,136.5	**246.1**	**–**	**1,382.6**
Expenses				
Property expenses, outgoings and other costs	(378.6)	–	–	(378.6)
Property development and project management costs	–	(136.1)	–	(136.1)
Property management costs	–	(29.8)	–	(29.8)
Overheads	–	–	(105.5)	(105.5)
	(378.6)	**(165.9)**	**(105.5)**	**(650.0)**
Segment result	**757.9**	**80.2**	**(105.5)**	**732.6**
Revaluation of properties and development projects				152.3
Equity accounted-revaluation of properties and development projects				418.0
Currency gain/(loss)				(117.5)
Gain/(loss) in respect of capital transactions				
– asset dispositions				(7.6)
Interest income				7.9
Financing costs				(394.5)
Tax expense				(205.4)
Charges and credits in respect of the Restructure and Merger				(800.8)
Net profit attributable to members of the Group				**(215.0)**

[i] Total revenue of US$1,382.6 million comprises of revenue from United States of US$1,197.8 million and United Kingdom of US$184.8 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments for the year ended 31 December 2014

(ii)_Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	698.3	481.6	1,179.9
Amortisation of tenant allowances	(18.6)	(24.8)	(43.4)
Property revenue	679.7	456.8	1,136.5
Property expenses, outgoings and other costs	(209.2)	(169.4)	(378.6)
Net property income	**470.5**	**287.4**	**757.9**

(iii)_Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	624.0	(53.7)	570.3
	624.0	**(53.7)**	**570.3**

(iv)_Currency gain/(loss)	
Realised gain on income hedging currency derivatives	11.7
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	(129.2)
	(117.5)

(v)_Financing costs	
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(224.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(37.2)
Finance leases interest expense	(3.0)
Interest expense on other financial liabilities	(19.3)
Net fair value loss on other financial liabilities	(181.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	70.9
	(394.5)

(vi)_Tax expense	
Current - underlying operations	(31.9)
Deferred tax	(173.5)
	(205.4)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments for the year ended 31 December 2014

(vii)_Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

Income and expenses

31 December 2014	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	572.5	564.0	1,136.5
Property development and project management revenue	185.3	–	185.3
Property management income	60.8	–	60.8
	818.6	**564.0**	**1,382.6**
Expenses			
Property expenses, outgoings and other costs	(209.7)	(168.9)	(378.6)
Property development and project management costs	(136.1)	–	(136.1)
Property management costs	(29.8)	–	(29.8)
Overheads	(105.5)	–	(105.5)
	(481.1)	**(168.9)**	**(650.0)**
Segment result	**337.5**	**395.1**	**732.6**
Revaluation of properties and development projects	152.3	–	152.3
Equity accounted-revaluation of properties and development projects	–	418.0	418.0
Currency gain/(loss)	(117.5)	–	(117.5)
Gain/(loss) in respect of capital transactions			
– asset dispositions	(7.6)	–	(7.6)
Interest income	7.9	–	7.9
Financing costs	(326.8)	(67.7)	(394.5)
Tax expense	(205.1)	(0.3)	(205.4)
Charges and credits in respect of the Restructure and Merger	(800.8)	–	(800.8)
Net profit attributable to members of the Group	**(960.1)**	**745.1**	**(215.0)**
Assets and liabilities			
Cash	308.6	92.4	401.0
Shopping centre investments	7,396.6	8,437.4	15,834.0
Development projects and construction in progress	1,891.7	378.9	2,270.6
Inventories	152.1	–	152.1
Other assets	923.7	52.8	976.5
Total segment assets	**10,672.7**	**8,961.5**	**19,634.2**
Interest bearing liabilities	5,430.2	1,998.7	7,428.9
Other financial liabilities	234.6	–	234.6
Deferred tax liabilities	2,922.2	–	2,922.2
Other liabilities	1,166.5	148.2	1,314.7
Total segment liabilities	**9,753.5**	**2,146.9**	**11,900.4**
Total segment net assets	**919.2**	**6,814.6**	**7,733.8**

(viii)_Assets and liabilities

	Operational			
As at 31 December 2014	Property investment US$million	Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	19,088.1	157.9	388.2	19,634.2
Total segment liabilities	1,145.1	3.9	10,751.4	11,900.4
Total segment net assets	17,943.0	154.0	(10,363.2)	7,733.8
Equity accounted associates included in - segment assets	8,961.5	–	–	8,961.5
Equity accounted associates included in - segment liabilities	148.2	–	1,998.7	2,146.9
Additions to segment non current assets during the period	1,278.0	–	–	1,278.0

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**584.1**	600.5
Amortisation of tenant allowances		**(21.6)**	(28.0)
		562.5	572.5
NOTE 5 CURRENCY GAIN/(LOSS)			
Realised gain on income hedging currency derivatives		**–**	11.7
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	10	**11.4**	(129.2)
		11.4	(117.5)
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(83.3)**	(151.7)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	10	**(64.3)**	(37.2)
Finance leases interest expense		**(2.9)**	(3.0)
Interest expense on other financial liabilities [(i)]		**(22.2)**	(19.3)
Net fair value loss on other financial liabilities [(i)]	10	**(30.0)**	(181.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**99.7**	65.4
		(103.0)	(326.8)

(i) Interest expense on other financial liabilities and net fair value loss on other financial liabilities include amounts in respect of Westfield Group entities up to 30 June 2014.

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**1,790.8**	–
– less: carrying value of assets disposed and other capital costs		**(1,888.1)**	(7.6)
Gain/(loss) in respect of asset dispositions	10	**(97.3)**	(7.6)
NOTE 8 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER			
Refinancing costs in respect of the Restructure and Merger	10	**–**	(770.8)
Transaction costs in respect of the Restructure and Merger	10	**–**	(30.0)
		–	(800.8)

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 9 TAXATION			
(a) Tax expense			
Current - underlying operations		**(39.0)**	(31.6)
Deferred tax	10	**(234.9)**	(173.5)
Deferred tax - change in applicable tax rates [i]	10	**1,367.2**	–
		1,093.3	(205.1)

[i] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Profit before income tax		**1,230.2**	(9.9)
Prima facie tax expense at 30% (31 December 2014: Prima facie tax expense at 30%)		**(369.1)**	3.0
Trust income not taxable for the Group - tax payable by securityholders		**40.2**	(11.6)
Differential of effective tax rates on foreign income		**84.2**	46.2
Capital transactions not deductible		**(29.2)**	(242.7)
Deferred tax - change in applicable tax rates [i]		**1,367.2**	–
Tax expense		**1,093.3**	(205.1)
(b) Deferred tax assets			
Provisions and accruals		**10.1**	10.3
		10.1	10.3
(c) Deferred tax liabilities			
Tax effect of book value in excess of the tax cost base of investment properties		**1,737.9**	2,893.7
Unrealised fair value gain on financial derivatives		**6.0**	6.9
Other timing differences		**17.4**	21.6
		1,761.3	2,922.2

NOTE 10 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Property revaluations		**205.7**	152.3
Equity accounted property revaluations		**426.3**	418.0
Amortisation of tenant allowances		**(21.6)**	(28.0)
Equity accounted amortisation of tenant allowances		**(22.4)**	(15.4)
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	5	**11.4**	(129.2)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(64.3)**	(37.2)
Net fair value loss on other financial liabilities	6	**(30.0)**	(181.0)
Gain/(loss) in respect of asset dispositions	7	**(97.3)**	(7.6)
Refinancing costs in respect of the Restructure and Merger	8	**–**	(770.8)
Transaction costs in respect of the Restructure and Merger	8	**–**	(30.0)
Deferred tax	9	**1,132.3**	(173.5)

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 11 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		**1,106.8**	308.6
Bank overdrafts	19	**–**	(0.1)
Total cash and cash equivalents		**1,106.8**	308.5
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**2,323.5**	(215.0)
Property revaluations		**(205.7)**	(152.3)
Share of equity accounted profit in excess of dividend/distribution		**(478.0)**	(465.5)
Deferred tax		**(1,132.3)**	173.5
Net fair value (gain)/loss on currency derivatives		**(11.4)**	129.2
Financing costs		**103.0**	326.8
Interest income		**(5.3)**	(7.9)
Gain/(loss) in respect of capital transactions		**97.3**	7.6
Charges and credits in respect of the Restructure and Merger		**–**	800.8
Decrease/(Increase) in working capital attributable to operating activities		**180.3**	(41.5)
Net cash flows from operating activities		**871.4**	555.7

NOTE 12 DERIVATIVE ASSETS

Current			
Receivables on interest rate derivatives		**–**	5.7
		–	5.7
Non Current			
Receivables on interest rate derivatives		**111.7**	159.3
Receivables on currency derivatives		**20.1**	–
		131.8	159.3

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2015, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$131.8 million are reduced by US$19.1 million to the net amount of US$112.7 million (31 December 2014: derivative assets of US$165.0 million are reduced by US$0.5 million to the net amount of US$164.5 million).

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 13 INVESTMENT PROPERTIES			
Current			
Shopping centre investments		**–**	409.3
Development projects and construction in progress		**–**	29.4
		–	438.7
Non current			
Shopping centre investments		**5,502.3**	6,987.3
Development projects and construction in progress		**1,975.7**	1,862.3
		7,478.0	8,849.6
Total investment properties		**7,478.0**	9,288.3
Total investment properties comprised of:			
Shopping centre investments	14	**5,502.3**	7,396.6
Development projects and construction in progress		**1,975.7**	1,891.7
		7,478.0	9,288.3
Movement in total investment properties			
Balance at the beginning of the year		**9,288.3**	5,424.2
Acquisition of properties		**24.3**	611.0
Disposal of properties		**(1,756.6)**	–
Transfer from/(to) equity accounted investment properties		**(486.7)**	152.1
Redevelopment costs		**483.0**	509.7
Additions from the Restructure		**–**	2,596.6
Net revaluation increment		**83.9**	226.2
Retranslation of foreign operations		**(158.2)**	(231.5)
Balance at the end of the year [(i)]		**7,478.0**	9,288.3

(i) The fair value of investment properties at the end of the year of US$7,478.0 million (31 December 2014: US$9,288.3 million) comprises investment properties at market value of US$7,437.8 million (31 December 2014: US$9,255.2 million) and ground leases included as finance leases of US$40.2 million (31 December 2014: US$33.1 million).

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated shopping centres	13	**5,502.3**	7,396.6
Equity accounted shopping centres	15(c)	**9,531.2**	8,437.4
		15,033.5	15,834.0

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

United States shopping centres

- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 15 US$million	**Estimated Yield[i] 31 Dec 15 %**	Carrying Amount 31 Dec 14 US$million	Estimated Yield[i] 31 Dec 14 %
Flagship and Regional				
Flagship				
– United States	**8,085.6**	**4.83%**	7,569.6	5.01%
– United Kingdom	**3,996.6**	**4.40%**	3,770.0	4.76%
	12,082.2	**4.69%**	11,339.6	4.92%
Regional				
– United States	**2,951.3**	**5.74%**	4,494.4	6.37%
Total	**15,033.5**	**4.89%**	15,834.0	5.34%

(i) The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would results in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of US$1,394.6 million (31 December 2014: US$1,355.7 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of US$1,712.2 million (31 December 2014: US$1,635.8 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 15 US$million	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**549.0**	504.3	**112.7**	59.7	**661.7**	564.0
Share of after tax profit of equity accounted entities	**512.6**	695.2	**278.6**	49.9	**791.2**	745.1

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**512.6**	695.2	**278.6**	49.9	**791.2**	745.1
Other comprehensive income [(i)]	**–**	–	**(67.9)**	(117.1)	**(67.9)**	(117.1)
Share of total comprehensive income of equity accounted entities	**512.6**	695.2	**210.7**	(67.2)	**723.3**	628.0

[(i)] Relates to the net exchange difference on translation of equity accounted foreign operations.

		United States		United Kingdom		Total	
	Note	**31 Dec 15 US$million**	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million	**31 Dec 15 US$million**	31 Dec 14 US$million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**64.9**	59.3	**35.1**	33.1	**100.0**	92.4
Shopping centre investments		**7,818.8**	6,825.5	**1,712.4**	1,611.9	**9,531.2**	8,437.4
Development projects and construction in progress		**234.8**	203.4	**240.8**	175.5	**475.6**	378.9
Other assets		**19.9**	21.7	**33.2**	31.1	**53.1**	52.8
Total assets		**8,138.4**	7,109.9	**2,021.5**	1,851.6	**10,159.9**	8,961.5
Payables		**(148.3)**	(103.9)	**(51.8)**	(44.3)	**(200.1)**	(148.2)
Interest bearing liabilities - current [(i)]	19(d)	**(4.7)**	(4.4)	**–**	–	**(4.7)**	(4.4)
Interest bearing liabilities - non current [(i)]	19(d)	**(1,673.6)**	(1,409.1)	**(552.6)**	(585.2)	**(2,226.2)**	(1,994.3)
Total liabilities		**(1,826.6)**	(1,517.4)	**(604.4)**	(629.5)	**(2,431.0)**	(2,146.9)
Net assets		**6,311.8**	5,592.5	**1,417.1**	1,222.1	**7,728.9**	6,814.6

[(i)] The fair value of interest bearing liabilities was US$2,269.8 million compared to the book value of US$2,230.9 million (31 December 2014: US$2,061.9 million compared to the book value of US$1,998.7 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest	
			31 Dec 15	31 Dec 14
(d) Equity accounted entities economic interest				
United Kingdom investments (i)				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City (ii)	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments (i)				
Annapolis (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert (iii) (iv)	Partnership units	31 Dec	**52.6%**	–
Plaza Bonita (iii)	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull (iii) (iv)	Partnership units	31 Dec	**52.6%**	–
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton (iii) (iv)	Partnership units	31 Dec	**52.6%**	–

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) Stratford is considered a material joint venture. Summarised financial information are as follows: Revenue of US$106.6 million, total assets of US$1,762.6 million and total liabilities of US$585.0 million.

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

(iv) During the year, the Group entered into transactions which culminated in a joint venture with O'Connor Capital Partners (O'Connor) in respect of 3 properties in United States. (Group ownership: 52.6%, O'Connor's ownership 47.4%). As a result, these previously consolidated investments are now equity accounted.

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**69.0**	143.2
Unlisted investments	**268.4**	114.7
	337.4	257.9
Movement in other property investments		
Balance at the beginning of the year	**257.9**	101.6
Additions	**113.8**	16.2
Disposals	**(60.5)**	(0.5)
Net revaluation increment to income statement	**39.6**	19.8
Additions from the Restructure	**–**	140.6
Retranslation of foreign operations	**(13.4)**	(19.8)
Balance at the end of the year	**337.4**	257.9

NOTE 17 PLANT AND EQUIPMENT

Plant and equipment	**69.2**	77.4

Plant and equipment of US$69.2 million (31 December 2014: US$77.4 million) comprises the following: aircraft US$31.5 million (31 December 2014: US$40.3 million) and other plant and equipment US$37.7 million (31 December 2014: US$37.1 million).

NOTE 18 PAYABLES AND OTHER CREDITORS

	31 Dec 15 US$million	31 Dec 14 US$million
Current		
Payables and other creditors	**691.2**	849.9
Employee benefits	**38.2**	45.7
	729.4	895.6
Non current		
Sundry creditors and accruals	**138.5**	120.5
Employee benefits	**9.6**	14.3
	148.1	134.8

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
NOTE 19 INTEREST BEARING LIABILITIES			
Interest bearing liabilities - consolidated			
Current			
Unsecured			
Bank overdraft	11(a)	**–**	0.1
Finance leases		**0.5**	0.4
Secured			
Bank loans and mortgages			
– US$ denominated		**3.1**	122.9
		3.6	123.4
Non current			
Unsecured			
Bank loans			
– € denominated		**149.9**	100.2
– £ denominated		**–**	873.1
– US$ denominated		**–**	50.0
Notes payable			
– US$ denominated		**4,500.0**	3,500.0
Finance leases		**39.7**	32.7
Secured			
Bank loans and mortgages			
– US$ denominated		**578.2**	750.8
		5,267.8	5,306.8
Total interest bearing liabilities - consolidated		**5,271.4**	5,430.2

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

(a) Summary of financing facilities

Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**8,571.5**	8,675.3
Total interest bearing liabilities	**(5,271.4)**	(5,430.2)
Total bank guarantees	**(22.5)**	(13.7)
Available financing facilities	**3,277.6**	3,231.4
Cash	**1,106.8**	308.6
Financing resources available at the end of the year	**4,384.4**	3,540.0

These facilities comprise fixed and floating rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 15 US$million	**Total interest bearing liabilities 31 Dec 15 US$million**	Committed financing facilities 31 Dec 14 US$million	Total interest bearing liabilities 31 Dec 14 US$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2015	**–**	**–**	123.4	123.4
Year ending December 2016	**3.6**	**3.6**	153.5	153.5
Year ending December 2017	**953.9**	**903.8**	1,772.2	1,727.1
Year ending December 2018	**124.6**	**124.6**	4.0	4.0
Year ending December 2019	**4,504.4**	**1,254.4**	4,504.3	1,304.3
Year ending December 2020	**1,172.8**	**1,172.8**	172.7	172.7
Year ending December 2021	**0.7**	**0.7**	0.6	0.6
Year ending December 2022	**275.8**	**275.8**	415.7	415.7
Year ending December 2023	**0.9**	**0.9**	0.7	0.7
Year ending December 2024	**1,000.9**	**1,000.9**	1,000.7	1,000.7
Year ending December 2025	**1.0**	**1.0**	0.8	0.8
Due thereafter	**532.9**	**532.9**	526.7	526.7
	8,571.5	**5,271.4**	8,675.3	5,430.2

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 15 US$million**	**Total interest bearing liabilities (local currency) 31 Dec 15 US$million**	Committed financing facilities (local currency) 31 Dec 14 US$million	Total interest bearing liabilities (local currency) 31 Dec 14 US$million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Secured mortgage - San Francisco Centre (i)	6-Jul-15	**–**	**–**	US$120.0	US$120.0
Secured mortgage - Fox Valley	11-Nov-16	**–**	**–**	US$150.0	US$150.0
Unsecured bank loan - bridge facility (ii)	20-Mar-17	**–**	**–**	£524.5	£524.5
Unsecured bank loan - bilateral facility	3-Jul-17	**US$200.0**	**€138.0**	US$200.0	€82.5 / £35.0
Unsecured notes payable - bonds	15-Sep-17	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage - San Francisco Centre (i)	6-Mar-18	**US$120.5**	**US$120.5**	–	–
Unsecured bank loan - syndicated facility (iii)	30-Jun-19	**US$3,250.0**	**–**	US$3,250.0	US$50.0
Unsecured notes payable - bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage - Old Orchard	1-Mar-20	**US$185.8**	**US$185.8**	US$188.7	US$188.7
Unsecured notes payable - bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	–	–
Secured mortgage - Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Secured mortgage - Mainplace	1-Jun-22	**–**	**–**	US$140.0	US$140.0
Unsecured notes payable - bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable - bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the above		**8,531.3**	**5,231.2**	8,642.1	5,397.0
Add:					
Finance leases		**40.2**	**40.2**	33.1	33.1
Bank overdraft		**–**	**–**	0.1	0.1
Consolidated financing facilities and interest bearing liabilities		**8,571.5**	**5,271.4**	8,675.3	5,430.2

(i) Mortgage has been refinanced and assumes one year option has been exercised to extend the mortgage from 2017 to 2018.

(ii) Bridge loans have been repaid.

(iii) Assumes option has been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are US$581.3 million (31 December 2014: US$873.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of US$1,839.8 million (31 December 2014: US$2,299.2 million). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million	Committed financing facilities 31 Dec 14 US$million	Total interest bearing liabilities 31 Dec 14 US$million
(d)_Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	**2,223.9**	**2,223.9**	1,991.6	1,991.6
Finance leases	**7.0**	**7.0**	7.1	7.1
	2,230.9	**2,230.9**	1,998.7	1,998.7
Interest bearing liabilities - current	**4.7**	**4.7**	4.4	4.4
Interest bearing liabilities - non current	**2,226.2**	**2,226.2**	1,994.3	1,994.3
	2,230.9	**2,230.9**	1,998.7	1,998.7
(e)_Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2015	**–**	**–**	4.4	4.4
Year ending December 2016	**4.7**	**4.7**	4.6	4.6
Year ending December 2017	**222.5**	**222.5**	222.5	222.5
Year ending December 2018	**34.5**	**34.5**	34.5	34.5
Year ending December 2019	**559.6**	**559.6**	592.1	592.1
Year ending December 2020	**188.7**	**188.7**	188.7	188.7
Year ending December 2021	**3.3**	**3.3**	3.3	3.3
Year ending December 2022	**3.4**	**3.4**	3.4	3.4
Year ending December 2023	**501.5**	**501.5**	501.6	501.6
Year ending December 2024	**437.7**	**437.7**	437.7	437.7
Year ending December 2025	**269.4**	**269.4**	0.2	0.2
Due thereafter	**5.6**	**5.6**	5.7	5.7
	2,230.9	**2,230.9**	1,998.7	1,998.7

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 15 US$million**	**Total interest bearing liabilities (local currency) 31 Dec 15 US$million**	Committed financing facilities (local currency) 31 Dec 14 US$million	Total interest bearing liabilities (local currency) 31 Dec 14 US$million
(f)_Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage - San Francisco Emporium	11-Jan-17	**US$217.5**	**US$217.5**	US$217.5	US$217.5
Secured mortgage - Southgate [(i)]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage - Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage - Southcenter	11-Jan-20	**US$127.9**	**US$127.9**	US$129.8	US$129.8
Secured mortgage - Brandon	01-Mar-20	**US$72.0**	**US$72.0**	US$73.1	US$73.1
Secured mortgage - Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage - Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage - Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage - Citrus Park	01-Jun-23	**US$70.4**	**US$70.4**	US$71.7	US$71.7
Secured mortgage - Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage - Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage - Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage - Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage - Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage - Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	–	–
Secured mortgage - Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	–	–
Secured mortgage - Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	–	–
Total US$ equivalent of the above		**2,223.9**	**2,223.9**	1,991.6	1,991.6
Add:					
Finance leases		**7.0**	**7.0**	7.1	7.1
		2,230.9	**2,230.9**	1,998.7	1,998.7

(i) The first year option has been exercised to extend the loan from 2015 to 2016 during the period and assumes two one year options have been exercised to extend the loan from 2016 to 2018.

Total equity accounted secured liabilities are US$2,230.9 million (31 December 2014: US$1,998.7 million). The aggregate net asset value of equity accounted entities with secured borrowings is US$3,706.3 million (31 December 2014: US$3,356.1 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**3.0**	2.7
Other redeemable preference shares/units	(b)	**–**	–
		3.0	2.7
Non current			
Convertible redeemable preference shares/units	(a)	**95.8**	94.9
Other redeemable preference shares/units	(b)	**158.1**	137.0
		253.9	231.9
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current - within one year		**3.0**	2.7
Non current - after one year		**253.9**	231.9
		256.9	234.6

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2015, the Jacobs Group holds 1,503,567 (31 December 2014: 1,508,382) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2015, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2014: 1,401,426). At any time after the earlier of (i) 21 July 2005, (ii) dissolution of the operating partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2015, 1,538,481 (31 December 2014: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

(v) As at 31 December 2015, 764,205 (31 December 2014: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

(i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 21 DERIVATIVE LIABILITIES

	31 Dec 15 US$million	31 Dec 14 US$million
Current		
Payables on interest rate derivatives	–	0.5
	–	0.5
Non current		
Payables on interest rate derivatives	**19.1**	–
	19.1	–

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2015, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$19.1 million are reduced by US$19.1 million to the net amount of nil (31 December 2014: derivative liabilities of US$0.5 million are reduced by US$0.5 million to the net amount of nil).

NOTE 22 CONTRIBUTED EQUITY

	Securities	Securities
(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	31 Dec 15 US$million	31 Dec 14 US$million
(b) Amount of contributed equity		
of WCL	**869.7**	888.3
of WFDT and WAT	**10,571.0**	10,571.0
of the Group	**11,440.7**	11,459.3
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,459.3**	4,957.5
Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation	–	901.8
Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	–	5,613.5
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(18.6)**	(13.5)
Balance at the end of the year	**11,440.7**	11,459.3

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 23 RESERVES		
of WCL	**42.0**	(6.9)
of WFDT and WAT	**(408.6)**	(137.2)
of the Group	**(366.6)**	(144.1)
Total reserves of the Group		
Foreign currency translation reserve	**(401.3)**	(183.2)
Employee share plan benefits reserve	**34.7**	39.1
Balance at the end of the year	**(366.6)**	(144.1)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(183.2)**	36.5
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(218.1)**	(219.7)
Balance at the end of the year	**(401.3)**	(183.2)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**39.1**	3.2
– movement in equity settled share based payment	**(4.4)**	35.9
Balance at the end of the year	**34.7**	39.1
NOTE 24 RETAINED PROFITS		
of WCL	**760.2**	160.9
of WFDT and WAT	**(2,534.5)**	(3,742.3)
of the Group	**(1,774.3)**	(3,581.4)
Movement in retained profits		
Balance at the beginning of the year	**(3,581.4)**	(2,966.2)
Profit after tax for the period	**2,323.5**	(215.0)
Dividend/distribution paid	**(516.4)**	(553.7)
Amounts previously included in non controlling interest	**-**	153.5
Balance at the end of the year	**(1,774.3)**	(3,581.4)

	Note	**Number of rights 31 Dec 15**	**Weighted average exercise price US$ 31 Dec 15**	Number of rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14

NOTE 25 SHARE BASED PAYMENTS

(a) Rights over Westfield Corporation stapled securities

	Note	Number of rights 31 Dec 15	Weighted average exercise price US$ 31 Dec 15	Number of rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14
– Executive performance rights	(b)(i)	**7,971,200**	–	11,143,275	–
– Partnership incentive rights	(b)(ii)	**6,786,586**	–	6,226,538	–
		14,757,786	–	17,369,813	–

(b) Executive Performance Rights and Partnership Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) - Equity settled

	Number of rights 31 Dec 15	Number of rights 31 Dec 14
Movement in Executive Performance Rights		
Balance at the beginning of the year	**11,143,275**	3,890,676
Rights transferred pursuant to the Restructure [(i)]	**–**	4,958,141
Adjustment to rights upon the establishment of Westfield Corporation [(ii)]	**–**	2,219,153
Rights transferred on employee relocation	**–**	196,886
Rights issued during the year	**2,723,604**	3,695,644
Rights exercised during the year	**(5,046,484)**	(3,639,501)
Rights forfeited during the year	**(849,195)**	(177,724)
Balance at the end of the year	**7,971,200**	11,143,275

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

Vesting profile	**Fair value granted US$million 31 Dec 15**	**Number of rights[(i)] 31 Dec 15**	Fair value granted US$million 31 Dec 14	Number of rights[(i)] 31 Dec 14
2015	**–**	**–**	20.2	4,641,240
2016	**15.9**	**4,101,771**	20.6	4,808,665
2017	**16.0**	**2,986,284**	4.5	962,500
2018	**3.5**	**803,982**	3.4	730,870
2019	**0.5**	**79,163**	–	–
	35.9	**7,971,200**	48.7	11,143,275

(i) The exercise price for the EPR Plan is nil.

The EPR Plan is a plan in which senior executives and high performing employees participate. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights and Partnership Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) - Equity settled

	Number of rights 31 Dec 15	Number of rights 31 Dec 14
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,226,538**	1,224,723
Rights transferred pursuant to the Restructure [i]	**–**	2,233,946
Adjustment to rights upon the establishment of Westfield Corporation [ii]	**–**	693,186
Rights issued during the year [iii]	**1,909,028**	2,139,186
Rights exercised during the year	**(1,100,979)**	–
Rights forfeited during the year	**(248,001)**	(64,503)
Balance at the end of the year	**6,786,586**	6,226,538

[i] Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

[ii] As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

[iii] As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR Plan.

For 2015 the rights were issued subject to two performance hurdles: FFO measured over one year (2015) and development hurdle measured over four years. In 2015, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	**Fair value granted US$million 31 Dec 15**	**Number of rights[i] 31 Dec 15**	Fair value granted US$million 31 Dec 14	Number of rights[i] 31 Dec 14
2015	**–**	**–**	3.3	982,628
2016	**6.2**	**1,870,066**	7.5	1,986,961
2017	**8.1**	**2,036,809**	9.6	2,173,378
2018	**8.9**	**1,937,886**	4.7	1,083,571
2019	**5.0**	**941,825**	–	–
	28.2	**6,786,586**	25.1	6,226,538

[i] The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2015 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$22.9 million (31 December 2014: US$22.2 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

(i) The Executive Deferred Award Plan (EDA Plan) - Cash settled

	Number of award securities 31 Dec 15	Number of award securities 31 Dec 14
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**1,203,506**	768,539
Awards transferred pursuant to the Restructure [(i)]	**–**	309,918
Adjustment to awards upon the establishment of Westfield Corporation [(ii)]	**–**	354,235
Awards exercised during the year	**(1,004,931)**	(96,184)
Awards lapsed during the year	**(198,575)**	(133,002)
Balance at the end of the year	**–**	1,203,506

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these awards which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these awards had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing awards issued under the United States Plans operated by the former Westfield Group were modified such that the value of the awards held by the Plan participants was maintained by adjusting the number of awards in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the awards relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of awards held by Plan participants prior to the adjustment occurring.

Vesting profile	**Cumulative value granted US$million 31 Dec 15**	**Number of award securities 31 Dec 15**	Cumulative value granted US$million 31 Dec 14	Number of award securities 31 Dec 14
2015	**–**	**–**	6.1	1,203,506
	–	**–**	6.1	1,203,506

The EDA Plan is a plan in which senior executives and high performing employees participate. The fair value of the EDA Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The EDA Plan operates in much the same manner as the EPR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

As from 2012 onwards, it is not anticipated that any further issues will be made under the EDA Plan.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans (continued)

(ii) The Partnership Incentive Plan (PIP Plan) - Cash settled

	Number of award securities 31 Dec 15	Number of award securities 31 Dec 14
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**829,338**	843,331
Awards transferred pursuant to the Restructure [(i)]	**–**	1,482,257
Adjustment to awards upon the establishment of Westfield Corporation [(ii)]	**–**	444,385
Awards exercised during the year	**(810,272)**	(1,894,569)
Awards lapsed during the year	**(19,066)**	(46,066)
Balance at the end of the year	**–**	829,338

(i) Following implementation of the Restructure on 30 June 2014, the number of awards that were issued under the Australian and United Kingdom versions of the Westfield Group Plans that relate to securities in Westfield Corporation were transferred from Scentre Group. These awards have been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, existing awards in the United States versions of the Westfield Group Plans had been modified such that the value of the awards held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities.

The awards over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the awards on issue in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security.

The value of awards adjusted immediately before the transaction was the same as the value of awards immediately after the transaction.

Vesting profile	**Cumulative value granted US$million 31 Dec 15**	**Number of award securities 31 Dec 15**	Cumulative value granted US$million 31 Dec 14	Number of award securities 31 Dec 14
2015	**–**	**–**	4.2	829,338
	–	**–**	4.2	829,338

The senior leadership team of the Group, participate in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include the Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The PIP Plan operates in much the same manner as the PIR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

As from 2012 onwards, it is not anticipated that any further issues will be made under the PIP plan.

Accounting for cash settled Share Based Payments

The accounts of the Group and the remuneration disclosures in this Annual Report disclose the full liability to members of the grant of awards under the Group's equity-linked plans, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating the Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period (and at the date of settlement) the awards are adjusted to fair market value with any adjustments in fair value recognised in the profit or loss.

During the year, US$1.5 million (31 December 2014: US$3.8 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 15 US cents	31 Dec 14 US cents

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

Basic earnings per stapled security attributable to members of Westfield Corporation	**111.81**	(11.63)
Diluted earnings per stapled security attributable to members of Westfield Corporation	**110.68**	(11.63)

(b) Income and security data

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

	31 Dec 15 US$million	31 Dec 14 US$million
Earnings used in calculating basic earnings per stapled security	**2,323.5**	(215.0)
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per stapled security	**2,323.5**	(215.0)

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security	**2,078,089,686**	2,078,089,686
Adjustment for the acquisition of the United Kingdom operations as a result of the Restructure implemented on 30 June 2014	**–**	(229,676,886)
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security (i)	**2,078,089,686**	1,848,412,800
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security (ii)	**2,078,089,686**	1,848,412,800
Weighted average of potential employee awards scheme security options which, if issued would be dilutive (iii)	**21,235,219**	20,698,363
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security (iv)	**2,099,324,905**	1,869,111,163

(i) The weighted average number of ordinary securities used in calculating basic earnings per stapled security has been adjusted for the acquisition of the United Kingdom operations which occurred on 30 June 2014.

(ii) 2,078.1 million (31 December 2014: 1,848.4 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(iii) At 31 December 2015, 14,757,786 actual employee award scheme security options were on hand (31 December 2014: 17,369,813).

(iv) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 6,477,433 (31 December 2014: 3,328,550).

(c) Conversions, calls, subscription or issues after 31 December 2015

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary securities since the reporting date and before the completion of this report.

	31 Dec 15 US$million	31 Dec 14 US$million
NOTE 27 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2015		
– to be paid on 29 February 2016		
WFDT: 0.10 US cents per unit, 54% estimated tax deferred	**2.1**	–
WAT: 12.45 US cents per unit, 10% estimated tax deferred	**258.7**	–
Dividend/distribution in respect of the 6 months to 31 December 2014		
WFDT: 8.66 US cents per unit, 92% tax deferred (includes 8% CGT concession amount)	**–**	180.0
WAT: 3.64 US cents per unit, 3% tax deferred	**–**	75.6
	260.8	255.6

Interim dividend/distributions of 12.55 US cents were paid on 31 August 2015. Final dividend/distributions will be paid on 29 February 2016. The record date for the final dividends/distributions was 5pm, 15 February 2016. No distribution reinvestment plan is operational for the distribution.

	31 Dec 15 US$million	31 Dec 14 US$million
(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2015		
WFDT: 3.55 US cents per unit, 54% estimated tax deferred	**73.8**	–
WAT: 9.00 US cents per unit, 10% estimated tax deferred	**187.0**	–
Dividend/distribution in respect of the 6 months to 30 June 2014		
WAT: 19.63 US cents (21.00 A$ cents) per unit, 3% tax deferred	**–**	408.0
	260.8	408.0

Dividends paid by the Parent Company have been franked at the corporate tax rate of 30%.

	31 Dec 15 US$million	31 Dec 14 US$million
(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**2.7**	0.2
Franking credits available for future distributions	**2.7**	0.2

	31 Dec 15 US$	31 Dec 14 US$
NOTE 28 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**4.48**	3.72

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2014: 2,078,089,686).

	US$million	US$million
NOTE 29 LEASE COMMITMENTS		

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Operating lease receivables

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

	US$million	US$million
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**607.2**	694.2
Due between one and five years	**1,859.0**	2,099.8
Due after five years	**1,635.3**	1,860.7
	4,101.5	4,654.7

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

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 30 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

	31 Dec 15 US$million	31 Dec 14 US$million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects.		
Due within one year	**675.2**	405.2
Due between one and five years	**1,058.4**	328.3
Due after five years	**–**	–
	1,733.6	733.5

NOTE 31 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

	31 Dec 15 US$million	31 Dec 14 US$million
Performance guarantees	**127.5**	121.0
	127.5	121.0

A member of Westfield Corporation has guaranteed the A$1,154.9 million (31 December 2014: A$1,409.1 million) Property Linked Notes issued by Scentre Group. However, under the Implementation Deed in relation to the Restructure and Merger, Westfield Corporation has the benefit of an indemnity from Scentre Group in the event liability under the guarantee arises.

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

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

NOTE 32 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 33 FINANCIAL RISK MANAGEMENT

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

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

The Group's treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group's treasury management objectives.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Board Audit and Risk Committee comprising three Directors. The Board Audit and Risk Committee reviews and oversees Management's compliance with these policies, procedures and limits. The Board Audit and Risk Committee is assisted in its oversight role by the Group's Executive Risk Management Committee, Treasury Finance Committee and internal audit function.

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

The Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, and hedges of share based payments, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

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

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

NOTE 34 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	**31 Dec 15 US$million**	31 Dec 14 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	19	**3.6**	123.4
Non current interest bearing liabilities	19	**5,267.8**	5,306.8
Share of equity accounted entities interest bearing liabilities	19(d)	**2,230.9**	1,998.7
Cross currency swaps			
– £461.1 million (31 December 2014: £90.0 million)	35 (i)(ii)	**679.5**	140.4
Principal amounts subject to interest rate payable exposure		**8,181.8**	7,569.3
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$nil (31 December 2014: A$210.8 million)	35(ii)	**–**	172.9
– US$700.0 million (31 December 2014: nil)	35(i)	**700.0**	–
Cash	11(a)	**1,106.8**	308.6
Share of equity accounted entities cash	15(c)	**100.0**	92.4
Principal amounts subject to interest rate receivable exposure		**1,906.8**	573.9
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**6,275.0**	6,995.4

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	31 Dec 15 US$million	31 Dec 14 US$million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £375.0 million (31 December 2014: £375.0 million)	34(ii)	**552.6**	585.2
– US$	34(ii)	**6,603.6**	5,751.6
Fixed rate derivatives			
– £461.1 million (31 December 2014: nil)	34(ii)	**679.5**	–
– US$	34(ii)	**–**	2,750.0
Interest rate options			
– US$	34(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**7,864.2**	9,115.3
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	34(ii)	**3,950.0**	3,250.0
– A$nil (31 December 2014: A$200.0 million)	34(ii)	**–**	164.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,950.0**	3,414.0
Principal amounts on which net interest rate payable exposure has been hedged		**3,914.2**	5,701.3

At 31 December 2015, the Group has hedged 62% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 38% is exposed to floating rates on a principal payable of US$2.360.8 million, at an average interest rate of 2.4%, including margin (31 December 2014: 81% hedged with floating exposure of US$1,294.1 million at an average rate of 1.2%). Changes to derivatives due to interest rate movements are set out in Notes 34(ii) and 34(iii).

Interest rate sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	47.2	25.9
	-1.0%	23.6	12.9
	-0.5%	11.8	6.5
	0.5%	(11.8)	(6.5)
	1.0%	(23.6)	(12.9)
	2.0%	(47.2)	(25.9)

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**Interest rate swaps** 31 Dec 15 Notional principal amount million	**Interest rate swaps** 31 Dec 15 Average rate	**Fixed rate borrowings** 31 Dec 15 Principal amount million	**Fixed rate borrowings** 31 Dec 15 Average rate including margin	Interest rate swaps 31 Dec 14 Notional principal amount million	Interest rate swaps 31 Dec 14 Average rate	Fixed rate borrowings 31 Dec 14 Principal amount million	Fixed rate borrowings 31 Dec 14 Average rate including margin
US$ payable								
31 December 2014	**–**	**–**	**–**	**–**	US$(2,750.0)	1.80%	US$(5,751.6)	3.76%
31 December 2015	**–**	**–**	**US$(6,603.6)**	**3.61%**	–	–	US$(5,626.3)	3.74%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(6,596.0)**	**3.61%**	US$(1,350.0)	1.39%	US$(5,468.7)	3.70%
31 December 2017	**–**	**–**	**US$(5,620.3)**	**3.76%**	–	–	US$(4,493.2)	3.92%
31 December 2018	**–**	**–**	**US$(5,610.9)**	**3.76%**	–	–	US$(4,484.3)	3.93%
31 December 2019	**–**	**–**	**US$(4,350.3)**	**4.06%**	–	–	US$(3,223.8)	4.42%
31 December 2020	**–**	**–**	**US$(2,989.6)**	**4.00%**	–	–	US$(2,861.1)	4.05%
31 December 2021	**–**	**–**	**US$(2,986.4)**	**4.00%**	–	–	US$(2,858.0)	4.05%
31 December 2022	**–**	**–**	**US$(2,708.1)**	**3.98%**	–	–	US$(2,439.7)	4.03%
31 December 2023	**–**	**–**	**US$(2,206.7)**	**4.00%**	–	–	US$(1,937.5)	4.02%
31 December 2024	**–**	**–**	**US$(769.2)**	**4.42%**	–	–	US$(500.0)	4.75%
31 December 2025-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
£ payable								
31 December 2014	**–**	**–**	**–**	**–**	–	–	£(375.0)	2.69%
31 December 2015	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2016	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2017	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2018	**£(461.1)**	**3.26%**	**£(375.0)**	**2.69%**	–	–	£(375.0)	2.69%
31 December 2019	**£(461.1)**	**3.26%**	**–**	**–**	–	–	–	–
A$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	A$200.0	6.77%	–	–
US$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2015	**US$3,950.0**	**2.89%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2016	**US$3,950.0**	**2.89%**	**–**	**–**	US$3,250.0	2.81%	–	–
31 December 2017	**US$1,200.0**	**3.43%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2018	**US$1,200.0**	**3.43%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2019	**US$1,200.0**	**3.43%**	**–**	**–**	US$500.0	3.69%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment, refer to Note 33. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a receivable of US$92.6 million (31 December 2014: US$162.6 million). The change in fair value for the year ended 31 December 2015 was US$70.0 million (31 December 2014: US$40.9 million).

Interest rate sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**154.8**	160.9
	-1.0%	**75.6**	78.8
	-0.5%	**37.2**	38.9
	0.5%	**(36.3)**	(38.0)
	1.0%	**(71.5)**	(75.5)
	2.0%	**(140.2)**	(148.0)

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

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

Notional principal of the Group's consolidated and share of equity accounted interest rate options:

Interest rate options contracted as at the reporting date and outstanding at	**Interest rate options** 31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rates	Interest rate options 31 Dec 14 Notional principal amount million	31 Dec 14 Average strike rate
US$ payable caps				
31 December 2014	**–**	**–**	US$(28.5)	3.50%
31 December 2015 [(i)]	**US$(28.5)**	**3.50%**	US$(675.0)	0.56%

(i) US$675.0 million of caps have been lapsed during the period.

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a payable of US$2,004 (31 December 2014: US$0.1 million). The change in fair value for the year ended 31 December 2015 was US$0.1 million (31 December 2014: US$0.1 million).

Fair value sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**0.0**	(0.6)
	-1.0%	**0.0**	(0.6)
	-0.5%	**0.0**	(0.6)
	0.5%	**0.0**	2.0
	1.0%	**0.0**	4.6
	2.0%	**0.0**	10.0

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 15 million	31 Dec 14 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,196.5**	£2,788.5
£ borrowings	**£(375.0)**	£(934.6)
£ cross currency swaps	**£(461.1)**	–
£ denominated net assets	**£2,360.4**	£1,853.9
Euro		
€ net assets	**€140.8**	€90.3
€ borrowings	**€(138.0)**	€(82.5)
€ denominated net assets	**€2.8**	€7.8
Australian Dollar		
A$ net assets	**A$(68.9)**	A$(32.0)
A$ denominated net assets	**A$(68.9)**	A$(32.0)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

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

Foreign currency sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.6786 rate (31 December 2014: 0.6409) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,453.7**	1,312.4
	- 10 pence	**601.2**	534.9
	- 5 pence	**276.7**	244.8
	+ 5 pence	**(238.7)**	(209.4)
	+ 10 pence	**(446.8)**	(390.5)
	+ 20 pence	**(791.9)**	(688.1)
The sensitivity of € denominated net assets to changes in the year end US$/€0.9205 rate (31 December 2014: 0.8230) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**0.8**	3.0
	- 10 cents	**0.4**	1.3
	- 5 cents	**0.2**	0.6
	+ 5 cents	**(0.2)**	(0.5)
	+ 10 cents	**(0.3)**	(1.0)
	+ 20 cents	**(0.5)**	(1.8)
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.3725 rate (31 December 2014: 1.2195) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(8.6)**	(5.1)
	- 10 cents	**(3.9)**	(2.3)
	- 5 cents	**(1.9)**	(1.1)
	+ 5 cents	**1.8**	1.0
	+ 10 cents	**3.4**	2.0
	+ 20 cents	**6.4**	3.7

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Net investment hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date. These contracts are accounted for as effective hedges of net investments of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 15	31 Dec 14	Amount receivable/(payable) 31 Dec 15 million	31 Dec 15 million	31 Dec 14 million	31 Dec 14 million
£						
Contracts to buy US$ [i] and sell £						
31 December 2015	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2016	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2017	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2018	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–
31 December 2019	**0.6587**	–	**US$700.0**	**£(461.1)**	–	–

[i] The receive US$ exposure is matched with a pay US$ exposure in the income statement.

The pay £ exposure is an effective net investment hedge and gains or losses are recorded directly in the foreign currency translation reserve. At 31 December 2015, the aggregate fair value is a receivable of US$20.1 million (31 December 2014: nil). The change in fair value for the year ended 31 December 2015 was US$20.1 million (31 December 2014: nil).

Foreign currency sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.6786 rate (31 December 2014: 0.6409) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	– 20 pence	**(284.0)**	–
	– 10 pence	**(117.5)**	–
	– 5 pence	**(54.1)**	–
	+ 5 pence	**46.6**	–
	+ 10 pence	**87.3**	–
	+ 20 pence	**154.7**	–

(ii) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows

The Group has entered into the following foreign currency derivative financial instruments to sell £ and purchase A$ at floating interest rates on notional principals at fixed exchange rates.

The following table details the cross currency interest rate swaps outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's cash flows and are considered ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 15	31 Dec 14	Amount receivable/(payable) 31 Dec 15 million	31 Dec 15 million	31 Dec 14 million	31 Dec 14 million
£						
Contracts to receive A$ and pay £						
31 December 2014	–	0.4270	–	–	A$210.8	£(90.0)

At 31 December 2015, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2015, the aggregate fair value is nil (31 December 2014: a receivable of US$1.7 million). The change in fair value for the year ended 31 December 2015 was US$1.7 million (31 December 2014: US$6.4 million).

Foreign currency sensitivity		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US$/A$1.3725 rate (31 December 2014: 1.2195) is as follows:	US$/A$ Currency movement	Gain/(loss) to income statement	
	- 20 cents	–	0.4
	- 10 cents	–	0.2
	- 5 cents	–	0.1
	+ 5 cents	–	(0.1)
	+ 10 cents	–	(0.2)
	+ 20 cents	–	(0.3)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows (Continued)

Foreign currency sensitivity (continued)		**31 Dec 15 US$million**	31 Dec 14 US$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US$/£0.6786 rate (31 December 2014: 0.6409) is as follows:	US$/£ Currency movement		Gain/(loss) to income statement
	- 20 pence	–	(0.2)
	- 10 pence	–	(0.1)
	- 5 pence	–	–
	+ 5 pence	–	–
	+ 10 pence	–	0.1
	+ 20 pence	–	0.1

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2015, the aggregate credit risk in respect of cash and cash equivalents is US$1,206.8 million (31 December 2014: US$401.0 million).

At 31 December 2015, the aggregate credit risk in respect of derivative financial instruments is US$112.7 million (31 December 2014: US$165.0 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 49% (31 December 2014: 58%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

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

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

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

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

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

At and during the years ended 31 December 2015 and 2014, the Group was in compliance with all the above financial covenants.

NOT 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 15 US$million	31 Dec 14 US$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(167.8)**	(280.6)
Due between one and five years	**(4,012.3)**	(3,712.8)
Due after five years	**(2,493.9)**	(2,912.1)
	(6,674.0)	(6,905.5)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(5,271.4)**	(5,430.2)
– aggregate future estimated nominal interest	**(1,402.6)**	(1,475.3)
	(6,674.0)	(6,905.5)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**61.8**	88.3
Due between one and five years	**97.5**	149.2
Due after five years	**–**	2.0
	159.3	239.5

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 15 US$million	31 Dec 14 US$million	31 Dec 15 US$million	31 Dec 14 US$million
Consolidated assets				
Cash	**1,106.8**	308.6	**1,106.8**	308.6
Trade receivables (i)	**14.2**	17.2	**14.2**	17.2
Receivables (i)	**445.0**	233.9	**445.0**	233.9
Other property investments (ii)	**337.4**	257.9	**337.4**	257.9
Derivative assets (ii)	**131.8**	165.0	**131.8**	165.0
Consolidated liabilities				
Payables (i)	**914.4**	1,069.3	**914.4**	1,069.3
Interest bearing liabilities (ii)				
– Fixed rate debt	**4,988.0**	4,484.5	**4,960.8**	4,373.7
– Floating rate debt	**315.2**	1,056.5	**310.6**	1,056.5
Other financial liabilities (ii)	**256.9**	234.6	**256.9**	234.6
Derivative liabilities (ii)	**19.1**	0.5	**19.1**	0.5

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

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Determination of fair value

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

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 15 US$million	**Level 1 US$million**	**Level 2 US$million**	**Level 3 US$million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**69.0**	69.0	–	–
– Unlisted investments	**268.4**	–	–	268.4
Derivative assets				
– Interest rate derivatives	**111.7**	–	111.7	–
– currency derivatives	**20.1**	–	20.1	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**4,988.0**	–	4,988.0	–
– Floating rate debt	**315.2**	–	315.2	–
Other financial liabilities				
– Redeemable preference shares/units	**256.9**	–	–	256.9
Derivative liabilities				
– Interest rate derivatives	**19.1**	–	19.1	–

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

	31 Dec 14 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	143.2	143.2	–	–
– Unlisted investments	114.7	–	–	114.7
Derivative assets				
– Interest rate derivatives	165.0	–	165.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,484.5	–	4,484.5	–
– Floating rate debt	1,056.5	–	1,056.5	–
Other financial liabilities				
– Redeemable preference shares/units	234.6	–	–	234.6
Derivative liabilities				
– Interest rate derivatives	0.5	–	0.5	–

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

	Unlisted investments(i) 31 Dec 15 US$million	**Redeemable preference shares/units(ii) 31 Dec 15 US$million**	Unlisted investments(i) 31 Dec 14 US$million	Redeemable preference shares/units(ii) 31 Dec 14 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**114.7**	**234.6**	101.6	347.6
Additions	**114.9**	**–**	15.6	–
Disposals	**–**	**(7.7)**	(0.5)	(160.4)
Elimination upon consolidation as a result of the Restructure	**–**	**–**	(2.0)	–
Net fair value gain/loss to income statement	**38.8**	**30.0**	–	47.4
Balance at the end of the year	**268.4**	**256.9**	114.7	234.6

(i) The fair value of the unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2015, an increment of 1% to the earnings yield would result in an additional gain of US$41.8 million (31 December 2014: US$37.4 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$64.0 million (31 December 2014: US$57.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 15 US$million	31 Dec 14 US$million

NOTE 40 PARENT COMPANY

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

	31 Dec 15 US$million	31 Dec 14 US$million
(a) Assets		
Current assets	**43.3**	5.3
Non current assets	**1,407.1**	1,409.6
Total assets	**1,450.4**	1,414.9
(b) Liabilities		
Current liabilities	**447.6**	372.8
Non current liabilities	**32.0**	–
Total liabilities	**479.6**	372.8
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**(238.5)**	(134.2)
Retained profits	**340.0**	307.0
Total equity	**970.8**	1,042.1
(d) Comprehensive income		
Profit/(loss) after tax for the period	**33.0**	307.0
Other comprehensive income	**(104.3)**	(134.2)
Total comprehensive income for the period	**(71.3)**	172.8
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**4,649.9**	4,523.3
	4,649.9	4,523.3

NOTE 41 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2015, WFDT held current assets of US$2.9 billion, non current assets of US$2.1 billion and liabilities of US$0.3 billion (31 December 2014: current assets of US$3.4 billion, non current assets of US$1.8 billion and liabilities of nil).

As at 31 December 2015, the total equity held by WFDT was US$4.7 billion (31 December 2014: US$5.2 billion).

The profit after tax for the period was US$360.3 million and total comprehensive loss was US$221.0 million. The revenue for the period was US$83.3 million (31 December 2014: profit after tax of US$258.9 million and total comprehensive loss of US$474.9 million and revenue of US$1.0 million).

Westfield America Trust

As at 31 December 2015, WAT held current assets of US$1.4 billion, non current assets of US$11.8 billion, current liabilities of US$2.7 billion and non current liabilities of US$7.3 billion (31 December 2014: current assets of US$0.9 billion, non current assets of US$12.2 billion, current liabilities of US$3.3 billion and non current liabilities of US$8.4 billion).

As at 31 December 2015, the total equity held by WAT was US$3.2 billion (31 December 2014: US$1.4 billion).

The profit after tax for the period was US$1,875.2 million and total comprehensive income was US$2,103.4 million. The revenue for the period was US$578.4 million (31 December 2014: loss after tax of US$592.8 million and total comprehensive loss of US$265.6 million and revenue of US$693.0 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 15 US$'000	31 Dec 14 US$'000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,336**	1,284
– Assurance and compliance services	**117**	334
– Technical accounting advice and services	**789**	59
– Due diligence services	**–**	451
	2,242	2,128
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,337**	2,650
– Assurance and compliance services	**132**	303
– Taxation advice and compliance	**310**	169
– Technical accounting advice and services	**827**	–
	4,606	3,122
	6,848	5,250

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

Prior to the Restructure and Merger implemented on 30 June 2014, detailed in Note 1(b), Scentre Group was a related party of the Group as it formed part of the former Westfield Group during the 2014 financial year. Scentre Group is not a related party of the Group for the 2015 financial year.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 37.8 hours (for the six months ended 31 December 2014: 12.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the use of the Group's aircraft by LFG and use of LFG's aircraft by the Group. These arrangements, including rates, are at arm's length. The Group charged LFG US$1,341,419 during the year ended 31 December 2015 (for the six months ended 31 December 2014: US$274,124) in relation to their use of the Group's aircraft in excess of the interchange agreement. Amounts charged were payable on 7 day terms.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG US$819,038 (for the six months ended 31 December 2014: US$481,390) in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, the Group charged LFG US$1,028,197 (for the six months ended 31 December 2014: US$483,388) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2015 US$**	2014 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute US$7,477 (for the six months ended 31 December 2014 US$7,468) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2015.

(c) Scentre Group

Following the Restructure on 30 June 2014, the Group has the following ongoing contractual arrangements with Scentre Group:

- Scentre Group will have an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;
- Scentre Group will have access to the digital innovation activities of Westfield Labs; and
- Scentre Group will provide transitional services to the Group while both entities develop standalone resources and support services.

Transactions with Scentre Group for the six months ended 31 December 2014 are as follows:

(i) Access to the digital innovation activities of Westfield Labs (LABS)

For the six month period to December 2014, the Group charged Scentre Group US$4.5 million (A$5.5 million) for access to LABS digital services.

(ii) Provision of transitional services by Scentre Group

For the six months ended 31 December 2014, Scentre Group charged the Group US$5.5 million for transitional services.

For the six months ended 31 December 2014, the Group charged Scentre Group US$0.3 million for the provision of corporate services.

NOTE 43 RELATED PARTY DISCLOSURES (CONTINUED)

(iii) Other

For the six months ended 31 December 2014, Scentre Group charged to the Group US$0.6 million for the lease of office space.

As at 31 December 2014, amount payable and receivable by the Group to Scentre Group amounted to US$0.5 million and US$4.5 million, respectively.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2015 to 31 December 2015 are set out below:

– Frank Lowy	Chairman
– Brian Schwartz	Deputy Chairman / Lead Independent Director
– Ilana Atlas	Non-Executive Director
– Roy Furman	Non-Executive Director
– Peter Goldsmith	Non-Executive Director
– Michael Gutman	President / Chief Operating Officer
– Mark G. Johnson	Non-Executive Director
– Mark R. Johnson	Non-Executive Director
– Don Kingsborough	Non-Executive Director
– Peter Lowy	Co-Chief Executive Officer
– Steven Lowy	Co-Chief Executive Officer
– John McFarlane	Non-Executive Director
– Elliott Rusanow	Chief Financial Officer
– Judith Sloan (retired 14 May 2015)	Non-Executive Director

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2015 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits(i) US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments(ii) US$	US$
KEY MANAGEMENT PERSONNEL - DIRECTORS							
31 December 2015	**8,614,751**	**6,380,000**	**139,787**	**318,300**	**93,411**	**8,529,027**	**24,075,276**
31 December 2014 (iii)	4,026,116	4,290,452	76,659	98,904	40,352	6,443,974	14,976,457
KEY MANAGEMENT PERSONNEL - NON DIRECTORS							
31 December 2015	**980,000**	**815,000**	**–**	**27,869**	**–**	**904,531**	**2,727,400**
31 December 2014 (iii)	845,690	778,925	–	37,813	–	1,756,592	3,419,020
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2015	**9,594,751**	**7,195,000**	**139,787**	**346,169**	**93,411**	**9,433,558**	**26,802,676**
31 December 2014 (iii)	4,871,806	5,069,377	76,659	136,717	40,352	8,200,566	18,395,477

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(iii) As the first result of the new Group only included six months of operations, the renumeration disclosed also included six months. The renumeration covering the period from 1 January to 30 June 2014 was incurred by the former Westfield Group and that portion is disclosed in the Financial Report of the Scentre Group.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

	31 Dec 15 - Interest			31 Dec 14 - Interest		
Name of entity	Beneficial[(i)] Parent Company %	Westfield Corporation %	Consolidated or Equity accounted %	Beneficial[(i)] Parent Company %	Westfield Corporation %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN IRELAND						
Consolidated Controlled Entities						
Westfield Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Europe Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
WCI Finance, LLC	17.4	100.0	100.0	17.4	100.0	100.0
WEA Finance, LLC	17.0	100.0	100.0	17.0	100.0	100.0
Westfield, LLC	17.0	100.0	100.0	17.0	100.0	100.0
Westfield America, LP	17.0	100.0	100.0	17.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

Directors' Declaration

The Directors of Westfield Corporation Limited (Company) declare that:

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

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:

- (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 2015 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 24 February 2016 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Brian Schwartz AM
Director

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Independent auditor's report to the members of Westfield Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Westfield Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Year Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

a. the financial report of Westfield Corporation Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as 31 December 2014 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(d).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 31 of the Directors' Report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Westfield Corporation for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 25 February 2015

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014. The results for the comparative year ended 31 December 2013 comprise the earnings of WAT only.

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
Revenue			
Property revenue	4	**572.5**	695.3
Property development and project management revenue		**185.3**	105.5
Property management income		**60.8**	47.8
		818.6	848.6
Share of after tax profits of equity accounted entities			
Property revenue		**564.0**	452.2
Property revaluations	10	**418.0**	380.9
Property expenses, outgoings and other costs		**(168.9)**	(131.2)
Net interest expense		**(67.7)**	(53.0)
Tax expense		**(0.3)**	(0.2)
	17(a)	**745.1**	648.7
Expenses			
Property expenses, outgoings and other costs		**(209.7)**	(240.6)
Property development and project management costs		**(136.1)**	(83.6)
Property management costs		**(29.8)**	(25.0)
Overheads		**(105.5)**	(96.2)
		(481.1)	(445.4)
Interest income		**7.9**	39.5
Currency gain/(loss)	5	**(117.5)**	10.7
Financing costs	6	**(326.8)**	(307.7)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	**(7.6)**	(35.5)
– financing costs in respect of capital transactions	7	**–**	(74.9)
Property revaluations	10	**152.3**	20.0
Charges and credits in respect of the Restructure and Merger	8	**(800.8)**	–
Profit before tax for the period		**(9.9)**	704.0
Tax expense	9	**(205.1)**	(185.5)
Profit after tax for the period		**(215.0)**	518.5
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		**(215.0)**	471.4
– Non controlling interests		**–**	47.1
Profit after tax for the period		**(215.0)**	518.5

Net profit after tax comprising:			
Profit after tax for the six months ended 31 December 2014 (i)	3(a)	**582.3**	484.1
Profit after tax for the six months ended 30 June 2014 (ii)		**(797.3)**	34.4
Profit after tax for the period		**(215.0)**	518.5

Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:		
Westfield Corporation Limited (WCL) members	**160.9**	–
WFD Trust (WFDT) and Westfield America Trust (WAT) members	**(375.9)**	471.4
Net profit attributable to members of Westfield Corporation	**(215.0)**	471.4

		US cents	US cents
Basic earnings per WCL share		**10.23**	–
Diluted earnings per WCL share		**10.12**	–
Basic earnings per stapled security	28(a)	**(11.63)**	27.94
Diluted earnings per stapled security	28(a)	**(11.63)**	19.57

(i) Comprise the results of Westfield Corporation (including WAT, WCL and WFDT) for the 6 months ended 31 December 2014 following the Restructure, details of which are included in note 1(b). The results for the 6 months ended 31 December 2013 comprises only the earnings of WAT prior to the Restructure.

(ii) Comprise the results of WAT (not including WCL and WFDT) for the 6 months ended 30 June 2014 and 30 June 2013 prior to the Restructure.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014. The results for the comparative year ended 31 December 2013 comprise the earnings of WAT only.

	31 Dec 14 US$million	31 Dec 13 US$million
Profit after tax for the period	**(215.0)**	518.5
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Net exchange difference on translation of foreign operations	**(212.1)**	11.1
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(7.6)**	–
Total comprehensive income for the period	**(434.7)**	529.6
Total comprehensive income attributable to:		
– Members of Westfield Corporation	**(434.7)**	482.5
– Non controlling interests	**–**	47.1
Total comprehensive income for the period	**(434.7)**	529.6

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**114.9**	–
WFDT and WAT members [(ii)]	**(549.6)**	482.5
Total comprehensive income attributable to members of Westfield Corporation	**(434.7)**	482.5

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a loss after tax for the period of US$375.9 million (31 December 2013: gain of US$471.4 million) and the net exchange loss on translation of foreign operations of US$173.7 million (31 December 2013: gain of US$11.1 million).

Balance Sheet

AS AT 31 DECEMBER 2014

Comprising the Balance Sheet of Westfield Corporation which is representative of Westfield Corporation's financial position as at 31 December 2014 and the Balance Sheet of WAT as at 31 December 2013.

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
Current assets			
Cash and cash equivalents	11(a)	**308.6**	749.9
Trade debtors		**17.2**	16.3
Investment properties	15	**438.7**	–
Derivative assets	12	**5.7**	72.4
Receivables	13	**164.2**	1,032.0
Inventories		**152.1**	38.1
Prepayments and deferred costs	14	**33.0**	22.5
Total current assets		**1,119.5**	1,931.2
Non current assets			
Investment properties	15	**8,849.6**	5,424.2
Equity accounted investments	17(c)	**6,814.6**	5,393.2
Other investments	18	**257.9**	101.6
Derivative assets	12	**159.3**	200.4
Receivables	13	**69.7**	67.5
Plant and equipment	19	**77.4**	54.6
Deferred tax assets	9(b)	**10.3**	–
Prepayments and deferred costs	14	**129.0**	67.2
Total non current assets		**16,367.8**	11,308.7
Total assets		**17,487.3**	13,239.9
Current liabilities			
Trade creditors		**38.9**	25.9
Payables and other creditors	20	**895.6**	634.9
Interest bearing liabilities	21	**123.4**	830.5
Other financial liabilities	22	**2.7**	139.0
Tax payable		**96.7**	63.9
Derivative liabilities	23	**0.5**	–
Total current liabilities		**1,157.8**	1,694.2
Non current liabilities			
Payables and other creditors	20	**134.8**	80.8
Interest bearing liabilities	21	**5,306.8**	5,356.9
Other financial liabilities	22	**231.9**	1,074.3
Deferred tax liabilities	9(c)	**2,922.2**	2,757.5
Derivative liabilities	23	**–**	41.4
Total non current liabilities		**8,595.7**	9,310.9
Total liabilities		**9,753.5**	11,005.1
Net assets		**7,733.8**	2,234.8
Equity attributable to members of WCL			
Contributed equity	24(b)	**888.3**	–
Reserves	25	**(6.9)**	–
Retained profits	26	**160.9**	–
Total equity attributable to members of WCL		**1,042.3**	–
Equity attributable to WFDT and WAT members (31 December 2013: WAT)			
Contributed equity	24(b)	**10,571.0**	4,957.5
Reserves	25	**(137.2)**	39.7
Retained profits	26	**(3,742.3)**	(2,966.2)
Total equity attributable to WFDT and WAT members (31 December 2013: WAT)		**6,691.5**	2,031.0
Equity attributable to non controlling interests			
Contributed equity		**–**	228.1
Retained profits		**–**	(24.3)
Total equity attributable to non controlling interests		**–**	203.8
Total equity		**7,733.8**	2,234.8
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**1,042.3**	–
WFDT and WAT members (31 December 2013: WAT)		**6,691.5**	2,031.0
Total equity attributable to members of Westfield Corporation		**7,733.8**	2,031.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Comprehensive Income 31 Dec 14 US$million	Equity and Reserves 31 Dec 14 US$million	**Total 31 Dec 14 US$million**	Total 31 Dec 13 US$million
Changes in equity attributable to members of Westfield Corporation					
Opening balance of contributed equity		–	4,957.5	**4,957.5**	5,265.2
– Buy-back and cancellation of securities and associated cost		–	–	**–**	(307.7)
– Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation (i)	49	–	901.8	**901.8**	–
– Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation (i)	49	–	5,613.5	**5,613.5**	–
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve		–	(13.5)	**(13.5)**	–
Closing balance of contributed equity		–	11,459.3	**11,459.3**	4,957.5
Opening balance of reserves		–	39.7	**39.7**	27.4
– Movement in foreign currency translation reserve (ii) (iii)		(219.7)	–	**(219.7)**	11.1
– Movement in employee share plan benefits reserve (ii)		–	(6.8)	**(6.8)**	1.2
– Employee share plan benefits reserve contributed for WCL pursuant to the establishment of Westfield Corporation (i)	49	–	42.7	**42.7**	–
Closing balance of reserves		(219.7)	75.6	**(144.1)**	39.7
Opening balance of retained profits/(accumulated losses)		–	(2,966.2)	**(2,966.2)**	(2,945.0)
– Profit after tax for the period (iii)		(215.0)	–	**(215.0)**	471.4
– Dividend/distribution paid		–	(553.7)	**(553.7)**	(492.6)
– Amounts previously included in non controlling interest (iv)		–	153.5	**153.5**	–
Closing balance of retained profits/(accumulated losses)		(215.0)	(3,366.4)	**(3,581.4)**	(2,966.2)
Closing balance of equity attributable to members of Westfield Corporation		(434.7)	8,168.5	**7,733.8**	2,031.0
Changes in equity attributable to non controlling interests					
Opening balance of equity		–	203.8	**203.8**	156.7
Total comprehensive income attributable to non controlling interests (iii)		–	(50.3)	**(50.3)**	47.1
Amounts previously included in non controlling interest (iv)		–	(153.5)	**(153.5)**	–
Closing balance of equity attributable to non controlling interests		–	–	**–**	203.8
Total equity		(434.7)	8,168.5	**7,733.8**	2,234.8

Closing balance of equity attributable to:				
– WCL members	114.9	927.4	**1,042.3**	816.0
– WFDT and WAT members	(549.6)	7,241.1	**6,691.5**	14,513.5
Closing balance of equity attributable to members of Westfield Corporation	(434.7)	8,168.5	**7,733.8**	15,329.5

(i) Total equity contributed for WCL of US$944.5 million comprises contributed equity of US$901.8 million and employee share plan benefits reserve of US$42.7 million. Total equity contributed for WFDT comprises of contributed equity of US$5,613.5 million.

(ii) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US$173.7 million (31 December 2013: gain of US$11.1 million) and net credit to the employee share plan benefits reserve of nil (31 December 2013: US$1.2 million).

(iii) Total comprehensive income for the period amounts to a loss of US$434.7 million (31 December 2013: gain of US$482.5 million).

(iv) The non controlling interest previously held in WAT, representing the portion of Westfield America, Inc. (WEA) held by Westfield Holdings Limited (now Scentre Group Limited), has been derecognised as a result of the Restructure as the interest in WEA is now held by WCL.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

The cash flows for the year ended 31 December 2014 comprise the cash flows of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the cash flows of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014. The cash flows for the comparative year ended 31 December 2013 comprise the cash flows of WAT only.

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**816.8**	873.4
Payments in the course of operations (including sales tax)		**(523.6)**	(404.8)
Settlement of income hedging currency derivatives		**20.7**	28.6
Dividends/distributions received from equity accounted associates		**279.6**	199.9
Income and withholding taxes paid		**(30.7)**	–
Sales tax paid		**(7.1)**	–
Net cash flows from operating activities	11(b)	**555.7**	697.1
Cash flows from investing activities			
Capital expenditure on property investments – consolidated		**(422.3)**	(300.5)
Capital expenditure on property investments – equity accounted		**(152.4)**	(111.8)
Acquisition of property investments – consolidated		**(626.5)**	–
Proceeds from the disposition of property investments – consolidated		**252.0**	1,998.3
Tax paid on disposition of property investments		**(77.2)**	(30.2)
Capital distribution and advances from equity accounted associates		**324.0**	189.8
Purchase of plant and equipment		**(7.6)**	(16.6)
Financing costs capitalised to qualifying development projects and construction in progress		**(60.2)**	(13.2)
Settlement of asset hedging currency derivatives		**–**	236.3
Cash held by entities of WCL and WFDT consolidated during the period		**146.5**	–
Net cash flows (used in)/from investing activities		**(623.7)**	1,952.1
Cash flows used in financing activities			
Buy-back of securities		**–**	(311.1)
Net proceeds/(repayment) from interest bearing liabilities and other financial liabilities		**(10.6)**	(1,308.9)
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(123.4)**	(244.0)
– accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		**(61.1)**	–
Interest received		**9.7**	41.6
Financing costs capitalised to inventories and work in progress		**(5.2)**	–
Dividends/distributions paid		**(553.7)**	(492.6)
Dividends/distributions paid to non controlling interests		**(41.7)**	(6.0)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		**–**	(51.2)
Loans received from Westfield Group related entities prior to the Restructure and Merger		**404.3**	333.7
Charges and credits in respect of the Restructure and Merger			
– Drawdown from bridging facilities		**3,000.0**	–
– Loans received from related entities		**2,286.4**	–
– Repayment of bonds and banking facilities		**(4,584.6)**	–
– Refinancing costs		**(744.9)**	–
– Settlement of amount due from Scentre Group as at 30 June 2014		**61.2**	–
Net cash flows used in financing activities		**(363.6)**	(2,038.5)
Net (decrease)/increase in cash and cash equivalents held		**(431.6)**	610.7
Add opening cash and cash equivalents brought forward		**749.9**	139.4
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(9.8)**	(0.2)
Cash and cash equivalents at the end of the period	11(a)	**308.5**	749.9

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FOR THE YEAR ENDED 31 DECEMBER 2014

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NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2014 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 25 February 2015.

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

(b) Detail on the Restructure and Merger

Background

On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

– Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

– Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

– A restructure stage (Restructure), where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;

– A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and

– A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Accounting for the establishment of Westfield Corporation

The Group was established by the stapling of securities of each of the Parent Company, WFDT and WAT. The securities trade as one security on the Australian Securities Exchange (ASX) under the code WFD. The stapling transaction is referred to as the "Merger".

The Merger has been accounted for as a business combination by contract alone in accordance with AASB 3 Business Combinations. WAT has been identified as the acquirer for accounting purposes as WAT is the stapled entity whose relative size is the largest.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL has been deemed to be the parent entity of the Group as it has legal control of WFDT and WAT due to its subsidiary, Westfield America Management Limited, being the responsible entity of both WFDT and WAT.

However, as WAT is the deemed acquirer in accordance with AASB 3, the consolidated financial statements are issued under the name of Westfield Corporation but are a continuation of the financial statements of WAT. Accordingly, these financial statements present the results of WAT for the year ended 31 December 2014 and the assets and liabilities of WAT as at 31 December 2014; the financial statements also include the results of the Parent Company and WFDT from the date of stapling, being 30 June 2014 and the fair value of assets and liabilities of the Parent and WFDT as at 31 December 2014. The results and equity attributable to WFDT and WAT are shown separately in the financial statements as non controlling interests.

(c) Change in presentation currency

The Group has adopted United States dollars as its presentation currency, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

The Group's financial report is the continuation of the WAT financial report, and WAT previously adopted Australian dollars as its presentation currency. Therefore, the adoption of United States dollars presentation currency has been accounted for as a change in accounting policy which is accounted for retrospectively. Comparative financial information included in this financial report previously reported in Australian dollars has been restated into United States dollars using the procedures outlined below:

Assets and liabilities denominated in non-United States dollar currencies were translated into United States dollars at the closing rates of exchange on the relevant balance sheet date;

Non-United States dollar income and expenditure was translated at the average rates of exchange prevailing for the relevant period;

Contributed equity was translated at the historic rates prevailing at 1 July 1996, being the date of establishment of WAT, and subsequent transactions have been translated at the rates prevailing on the date of each transaction;

The foreign currency translation reserve was reset to nil at 1 July 2004 as the adoption of AIFRS resulted in the foreign currency translation reserve balance at 1 July 2004 being transferred to opening retained profits;

The foreign currency translation reserve has been restated on the basis that the Group has reported in United States dollars since 1 July 2004; and

All exchange rates were extracted from the Group's underlying financial records. The A$/US$ exchange rates used were:

– 1 January 2013 opening rate – 1.0370;

– 31 December 2013 closing rate – 0.8932; and

– 2013 average rate – 0.9678.

(d) 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 Westfield America Trust annual financial report for the year ended 31 December 2013 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 2014.

– AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;

– AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;

– AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting; and

– AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

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 2014. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

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

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

(d) Statement of Compliance (continued)

– IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group is currently assessing the impact of this standard.

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);

– AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual framework, Materiality and Financial Instruments (effective from 1 January 2018); and

– AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018).

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

(e) 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.

(f) 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 16: Details of shopping centre investments and Note 41: 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) Accounting for the Group

The Group was established by the stapling of securities of each of the Parent Company, WFDT and WAT. The securities trade as one security on the Australian Securities Exchange (ASX) under the code WFD. The stapling transaction is referred to as the "Merger".

The Merger has been accounted for as a business combination by contract alone in accordance with AASB 3 Business Combinations. WAT has been identified as the acquirer for accounting purposes as WAT is the stapled entity whose relative size is the largest.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL has been deemed to be the parent entity of the Group as it has legal control of WFDT and WAT due to its subsidiary, Westfield America Management Limited, being the responsible entity of both WFDT and WAT.

However, as WAT is the deemed acquirer in accordance with AASB 3, the consolidated financial statements are issued under the name of Westfield Corporation but are a continuation of the financial statements of WAT. Accordingly, these financial statements present the results of WAT for the year ended 31 December 2014 and the assets and liabilities of WAT as at 31 December 2014; the financial statements also include the results of the Parent Company and WFDT from the date of stapling, being 30 June 2014 and the fair value of assets and liabilities of the Parent and WFDT as at 31 December 2014. The results and equity attributable to WFDT and WAT are shown separately in the financial statements as non controlling interests.

This financial report has been prepared based upon a business combination by the Parent Company of WFDT and WAT and in recognition of the fact that the securities issued by the Parent Company, WFDT and WAT have been stapled and cannot be traded separately.

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Company and each of its controlled entities which includes WFDT and WAT (Subsidiaries) as from the date the Parent Company obtained control until such time control ceased. The Parent Company and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Company, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

i) Joint arrangements

Joint operations

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

Joint ventures

The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Group and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint venture.

ii) Associates

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

iii) Controlled entities

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties

The Group's investment properties include shopping centre investments as well as development projects and construction in progress.

i) Shopping centre investments

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

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

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

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

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. Refer to Note 16 for the estimated yield. It is the Group's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

ii) Development projects and construction in progress

The 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.

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

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

(d) Other investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(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 global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

(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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue recognition (continued)

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete. 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) Expenses

Expenses are brought to account on an accruals basis.

(h) Taxation

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

i) WFDT

Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WFDT's constitution.

ii) WAT

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WAT's constitution.

Westfield America, Inc. (WEA), a subsidiary of WAT, is a Real Estate Investment Trust (REIT) for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders. Dividends paid by WEA to WAT are subject to United States dividend withholding tax.

Under current Australian income tax legislation, holders of the stapled securities of the Group may be entitled to receive a foreign income tax offset for United States withholding tax deducted from dividends paid to WAT by WEA.

iii) Deferred tax

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

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

iv) Parent Company – tax consolidation

The Parent Company and its Australian resident wholly owned subsidiaries have formed a Tax Consolidated Group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss of the subsidiary at the current tax rate. The Tax Consolidated Group has applied the modified separate tax payer approach in determining the appropriate amount of current taxes to allocate.

(i) Sales Tax

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

The net amount of sales tax payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(j) Financing costs

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

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

(k) Inventories and work in progress

Property development projects for third parties are carried at the lower of cost or net realisable value. Profit on property development is recognised on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(l) Depreciation and amortisation

Plant and equipment and deferred costs are carried at acquisition cost less depreciation and amortisation and any impairment in value. Depreciation and amortisation is applied over the estimated economic life using the straight line method from the date of acquisition or from the time the asset is ready for use. The estimated economic life of items in the asset class plant and equipment ranges from three to ten years.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Ground rent obligations for leasehold property that meets the definition of an investment property are accounted for as a finance lease.

(ii) Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments under the lease and are disclosed as an asset or investment property.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

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

(o) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction of the proceeds received.

(p) Derivative and other financial instruments

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.

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.

Receivables

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings are determined as follows:

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

Other financial liabilities

Other financial liabilities include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement.

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

(q) Recoverable amount of assets

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

(r) Earnings per security

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

(s) Rounding

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

NOTE 3 SEGMENTAL REPORTING

Results of Westfield Corporation following the Restructure implemented on 30 June 2014

The results for the year ended 31 December 2014 comprises the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

Note 3(a) presents the operating segments of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

Operating segments

Note 3(b) presents the operating segments of Westfield Corporation for the year ended 31 December 2014. It comprises the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

Note 3(c) presents the operating segments of WAT for the comparative year ended 31 December 2013 (which is not representative of Westfield Corporation operations).

The Group's operating segments are as follows:

a) The Group's operational segment comprises the property investment and the property and project management segments.

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses. A geographic analysis of net property investment income is also provided.

(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 portfolio-wide basis. Management considers that, given the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States and United Kingdom shopping centres), most of the centres are under common management, and therefore the drivers of their results are considered to be similar. As such, the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

(a)_Results of Westfield Corporation for the period 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014

The following results comprise the earnings of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(i)_Income and expenses

	Operational			
1 July 2014 to 31 December 2014	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Six months ended 31 Dec 14 Total** US$million
Revenue				
Property revenue	649.9	–	–	649.9
Property development and project management revenue	–	98.5	–	98.5
Property management income	–	36.0	–	36.0
	649.9	**134.5**	**–**	**784.4**
Expenses				
Property expenses, outgoings and other costs	(211.4)	–	–	(211.4)
Property development and project management costs	–	(63.2)	–	(63.2)
Property management costs	–	(14.2)	–	(14.2)
Overheads	–	–	(71.8)	(71.8)
	(211.4)	**(77.4)**	**(71.8)**	**(360.6)**
Segment result	**438.5**	**57.1**	**(71.8)**	**423.8**
Revaluation of properties and development projects				127.0
Equity accounted-revaluation of properties and development projects				260.0
Currency gain/(loss)				(0.7)
Interest income				4.4
Financing costs				(105.3)
Tax expense				(126.9)
Net profit attributable to members of the Group				**582.3**

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a)_Results of Westfield Corporation for the period 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014 (continued)

(ii)_Geographic information – Total revenue

1 July 2014 to 31 December 2014	**United Kingdom and Europe** US$million	**United States** US$million	**Six months ended 31 Dec 14** US$million
Property revenue	135.7	514.2	649.9
Property development and project management revenue	43.2	55.3	98.5
Property management revenue	5.9	30.1	36.0
Total revenue	**184.8**	**599.6**	**784.4**

(iii)_Geographic information – Net property income

Shopping centre base rent and other property income	137.2	534.5	671.7
Amortisation of tenant allowances	(1.5)	(20.3)	(21.8)
Property revenue	135.7	514.2	649.9
Property expenses, outgoings and other costs	(37.7)	(173.7)	(211.4)
Net property income	**98.0**	**340.5**	**438.5**

(iv)_Currency gain/(loss)	**Six months ended 31 Dec 14 US$million**
Realised gain on income hedging currency derivatives	5.9
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	(6.6)
	(0.7)

(v)_Financing costs

Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)	(89.2)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	48.3
Financing costs	(40.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	0.6
Finance leases interest expense	(1.5)
Interest expense on other financial liabilities	(6.1)
Net fair value loss on other financial liabilities	(57.4)
	(105.3)

(vi)_Taxation

Current – underlying operations	(16.7)
Deferred tax	(110.2)
	(126.9)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments

The operating segments of Westfield Corporation for the year ended 31 December 2014 comprise the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(i)_Income and expenses

1 January 2014 to 31 December 2014	Operational Property investment US$million	 Property and project management US$million	Corporate US$million	Total US$million
Revenue				
Property revenue	1,136.5	–	–	1,136.5
Property development and project management revenue	–	185.3	–	185.3
Property management income	–	60.8	–	60.8
	1,136.5	**246.1**	**–**	**1,382.6**
Expenses				
Property expenses, outgoings and other costs	(378.6)	–	–	(378.6)
Property development and project management costs	–	(136.1)	–	(136.1)
Property management costs	–	(29.8)	–	(29.8)
Overheads	–	–	(105.5)	(105.5)
	(378.6)	**(165.9)**	**(105.5)**	**(650.0)**
Segment result	**757.9**	**80.2**	**(105.5)**	**732.6**
Revaluation of properties and development projects				152.3
Equity accounted-revaluation of properties and development projects				418.0
Currency gain/(loss)				(117.5)
Gain/(loss) in respect of capital transactions				
– asset dispositions				(7.6)
Interest income				7.9
Financing costs				(394.5)
Tax expense				(205.4)
Charges and credits in respect of the Restructure and Merger				(800.8)
Net profit attributable to members of the Group				**(215.0)**

(ii)_Assets and liabilities of Westfield Corporation

As at 31 December 2014	Operational Property investment US$million	 Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	19,088.1	157.9	388.2	19,634.2
Total segment liabilities	1,145.1	3.9	10,751.4	11,900.4
Total segment net assets	17,943.0	154.0	(10,363.2)	7,733.8
Equity accounted associates included in – segment assets	8,961.5	–	–	8,961.5
Equity accounted associates included in – segment liabilities	148.2	–	1,998.7	2,146.9
Additions to segment non current assets during the period	1,278.0	–	–	1,278.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments (continued)

(iii)_Geographic information – Total revenue

1 January 2014 to 31 December 2014	United Kingdom and Europe[(i)] US$million	United States US$million	Total US$million
Property revenue	135.7	1,000.8	1,136.5
Property development and project management revenue	43.2	142.1	185.3
Property management revenue	5.9	54.9	60.8
Total revenue	**184.8**	**1,197.8**	**1,382.6**

(iv)_Geographic information – Net property income

Shopping centre base rent and other property income	137.2	1,042.7	1,179.9
Amortisation of tenant allowances	(1.5)	(41.9)	(43.4)
Property revenue	135.7	1,000.8	1,136.5
Property expenses, outgoings and other costs	(37.7)	(340.9)	(378.6)
Net property income	**98.0**	**659.9**	**757.9**

(v)_Geographic information – Property investment assets and non current assets

As at 31 December 2014			
Property investment assets	**4,808.5**	**14,279.6**	**19,088.1**
Non current assets	4,163.4	11,997.8	16,161.2
Group non current assets			206.6
Total non current assets[(ii)]	**4,163.4**	**11,997.8**	**16,367.8**

(i) These financial statements exclude the results of the Parent Company and WFDT (representing principally the United Kingdom operations) prior to the Restructure implemented on 30 June 2014.

(ii) Total non current assets as reported in Statutory Balance Sheet.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b)_Operating segments (continued)

(vi)_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:

1 January 2014 to 31 December 2014	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	572.5	564.0	1,136.5
Property development and project management revenue	185.3	–	185.3
Property management income	60.8	–	60.8
	818.6	**564.0**	**1,382.6**
Expenses			
Property expenses, outgoings and other costs	(209.7)	(168.9)	(378.6)
Property development and project management costs	(136.1)	–	(136.1)
Property management costs	(29.8)	–	(29.8)
Overheads	(105.5)	–	(105.5)
	(481.1)	**(168.9)**	**(650.0)**
Segment result	**337.5**	**395.1**	**732.6**
Revaluation of properties and development projects	152.3	–	152.3
Equity accounted-revaluation of properties and development projects	–	418.0	418.0
Currency gain/(loss)	(117.5)	–	(117.5)
Gain/(loss) in respect of capital transactions			
– asset dispositions	(7.6)	–	(7.6)
Interest income	7.9	–	7.9
Financing costs	(326.8)	(67.7)	(394.5)
Tax expense	(205.1)	(0.3)	(205.4)
Charges and credits in respect of the Restructure and Merger	(800.8)	–	(800.8)
Net profit attributable to members of the Group	**(960.1)**	**745.1**	**(215.0)**

As at 31 December 2014			
Cash	308.6	92.4	401.0
Shopping centre investments	7,396.6	8,437.4	15,834.0
Development projects and construction in progress	1,891.7	378.9	2,270.6
Inventories	152.1	–	152.1
Other assets	923.7	52.8	976.5
Total segment assets	**10,672.7**	**8,961.5**	**19,634.2**
Interest bearing liabilities	5,430.2	1,998.7	7,428.9
Other financial liabilities	234.6	–	234.6
Deferred tax liabilities	2,922.2	–	2,922.2
Other liabilities	1,166.5	148.2	1,314.7
Total segment liabilities	**9,753.5**	**2,146.9**	**11,900.4**
Total segment net assets	**919.2**	**6,814.6**	**7,733.8**

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(c)_Operating segments of WAT

(i)_Income and expenses of WAT

1 January 2013 to 31 December 2013	Operational Property investment US$million	Operational Property and project management US$million	Corporate US$million	Total US$million
Revenue				
Property revenue	1,147.5	–	–	1,147.5
Property development and project management revenue	–	105.5	–	105.5
Property management income	–	47.8	–	47.8
	1,147.5	**153.3**	**–**	**1,300.8**
Expenses				
Property expenses, outgoings and other costs	(371.8)	–	–	(371.8)
Property development and project management costs	–	(83.6)	–	(83.6)
Property management costs	–	(25.0)	–	(25.0)
Overheads	–	–	(96.2)	(96.2)
	(371.8)	**(108.6)**	**(96.2)**	**(576.6)**
Segment result	**775.7**	**44.7**	**(96.2)**	**724.2**
Revaluation of properties and development projects				20.0
Equity accounted-revaluation of properties and development projects				380.9
Currency gain/(loss)				10.7
Gain/(loss) in respect of capital transactions				
– asset dispositions				(35.5)
– financing costs in respect of capital transactions				(74.9)
Interest income				40.4
Financing costs				(361.6)
Tax expense				(185.7)
Non controlling interests				(47.1)
Net profit attributable to members of the Group [(i)]				**471.4**

(i) Net profit attributable to members of the Group was US$471.4 million. Net profit after tax for the period which includes profit attributable to non controlling interests of US$47.1 million was US$518.5 million.

(ii)_Assets and liabilities of WAT

As at 31 December 2013	Operational Property investment US$million	Operational Property and project management US$million	Corporate US$million	Total US$million
Total segment assets	13,505.8	38.1	1,038.9	14,582.8
Total segment liabilities	653.5	–	11,694.5	12,348.0
Total segment net assets	12,852.3	38.1	(10,655.6)	2,234.8
Equity accounted associates included in – segment assets	6,736.1	–	–	6,736.1
Equity accounted associates included in – segment liabilities	97.8	–	1,245.1	1,342.9
Additions to segment non current assets during the period	228.2	–	–	228.2

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(c)_Operating segments of WAT (continued)

(iii)_Geographic information – Total revenue of WAT

1 January 2013 to 31 December 2013	United Kingdom[i] US$million	United States US$million	Total US$million
Property revenue	–	1,147.5	1,147.5
Property development and project management revenue	–	105.5	105.5
Property management revenue	–	47.8	47.8
Total revenue	**–**	**1,300.8**	**1,300.8**

(iv)_Geographic information – Net property income of WAT

Shopping centre base rent and other property income	–	1,201.6	1,201.6
Amortisation of tenant allowances	–	(54.1)	(54.1)
Property revenue	–	1,147.5	1,147.5
Property expenses, outgoings and other costs	–	(371.8)	(371.8)
Net property income	**–**	**775.7**	**775.7**

(v)_Geographic information – Property investment assets and non current assets of WAT

As at 31 December 2013

Property investment assets	**–**	**13,505.8**	**13,505.8**
Non current assets	–	11,078.7	11,078.7
Group non current assets			230.0
Total non current assets [ii]	**–**	**11,078.7**	**11,308.7**

(i) These financial statements exclude the results of the Parent Company and WFDT (representing principally the United Kingdom operations) prior to the Restructure implemented on 30 June 2014.

(ii) Total non current assets as reported in Statutory Balance Sheet.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(c)_Operating segments of WAT (continued)

(vi)_Reconciliation of segmental results of WAT

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:

1 January 2013 to 31 December 2013	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	695.3	452.2	1,147.5
Property development and project management revenue	105.5	–	105.5
Property management income	47.8	–	47.8
	848.6	**452.2**	**1,300.8**
Expenses			
Property expenses, outgoings and other costs	(240.6)	(131.2)	(371.8)
Property development and project management costs	(83.6)	–	(83.6)
Property management costs	(25.0)	–	(25.0)
Overheads	(96.2)	–	(96.2)
	(445.4)	**(131.2)**	**(576.6)**
Segment result	**403.2**	**321.0**	**724.2**
Revaluation of properties and development projects	20.0	–	20.0
Equity accounted-revaluation of properties and development projects	–	380.9	380.9
Currency gain/(loss)	10.7	–	10.7
Gain/(loss) in respect of capital transactions			
– asset dispositions	(35.5)	–	(35.5)
– financing costs in respect of capital transactions	(74.9)	–	(74.9)
Interest income	39.5	0.9	40.4
Financing costs	(307.7)	(53.9)	(361.6)
Tax expense	(185.5)	(0.2)	(185.7)
Non controlling interests	7.8	(54.9)	(47.1)
Net profit attributable to members of the Group	**(122.4)**	**593.8**	**471.4**

As at 31 December 2013			
Cash	749.9	59.7	809.6
Shopping centre investments	5,160.4	6,255.6	11,416.0
Development projects and construction in progress	263.8	376.9	640.7
Inventories	38.1	–	38.1
Other assets	1,634.5	43.9	1,678.4
Total segment assets	**7,846.7**	**6,736.1**	**14,582.8**
Interest bearing liabilities	6,187.4	1,245.1	7,432.5
Other financial liabilities	1,213.3	–	1,213.3
Deferred tax liabilities	2,757.5	–	2,757.5
Other liabilities	846.9	97.8	944.7
Total segment liabilities	**11,005.1**	**1,342.9**	**12,348.0**
Total segment net assets	**(3,158.4)**	**5,393.2**	**2,234.8**

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**600.5**	730.9
Amortisation of tenant allowances and leasing costs		**(28.0)**	(35.6)
		572.5	695.3
NOTE 5 CURRENCY GAIN/(LOSS)			
Realised gain on income hedging currency derivatives		**11.7**	23.5
Net fair value loss on currency derivatives that do not qualify for hedge accounting	10	**(129.2)**	(12.8)
		(117.5)	10.7
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(151.7)**	(305.5)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**65.4**	13.2
Financing costs		**(86.3)**	(292.3)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	10	**(37.2)**	(137.0)
Finance leases interest expense		**(3.0)**	(3.2)
Interest expense on other financial liabilities (i)		**(19.3)**	(22.5)
Net fair value (loss)/gain on other financial liabilities (i)	10	**(181.0)**	147.3
		(326.8)	(307.7)

(i) Interest expense on other financial liabilities and net fair value loss on other financial liabilities include amounts in respect of Westfield Group entities up to 30 June 2014.

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**–**	2,722.5
– less: carrying value of assets disposed and other capital costs		**(7.6)**	(2,758.0)
Gain/(loss) in respect of asset dispositions	10	**(7.6)**	(35.5)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments and the mark to market of fixed rate mortgages in respect of disposed properties		**–**	(74.9)
Financing costs in respect of capital transactions	10	**–**	(74.9)
NOTE 8 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER			
Refinancing costs in respect of the Restructure and Merger	10	**(770.8)**	–
Transaction costs in respect of the Restructure and Merger	10	**(30.0)**	–
		(800.8)	–

	Note	31 Dec 14 US$million	31 Dec 13 US$million

NOTE 9 TAXATION

(a) Tax expense

Current – underlying operations		**(31.6)**	(21.4)
Deferred tax	10	**(173.5)**	(164.1)
		(205.1)	(185.5)

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:

Profit before income tax		**(9.9)**	704.0
Prima facie tax expense at 30% (31 December 2013: Prima facie withholding tax expense at 15%)		**3.0**	(105.6)
Trust income not taxable for the Group – tax payable by securityholders		**(11.6)**	4.5
Differential of effective tax rates on foreign income		**46.2**	(84.4)
Capital transactions not deductible		**(242.7)**	–
Tax expense		**(205.1)**	(185.5)

(b) Deferred tax assets

Provisions and accruals		**10.3**	–
		10.3	–

(c) Deferred tax liabilities

Tax effect of book value in excess of the tax cost base of investment properties		**2,893.7**	2,746.6
Unrealised fair value gain on financial derivatives		**6.9**	10.9
Other timing differences		**21.6**	–
		2,922.2	2,757.5

NOTE 10 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

Property revaluations		**152.3**	20.0
Equity accounted property revaluations		**418.0**	380.9
Net fair value loss on currency derivatives that do not qualify for hedge accounting	5	**(129.2)**	(12.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(37.2)**	(137.0)
Net fair value (loss)/gain on other financial liabilities	6	**(181.0)**	147.3
Gain/(loss) in respect of asset dispositions	7	**(7.6)**	(35.5)
Financing costs in respect of capital transactions	7	**–**	(74.9)
Refinancing costs in respect of the Restructure and Merger	8	**(770.8)**	–
Transaction costs in respect of the Restructure and Merger	8	**(30.0)**	–
Deferred tax	9	**(173.5)**	(164.1)

	Note	31 Dec 14 US$million	31 Dec 13 US$million
NOTE 11 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		**308.6**	749.9
Bank overdrafts	21	**(0.1)**	–
Total cash and cash equivalents		**308.5**	749.9
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**(215.0)**	518.5
Property revaluations		**(152.3)**	(20.0)
Share of equity accounted profit in excess of dividend/distribution		**(465.5)**	(448.8)
Deferred tax		**173.5**	164.1
Net fair value loss on currency derivatives		**129.2**	12.8
Financing costs		**326.8**	307.7
Interest income		**(7.9)**	(39.5)
Gain/(loss) in respect of capital transactions		**7.6**	110.4
Charges and credits in respect of the Restructure and Merger		**800.8**	–
(Increase)/decrease in working capital attributable to operating activities		**(41.5)**	91.9
Net cash flows from operating activities		**555.7**	697.1

NOTE 12 DERIVATIVE ASSETS

Current		
Receivables on currency derivatives	**–**	20.0
Receivables on interest rate derivatives	**5.7**	52.4
	5.7	72.4
Non Current		
Receivables on interest rate derivatives	**159.3**	200.4
	159.3	200.4

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 2014, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$165.0 million are reduced by US$0.5 million to the net amount of US$164.5 million (31 December 2013: derivative assets of US$272.8 million reduced by US$41.4 million to the net amount of US$231.4 million).

NOTE 13 RECEIVABLES

Current		
Sundry debtors	**164.2**	332.6
Receivable from Scentre Group	**–**	699.4
	164.2	1,032.0
Non Current		
Other receivables	**69.7**	67.5
	69.7	67.5

NOTE 14 PREPAYMENTS AND DEFERRED COSTS

Current		
Prepayments and deposits	**19.1**	6.7
Deferred costs – other	**13.9**	15.8
	33.0	22.5
Non Current		
Deferred costs – other	**129.0**	67.2
	129.0	67.2

	Note	31 Dec 14 US$million	31 Dec 13 US$million

NOTE 15 INVESTMENT PROPERTIES

	Note	31 Dec 14 US$million	31 Dec 13 US$million
Current			
Shopping centre investments		**409.3**	–
Development projects and construction in progress		**29.4**	–
		438.7	–
Non current			
Shopping centre investments		**6,987.3**	5,160.5
Development projects and construction in progress		**1,862.3**	263.7
		8,849.6	5,424.2
Total investment properties		**9,288.3**	5,424.2
Total investment properties comprised of:			
Shopping centre investments	16	**7,396.6**	5,160.5
Development projects and construction in progress		**1,891.7**	263.7
		9,288.3	5,424.2
Movement in total investment properties			
Balance at the beginning of the year		**5,424.2**	8,175.2
Acquisition of properties		**611.0**	–
Disposal of properties		**–**	(2,483.6)
Transfer from/(to) equity accounted investment properties		**152.1**	(638.7)
Redevelopment costs		**509.7**	351.3
Additions from the Restructure		**2,596.6**	–
Net revaluation increment		**226.2**	20.0
Retranslation of foreign operations		**(231.5)**	–
Balance at the end of the year [i]		**9,288.3**	5,424.2

[i] The fair value of investment properties at the end of the year of US$9,288.3 million (31 December 2013: US$5,424.2 million) comprises investment properties at market value of US$9,255.2 million (31 December 2013: US$5,390.7 million) and ground leases included as finance leases of US$33.1 million (31 December 2013: US$33.5 million).

NOTE 16 DETAILS OF SHOPPING CENTRE INVESTMENTS

	Note	31 Dec 14 US$million	31 Dec 13 US$million
Consolidated shopping centres	15	**7,396.6**	5,160.5
Equity accounted shopping centres	17(c)	**8,437.4**	6,255.6
		15,834.0	11,416.1

	Carrying Amount 31 Dec 14 US$million	Estimated Yield[i] 31 Dec 14 %	Carrying Amount 31 Dec 13 US$million	Estimated Yield[i] 31 Dec 13 %
Flagship and Regional				
Flagship				
– United States	**5,897.6**	**4.93%**	5,451.5	5.20%
– United Kingdom	**3,770.0**	**4.76%**	–	–
	9,667.6	**4.86%**	5,451.5	5.20%
Regional				
– United States	**6,166.4**	**6.08%**	5,964.6	6.23%
Total	**15,834.0**	**5.34%**	11,416.1	5.74%

[i] The estimated yield is calculated on a weighted average basis.

NOTE 16 DETAILS OF SHOPPING CENTRE INVESTMENTS (CONTINUED)

Investment properties are carried at the Directors' determination of fair value which takes into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties. The independent valuation uses the capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated weighted average yield and net operating income. Significant movement in each of these assumptions in isolation would result in a higher/(lower) fair value of the properties.

The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

United States shopping centres
- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield Regional, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres
- CBRE Limited
- GVA Grimley Limited

NOTE 17 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 14 US$million	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**504.3**	452.2	**59.7**	–	**564.0**	452.2
Share of after tax profit of equity accounted entities	**695.2**	648.7	**49.9**	–	**745.1**	648.7

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
	31 Dec 14 US$million	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**695.2**	648.7	**49.9**	–	**745.1**	648.7
Other comprehensive income (i)	**–**	–	**(117.1)**	–	**(117.1)**	–
Share of total comprehensive income of equity accounted entities	**695.2**	648.7	**(67.2)**	–	**628.0**	648.7

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

		United States		United Kingdom		Total	
	Note	**31 Dec 14 US$million**	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**59.3**	59.7	**33.1**	–	**92.4**	59.7
Shopping centre investments		**6,825.5**	6,255.6	**1,611.9**	–	**8,437.4**	6,255.6
Development projects and construction in progress		**203.4**	376.9	**175.5**	–	**378.9**	376.9
Other assets		**21.7**	43.9	**31.1**	–	**52.8**	43.9
Total assets		**7,109.9**	6,736.1	**1,851.6**	–	**8,961.5**	6,736.1
Payables		**(103.9)**	(97.8)	**(44.3)**	–	**(148.2)**	(97.8)
Interest bearing liabilities – current (i)	21(d)	**(4.4)**	(4.2)	**–**	–	**(4.4)**	(4.2)
Interest bearing liabilities – non current (i)	21(d)	**(1,409.1)**	(1,240.9)	**(585.2)**	–	**(1,994.3)**	(1,240.9)
Total liabilities		**(1,517.4)**	(1,342.9)	**(629.5)**	–	**(2,146.9)**	(1,342.9)
Net assets		**5,592.5**	5,393.2	**1,222.1**	–	**6,814.6**	5,393.2

(i) The fair value of interest bearing liabilities was US$2,061.9 million compared to the book value of US$1,998.7 million.

NOTE 17 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 14	Economic interest 31 Dec 13
(d) Equity accounted entities economic interest				
United Kingdom investments (i)				
Croydon (ii)	Partnership interest	31 Dec	**50.0%**	–
Stratford City (ii) (iii)	Partnership interest	31 Dec	**50.0%**	–
United States investments (i)				
Annapolis (iv)	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 (iv)	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 (iv)	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 (iv)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (iv)	Partnership units	31 Dec	**55.0%**	55.0%
Plaza Bonita (iv)	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 (iv)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (iv)	Partnership units	31 Dec	**55.0%**	55.0%
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%

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) These equity accounted investments have been included in the Group following the Restructure.

(iii) Stratford is considered a material joint venture. Summarised financial information are as follows: Revenue of US$57.1 million, total assets of US$1,681.1 million and total liabilities of $619.0 million.

(iv) Per the Co-ownership, Limited Partnership and Property Management Agreements with Canada Pension Plan Investment Board (CPPIB), the Group is restricted from exercising control over these interests even though it has 55% ownership interest and voting rights. Major decisions require the approval of both the Group and CPPIB and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 14 US$million	31 Dec 13 US$million
NOTE 18 OTHER INVESTMENTS		
Listed investments	**143.2**	–
Unlisted investments	**114.7**	101.6
	257.9	101.6
Movement in other investments		
Balance at the beginning of the year	**101.6**	465.1
Additions	**16.2**	61.5
Disposals	**(0.5)**	(425.0)
Net revaluation increment to income statement	**19.8**	–
Additions from the Restructure	**140.6**	–
Retranslation of foreign operations	**(19.8)**	–
Balance at the end of the year	**257.9**	101.6

NOTE 19 PLANT AND EQUIPMENT

	31 Dec 14 US$million	31 Dec 13 US$million
At cost	**216.7**	136.6
Accumulated depreciation	**(139.3)**	(82.0)
Total plant and equipment	**77.4**	54.6
Movement in plant and equipment		
Balance at the beginning of the year	**54.6**	73.6
Additions	**7.6**	16.7
Disposals/transfers	**(8.0)**	(14.5)
Depreciation expense	**(15.1)**	(21.2)
Additions from the Restructure	**43.3**	–
Retranslation of foreign operations and other differences	**(5.0)**	–
Balance at the end of the year	**77.4**	54.6

Plant and equipment of US$77.4 million (31 December 2013: US$54.6 million) comprises the following: aircraft US$40.3 million (31 December 2013: US$24.7 million); and other plant and equipment US$37.1 million (31 December 2013: US$29.9 million).

NOTE 20 PAYABLES AND OTHER CREDITORS

	31 Dec 14 US$million	31 Dec 13 US$million
Current		
Payables and other creditors	**849.9**	526.4
Employee benefits	**45.7**	–
Payables to related entities	**–**	108.5
	895.6	634.9
Non current		
Sundry creditors and accruals	**120.5**	80.8
Employee benefits	**14.3**	–
	134.8	80.8

	Note	31 Dec 14 US$million	31 Dec 13 US$million
NOTE 21 INTEREST BEARING LIABILITIES			
Interest bearing liabilities – consolidated			
Current			
Unsecured			
Bank overdraft	11(a)	**0.1**	–
Finance leases		**0.4**	0.4
Loans payable to related entities		**–**	827.4
Secured			
Bank loans and mortgages			
– US$ denominated		**122.9**	2.7
		123.4	830.5
Non current			
Unsecured			
Bank loans			
– £ denominated		**873.1**	–
– € denominated		**100.2**	–
– US$ denominated		**50.0**	–
Notes payable			
– US$ denominated		**3,500.0**	4,450.1
Finance leases		**32.7**	33.1
Secured			
Bank loans and mortgages			
– US$ denominated		**750.8**	873.7
		5,306.8	5,356.9
Total interest bearing liabilities – consolidated		**5,430.2**	6,187.4

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.

	31 Dec 14 US$million	31 Dec 13 US$million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**8,675.3**	8,761.2
Total interest bearing liabilities	**(5,430.2)**	(6,187.4)
Total bank guarantees	**(13.7)**	(11.8)
Available financing facilities (i)	**3,231.4**	2,562.0
Cash	**308.6**	749.9
Financing resources available at the end of the year	**3,540.0**	3,311.9

(i) Total available financing facilities at the end of the financial period of US$3,231.4 million (31 December 2013: US$2,562.0 million) is in excess of the Group's net current liabilities of US$38.3 million (31 December 2013: net current assets of US$237.0 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise fixed rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 21 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 14 US$million	**Total interest bearing liabilities 31 Dec 14 US$million**	Committed financing facilities 31 Dec 13 US$million	Total interest bearing liabilities 31 Dec 13 US$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2014	**–**	**–**	830.5	830.5
Year ending December 2015	**123.4**	**123.4**	543.7	123.3
Year ending December 2016	**153.5**	**153.5**	2,769.2	1,053.5
Year ending December 2017	**1,772.2**	**1,727.1**	339.8	3.8
Year ending December 2018	**4.0**	**4.0**	1,205.8	1,104.1
Year ending December 2019	**4,504.3**	**1,304.3**	1,154.3	1,154.3
Year ending December 2020	**172.7**	**172.7**	172.7	172.7
Year ending December 2021	**0.6**	**0.6**	1,000.7	1,000.7
Year ending December 2022	**415.7**	**415.7**	715.6	715.6
Year ending December 2023	**0.7**	**0.7**	0.7	0.7
Year ending December 2024	**1,000.7**	**1,000.7**	0.7	0.7
Due thereafter	**527.5**	**527.5**	27.5	27.5
	8,675.3	**5,430.2**	8,761.2	6,187.4

NOTE 21 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 14 million**	**Total interest bearing liabilities (local currency) 31 Dec 14 million**	Committed financing facilities (local currency) 31 Dec 13 million	Total interest bearing liabilities (local currency) 31 Dec 13 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Loan payable to related entities	At call	**–**	**–**	A$926.4	A$926.4
Secured mortgage – San Francisco Centre	6-Jul-15	**US$120.0**	**US$120.0**	US$120.0	US$120.0
Undrawn Westfield Group unsecured bank bilateral facilities [(i)]	2015	**–**	**–**	US$420.3	–
Unsecured notes payable – bonds [(ii)]	1-Oct-16	**–**	**–**	US$900.0	US$900.0
Secured mortgage – Fox Valley	11-Nov-16	**US$150.0**	**US$150.0**	US$150.0	US$150.0
Undrawn Westfield Group unsecured bank bilateral facilities [(i)]	2016	**–**	**–**	US$1,715.7	–
Unsecured bank loan – bridge facility [(iii)]	20-Mar-17	**£524.5**	**£524.5**	–	–
Unsecured bank loan – bilateral facility	3-Jul-17	**US$200.0**	**£35.0**	–	–
			€82.5		
Unsecured notes payable – bonds	15-Sep-17	**US$750.0**	**US$750.0**	–	–
Undrawn Westfield Group unsecured bank bilateral facilities [(i)]	2017	**–**	**–**	US$336.1	–
Unsecured notes payable – bonds [(ii)]	15-Apr-18	**–**	**–**	US$1,100.0	US$1,100.0
Undrawn Westfield Group unsecured bank bilateral facilities [(i)]	2018	**–**	**–**	US$101.7	–
Unsecured bank loan – syndicated facility [(iv)]	30-Jun-19	**US$3,250.0**	**US$50.0**	–	–
Unsecured notes payable – bonds [(ii)]	2-Sep-19	**–**	**–**	US$1,150.0	US$1,150.0
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	–	–
Secured mortgage – Old Orchard	1-Mar-20	**US$188.7**	**US$188.7**	US$191.4	US$191.4
Unsecured notes payable – bonds [(ii)]	10-May-21	**–**	**–**	US$1,000.0	US$1,000.0
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Secured mortgage – Mainplace	1-Jun-22	**US$140.0**	**US$140.0**	US$140.0	US$140.0
Unsecured notes payable – bonds [(ii)]	3-Oct-22	**–**	**–**	US$300.0	US$300.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	–	–
Total US$ equivalent of the above		**8,642.1**	**5,397.0**	8,727.7	6,153.9
Add:					
Finance leases		**33.1**	**33.1**	33.5	33.5
Bank overdraft		**0.1**	**0.1**	–	–
Consolidated financing facilities and interest bearing liabilities		**8,675.3**	**5,430.2**	8,761.2	6,187.4

(i) These are aggregate bank bilateral facilities unutilised by other members of the Westfield Group prior to the Restructure.

(ii) During the year, notice was given to repurchase and cancel US$4,450.0 million of bonds for US$5,164.8 million.

(iii) Assumes option has been exercised to extend the facility from 2016 to 2017.

(iv) Assumes option has been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are US$873.7 million (31 December 2013: US$876.4 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of US$2.3 billion (31 December 2013: US$2.2 billion). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 21 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 14 US$million	Total interest bearing liabilities 31 Dec 14 US$million	Committed financing facilities 31 Dec 13 US$million	Total interest bearing liabilities 31 Dec 13 US$million
(d)_Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	**1,991.6**	**1,991.6**	1,235.5	1,235.5
Finance leases	**7.1**	**7.1**	9.6	9.6
	1,998.7	**1,998.7**	1,245.1	1,245.1
Interest bearing liabilities – current	**4.4**	**4.4**	4.2	4.2
Interest bearing liabilities – non current	**1,994.3**	**1,994.3**	1,240.9	1,240.9
	1,998.7	**1,998.7**	1,245.1	1,245.1
(e)_Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2014	**–**	**–**	4.2	4.2
Year ending December 2015	**4.4**	**4.4**	4.4	4.4
Year ending December 2016	**4.6**	**4.6**	4.6	4.6
Year ending December 2017	**222.5**	**222.5**	222.5	222.5
Year ending December 2018	**34.5**	**34.5**	34.6	34.6
Year ending December 2019	**592.1**	**592.1**	7.1	7.1
Year ending December 2020	**188.7**	**188.7**	188.8	188.8
Year ending December 2021	**3.3**	**3.3**	3.4	3.4
Year ending December 2022	**3.4**	**3.4**	3.5	3.5
Year ending December 2023	**501.6**	**501.6**	501.6	501.6
Year ending December 2024	**437.7**	**437.7**	262.7	262.7
Due thereafter	**5.9**	**5.9**	7.7	7.7
	1,998.7	**1,998.7**	1,245.1	1,245.1

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 14 million	Total interest bearing liabilities (local currency) 31 Dec 14 million	Committed financing facilities (local currency) 31 Dec 13 million	Total interest bearing liabilities (local currency) 31 Dec 13 million
(f)_Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – San Francisco Emporium	11-Jan-17	**US$217.5**	**US$217.5**	US$217.5	US$217.5
Secured mortgage – Southgate [(i)]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City [(ii)]	27-Oct-19	**£375.0**	**£375.0**	–	–
Secured mortgage – Southcenter	11-Jan-20	**US$129.8**	**US$129.8**	US$131.6	US$131.6
Secured mortgage – Brandon	01-Mar-20	**US$73.1**	**US$73.1**	US$74.2	US$74.2
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$71.7**	**US$71.7**	US$72.9	US$72.9
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	–	–
Total US$ equivalent of the above		**1,991.6**	**1,991.6**	1,235.5	1,235.5
Add:					
Finance leases		**7.1**	**7.1**	9.6	9.6
		1,998.7	**1,998.7**	1,245.1	1,245.1

(i) Assumes three one year options have been exercised to extend the loan from 2015 to 2018.

(ii) During the year, this liability was transferred from Westfield Group to Westfield Corporation as a result of the Restructure and subsequently refinanced in October 2014.

Total equity accounted secured liabilities are US$1,998.7 million (31 December 2013: US$1,245.1 million). The aggregate net asset value of equity accounted entities with secured borrowings is US$3,356.1 million (31 December 2013: US$1,838.3 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
NOTE 22 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.7**	1.9
Other redeemable preference shares/units	(b)	**–**	137.1
		2.7	139.0
Non current			
Convertible redeemable preference shares/units	(a)	**94.9**	82.3
Other redeemable preference shares/units	(b)	**137.0**	126.3
Convertible redeemable preference shares/units held by related entities [i]		**–**	865.7
		231.9	1,074.3

[i] These convertible redeemable preference shares/units held by related entities were eliminated upon consolidation in accordance with accounting standards.

The maturity profile in respect of current and non current other financial liabilities is set out below:		
Current – within one year	**2.7**	139.0
Non current – after one year	**231.9**	1,074.3
	234.6	1,213.3

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2014, the Jacobs Group holds 1,508,382 (31 December 2013: 1,529,467) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2014, the previous owners of the Sunrise Mall holds Series I units 1,401,426 (31 December 2013: 1,401,426). At any time after the earlier of (i) 21 July 2005, (ii) dissolution of the operating partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2014, 1,538,481 (31 December 2013: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

(v) As at 31 December 2014, 764,205 (31 December 2013: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); (ii) a Preferred Partnership in Head Acquisition L.P. (Head LP); and (iii) Series A Partnership Preferred Units (Series A units).

(i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

	31 Dec 14 US$million	31 Dec 13 US$million
NOTE 23 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**0.5**	–
	0.5	–
Non current		
Payables on interest rate derivatives	**–**	41.4
	–	41.4

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 2014, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$0.5 million are reduced by US$0.5 million to the net amount of nil (31 December 2013: derivative liabilities of US$41.4 million reduced by US$41.4 million to the net amount of nil).

	Securities	Securities
NOTE 24 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,228,403,362
Buy-back and cancellation of securities	**–**	(150,313,676)
Balance at the end of the year	**2,078,089,686**	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	US$million	US$million
(b) Amount of contributed equity		
of WCL	**888.3**	–
of WFDT and WAT	**10,571.0**	4,957.5
of the Group	**11,459.3**	4,957.5
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**4,957.5**	5,265.2
Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation	**901.8**	–
Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	**5,613.5**	–
Buy-back and cancellation of securities	**–**	(307.4)
Cost associated with the buy-back of securities	**–**	(0.3)
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(13.5)**	–
Balance at the end of the year	**11,459.3**	4,957.5

	31 Dec 14 US$million	31 Dec 13 US$million
NOTE 25 RESERVES		
of WCL	**(6.9)**	–
of WFDT and WAT	**(137.2)**	39.7
of the Group	**(144.1)**	39.7
Total reserves of the Group		
Foreign currency translation reserve	**(183.2)**	36.5
Employee share plan benefits reserve	**39.1**	3.2
Balance at the end of the year	**(144.1)**	39.7
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	**36.5**	25.4
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	**(219.7)**	11.1
Balance at the end of the year	**(183.2)**	36.5
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	**3.2**	2.0
– movement in equity settled share based payment	**35.9**	1.2
Balance at the end of the year	**39.1**	3.2
NOTE 26 RETAINED PROFITS		
of WCL	**160.9**	–
of WFDT and WAT	**(3,742.3)**	(2,966.2)
of the Group	**(3,581.4)**	(2,966.2)
Movement in retained profits		
Balance at the beginning of the year	**(2,966.2)**	(2,945.0)
Profit after tax for the period	**(215.0)**	471.4
Dividend/distribution paid	**(553.7)**	(492.6)
Amounts previously included in non controlling interest	**153.5**	–
Balance at the end of the year	**(3,581.4)**	(2,966.2)

NOTE 27 SHARE BASED PAYMENTS

(a) Options and rights over Westfield Corporation stapled securities
(31 December 2013: Westfield Group stapled securities)

	Note	Number of options and rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14	Number of options and rights 31 Dec 13	Weighted average exercise price US$ 31 Dec 13
– Series F Special options [i]		–	–	52,500	1.57
– Series G1 Special options [i]		–	–	277,778	0.88
– Series H Special options [i]		–	–	11,805,862	0.99
– Series I Special options [i]		–	–	13,260,859	0.96
– Executive performance rights	(b)(i)	**11,143,275**	–	3,890,676	–
– Partnership incentive rights	(b)(ii)	**6,226,538**	–	1,224,723	–
– Executive performance and partnership incentive rights issued to employees of related parties		–	–	10,629,417	–
		17,369,813	–	41,141,815	1.02

[i] These Special options are issued by WAT to WCL entities. At 31 December 2014, these Special options were eliminated upon consolidation in accordance with accounting standards.

Movement in options and rights on issue

	Number of options and rights 31 Dec 14	Weighted average exercise price US$ 31 Dec 14	Number of options and rights 31 Dec 13	Weighted average exercise price US$ 31 Dec 13
Balance at the beginning of the year	**41,141,815**	–	36,618,753	1.20
Special options issued by WAT to WCL entities eliminated upon consolidation	**(25,396,999)**	–	–	–
Movement in Executive performance rights				
– Rights transferred pursuant to the Restructure [i]	**4,958,141**	–	–	–
– Adjustment to rights upon the establishment of Westfield Corporation [ii]	**2,219,153**	–	–	–
– Rights transferred on employee relocation	**196,886**	–	(356,056)	–
– Rights issued during the year	**3,695,644**	–	1,422,217	–
– Rights exercised during the year	**(3,639,501)**	–	–	–
– Rights forfeited during the year	**(177,724)**	–	(238,370)	–
Movement in Partnership incentive rights				
– Rights transferred pursuant to the Restructure [i]	**2,233,946**	–	–	–
– Adjustment to rights upon the establishment of Westfield Corporation [ii]	**693,186**	–	–	–
– Rights transferred on employee relocation	–	–	(55,421)	–
– Rights issued during the year	**2,139,186**	–	555,159	–
– Rights exercised during the year	–	–	(30,050)	–
– Rights forfeited during the year	**(64,503)**	–	–	–
Movement in Executive performance and partnership incentive rights issued to employees of related parties				
– Rights transferred on employee relocation	–	–	411,477	–
– Rights issued during the year	–	–	3,390,822	–
– Rights exercised during the year	–	–	(478,035)	–
– Rights forfeited during the year	–	–	(98,681)	–
– Rights issued to employees of related parties of WAT eliminated upon consolidation [iii]	**(10,629,417)**	–	–	–
Balance at the end of the year [iv]	**17,369,813**	–	41,141,815	1.02

[i] Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

[ii] As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security)/Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

[iii] As a result of the Restructure on 30 June 2014, 10,629,417 Executive performance and Partnership incentive rights on issue to employees of related parties of WAT were eliminated upon consolidation.

[iv] At 31 December 2014, the 17,369,813 rights (31 December 2013: 41,141,815 options and rights) on issue are convertible to 17,369,813 (31 December 2013: 111,556,672) Westfield Corporation stapled securities (31 December 2013: Westfield Group stapled securities).

NOTE 27 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights and Partnership Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) – Equity settled

	Number of rights 31 Dec 14	Number of rights 31 Dec 13
Movement in Executive Performance Rights		
Balance at the beginning of the year	**3,890,676**	3,062,885
Rights transferred pursuant to the Restructure [i]	**4,958,141**	–
Adjustment to rights upon the establishment of Westfield Corporation [ii]	**2,219,153**	–
Rights transferred on employee relocation	**196,886**	(356,056)
Rights issued during the year	**3,695,644**	1,422,217
Rights exercised during the year	**(3,639,501)**	–
Rights forfeited during the year	**(177,724)**	(238,370)
Balance at the end of the year	**11,143,275**	3,890,676

[i] Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

[ii] As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security)/Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

Vesting profile	**Fair value granted US$million 31 Dec 14**	**Number of rights [i] 31 Dec 14**	Fair value granted US$million 31 Dec 13	Number of rights [i] 31 Dec 13
2014	**–**	**–**	9.9	1,621,061
2015	**20.2**	**4,641,240**	10.0	1,329,790
2016	**20.6**	**4,808,665**	2.9	527,646
2017	**4.5**	**962,500**	0.4	57,203
2018	**3.4**	**730,870**	2.9	354,976
	48.7	**11,143,275**	26.1	3,890,676

[i] The exercise price for the EPR Plan is nil.

The EPR Plan is a plan in which senior executives and high performing employees participate. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

NOTE 27 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights and Partnership Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled

	Number of rights 31 Dec 14	Number of rights 31 Dec 13
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**1,224,723**	755,035
Rights transferred pursuant to the Restructure [(i)]	**2,233,946**	–
Adjustment to rights upon the establishment of Westfield Corporation [(ii)]	**693,186**	–
Rights transferred on employee relocation	**–**	(55,421)
Rights issued during the year [(iii)]	**2,139,186**	555,159
Rights exercised during the year	**–**	(30,050)
Rights forfeited during the year	**(64,503)**	–
Balance at the end of the year	**6,226,538**	1,224,723

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security)/Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

(iii) As outlined in section 8.4(c) of the Directors' Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR Plan.

In 2012 and 2013, qualification for 25% and 50% (respectively) of rights issued under the PIR Plan was determined by reference to the ROCE hurdle. A full discussion of the nature of the ROCE hurdle is contained in the 2012 and 2013 Remuneration Report published by Westfield Group. Immediately prior to the Restructure, having regard to the fact that the Westfield Group would no longer exist (and therefore it would not be possible to measure performance against the ROCE hurdle) the Westfield Group Board agreed to determine the level of vesting in respect of these 2012 and 2013 rights having regard to the actual performance up to the implementation of the Restructure including the six months to 30 June 2014. The Board also had regard to expected performance over the balance of the qualification period having regard to performance up to implementation of the Restructure. As a consequence, the ROCE hurdles were met to 110% and 125% for the 2012 and 2013 years respectively.

For 2014, the rights were issued under the new Westfield Corporation Plans. Vesting against the FFO hurdles was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Directors' Report.

Vesting profile	**Fair value granted US$million 31 Dec 14**	**Number of rights [(i)] 31 Dec 14**	Fair value granted US$million 31 Dec 13	Number of rights [(i)] 31 Dec 13
2015	**3.3**	**982,628**	1.7	304,699
2016	**7.5**	**1,986,961**	3.8	600,278
2017	**9.6**	**2,173,378**	2.2	301,997
2018	**4.7**	**1,083,571**	0.1	17,749
	25.1	**6,226,538**	7.8	1,224,723

(i) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2014 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$22.2 million (31 December 2013: US$6.1 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 27 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

(i) The Executive Deferred Award Plan (EDA Plan) – Cash settled

	Number of award securities 31 Dec 14	Number of award securities 31 Dec 13
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**768,539**	2,046,388
Awards transferred pursuant to the Restructure [(i)]	**309,918**	–
Adjustment to awards upon the establishment of Westfield Corporation [(ii)]	**354,235**	–
Rights transferred on employee relocation	**–**	(28,458)
Awards exercised during the year	**(96,184)**	(1,065,679)
Awards lapsed during the year	**(133,002)**	(183,712)
Balance at the end of the year	**1,203,506**	768,539

(i) Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these awards which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these awards had been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, all existing awards issued under the United States Plans operated by the former Westfield Group were modified such that the value of the awards held by the Plan participants was maintained by adjusting the number of awards in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the awards relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security)/Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of awards held by Plan participants prior to the adjustment occurring.

Vesting profile	**Cumulative value granted US$million 31 Dec 14**	**Number of award securities 31 Dec 14**	Cumulative value granted US$million 31 Dec 13	Number of award securities 31 Dec 13
2014	**–**	**–**	0.6	66,108
2015	**6.1**	**1,203,506**	6.1	702,431
	6.1	**1,203,506**	6.7	768,539

The EDA Plan is a plan in which senior executives and high performing employees participate. The fair value of the EDA Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The EDA Plan operates in much the same manner as the EPR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

As from 2012 onwards, it is not anticipated that any further issues will be made under the EDA Plan.

NOTE 27 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans (continued)

(ii) The Partnership Incentive Plan (PIP Plan) – Cash settled

	Number of award securities 31 Dec 14	Number of award securities 31 Dec 13
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**843,331**	1,648,467
Awards transferred pursuant to the Restructure [(i)]	**1,482,257**	–
Adjustment to awards upon the establishment of Westfield Corporation [(ii)]	**444,385**	–
Rights transferred on employee relocation	**–**	(146,190)
Awards exercised during the year	**(1,894,569)**	(658,946)
Awards lapsed during the year	**(46,066)**	–
Balance at the end of the year	**829,338**	843,331

(i) Following implementation of the Restructure on 30 June 2014, the number of awards that were issued under the Australian and United Kingdom versions of the Westfield Group Plans that relate to securities in Westfield Corporation were transferred from Scentre Group. These awards have been adjusted in accordance with the formula in footnote (ii) below.

(ii) As a result of the Restructure on 30 June 2014, existing awards in the United States versions of the Westfield Group Plans had been modified such that the value of the awards held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities.

The awards over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the awards on issue in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security)/Value of a Westfield Corporation security.

The value of awards adjusted immediately before the transaction was the same as the value of awards immediately after the transaction.

Vesting profile	**Cumulative value granted US$million 31 Dec 14**	**Number of award securities 31 Dec 14**	Cumulative value granted US$million 31 Dec 13	Number of award securities 31 Dec 13
2014	**–**	**–**	5.0	588,048
2015	**4.2**	**829,338**	2.2	255,283
	4.2	**829,338**	7.2	843,331

The senior leadership team of the Group, participate in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include the Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The PIP Plan operates in much the same manner as the PIR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

As from 2012 onwards, it is not anticipated that any further issues will be made under the PIP plan.

Accounting for cash settled Share Based Payments

The accounts of the Group and the remuneration disclosures in this Annual Report disclose the full liability to members of the grant of awards under the Group's equity-linked plans, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating the Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period (and at the date of settlement) the awards are adjusted to fair market value with any adjustments in fair value recognised in the profit or loss.

During the year, US$3.8 million (31 December 2013: US$6.8 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	Note	31 Dec 14 US cents	31 Dec 13 US cents

NOTE 28 EARNINGS PER SECURITY

(a) Summary of earnings per security

		31 Dec 14 US cents	31 Dec 13 US cents
Basic earnings per stapled security attributable to members of Westfield Corporation		**(11.63)**	27.94
Diluted earnings per stapled security attributable to members of Westfield Corporation		**(11.63)**	19.57

(b) Income and security data

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

	31 Dec 14 US$million	31 Dec 13 US$million
Earnings used in calculating basic earnings per stapled security	**(215.0)**	471.4
Adjustment to earnings on options which are considered dilutive (i)	**–**	(128.0)
Earnings used in calculating diluted earnings per stapled security	**(215.0)**	343.4

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

	Note	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security		**2,078,089,686**	2,167,947,730
Adjustment for the acquisition of the United Kingdom operations as a result of the Restructure implemented on 30 June 2014	49	**(229,676,886)**	(480,533,078)
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security (ii)		**1,848,412,800**	1,687,414,652
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security (iii)		**1,848,412,800**	1,687,414,652
Weighted average of potential employee awards scheme security options which, if issued would be dilutive (iv)		**20,698,363**	5,483,263
Bonus element of options which if issued, would be dilutive (i)		**–**	61,449,049
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security (v)		**1,869,111,163**	1,754,346,964

(i) Bonus element of options relating to other financial liabilities issued to Westfield Holdings Limited (now Scentre Group Limited) that are dilutive for the current period were nil (31 December 2013: 61,449,049), earnings in respect of the options were nil (31 December 2013: US$128.0 million).

(ii) The weighted average number of ordinary securities used in calculating basic earnings per stapled security has been adjusted for the acquisition of the United Kingdom operations which occurred on 30 June 2014.

(iii) 1,848.4 million (31 December 2013: 1,687.4 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(iv) At 31 December 2014 17,369,813 actual employee award scheme security options were on hand (31 December 2013: 5,115,399).

(v) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 3,328,550 (31 December 2013: 570,629).

(c) Conversions, calls, subscription or issues after 31 December 2014

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary securities since the reporting date and before the completion of this report.

	31 Dec 14 US$million	31 Dec 13 US$million
NOTE 29 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2014		
– to be paid on 27 February 2015		
WFDT: 8.66 US cents per unit, 90% estimated tax deferred	**180.0**	–
WAT: 3.64 US cents per unit, 0% estimated tax deferred	**75.6**	–
Dividend/distribution in respect of the 6 months to 31 December 2013		
WAT: 7.01 US cents (7.84 A$ cents) per unit, 27% tax deferred	**–**	145.7
	255.6	145.7

Interim dividend/distributions of 21.00 A$ cents were paid on 29 August 2014. Final dividend/distributions will be paid on 27 February 2015. The record date for the final dividends/distributions was 5pm, 13 February 2015. No distribution reinvestment plan is operational for the distribution.

	31 Dec 14 US$million	31 Dec 13 US$million
(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2014		
WAT: 19.63 US cents (21.00 A$ cents) per unit	**408.0**	–
Dividend/distribution in respect of the 6 months to 30 June 2013		
WAT: 19.24 US cents (21.50 A$ cents) per unit, 27% tax deferred	**–**	417.1
	408.0	417.1

Dividends paid by the Parent Company have been franked at the corporate tax rate of 30%.

	31 Dec 14 US$million	31 Dec 13 US$million
(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**0.2**	–
Franking credits available for future distributions	**0.2**	–

	31 Dec 14 US$	31 Dec 13 US$
NOTE 30 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**3.72**	0.98

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2013: 2,078,089,686).

NOTE 31 LEASE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Operating lease receivables

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

	US$million	US$million
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**694.2**	538.4
Due between one and five years	**2,099.8**	1,598.2
Due after five years	**1,860.7**	1,105.7
	4,654.7	3,242.3

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.

	US$million	US$million
Operating lease payables		
Expenditure contracted but not provided for		
Due within one year	**8.3**	5.6
Due between one and five years	**37.7**	21.1
Due after five years	**66.9**	53.8
	112.9	80.5

	31 Dec 14 US$million	31 Dec 13 US$million

NOTE 32 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

	31 Dec 14 US$million	31 Dec 13 US$million
Due within one year	**405.2**	1,075.1
Due between one and five years	**328.3**	396.6
Due after five years	**–**	–
	733.5	1,471.7

NOTE 33 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

	31 Dec 14 US$million	31 Dec 13 US$million
Performance guarantees	**121.0**	43.1
Guaranteed borrowings of associates of the Responsible Entity (i)	**–**	6,677.6
	121.0	6,720.7

(i) A member of Westfield Corporation has guaranteed the A$1,409.1 million Property Linked Notes issued by Scentre Group. However, under the Implementation Deed in relation to the Restructure and Merger, Westfield Corporation has the benefit of an indemnity from Scentre Group in the event liability under the guarantee arises.

The Group's obligation in respect of performance guarantees may be called on at anytime dependant upon the performance or non performance of certain third parties.

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

NOTE 34 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 35 FINANCIAL RISK MANAGEMENT

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

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

The Group's treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group's treasury management objectives.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Audit and Risk Committee comprising three Directors. The Audit and Risk Committee reviews and oversees Management's compliance with these policies, procedures and limits. The Audit and Risk Committee is assisted in its oversight role by the Group's Executive Committee.

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

NOTE 36 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 14 US$million**	31 Dec 13 US$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	21	**123.4**	830.5
Non current interest bearing liabilities	21	**5,306.8**	5,356.9
Share of equity accounted entities interest bearing liabilities	21(d)	**1,998.7**	1,245.1
Cross currency swaps			
– £90.0 million (31 December 2013: nil)	37(ii)	**140.4**	–
– US$	37(ii)	**–**	760.0
Principal amounts subject to interest rate payable exposure		**7,569.3**	8,192.5
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$210.8 million (31 December 2013: A$1,064.7 million)	37(ii)	**172.9**	951.0
Loans receivable from related entities	13	**–**	699.4
Cash	11(a)	**308.6**	749.9
Share of equity accounted entities cash	17(c)	**92.4**	59.7
Principal amounts subject to interest rate receivable exposure		**573.9**	2,460.0
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**6,995.4**	5,732.5

	Note	**31 Dec 14 US$million**	31 Dec 13 US$million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £375.0 million (31 December 2013: nil)	36(ii)	**585.2**	–
– US$	36(ii)	**5,751.6**	6,470.1
Fixed rate derivatives			
– US$	36(ii)	**2,750.0**	2,750.0
Interest rate options			
– US$	36(iii)	**27.0**	27.4
Principal amounts on which interest rate payable exposure has been hedged		**9,113.8**	9,247.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$200.0 million (31 December 2013: A$950.0 million)	36(ii)	**164.0**	848.5
– US$	36(ii)	**3,250.0**	4,100.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,414.0**	4,948.5
Principal amounts on which net interest rate payable exposure has been hedged		**5,699.8**	4,299.0

At 31 December 2014, the Group has hedged 81% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 19% is exposed to floating rates on a principal payable of US$1,295.6 million, at an average interest rate of 1.2%, including margin (31 December 2013: 75% hedged with floating exposure of US$1,433.5 million at an average rate of 3.0%). Changes to derivatives due to interest rate movements are set out in Notes 36(ii) and 36(iii).

Interest rate sensitivity		**31 Dec 14 US$million**	31 Dec 13 US$million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**25.9**	28.7
	-1.0%	**13.0**	14.4
	-0.5%	**6.5**	7.2
	0.5%	**(6.5)**	(7.2)
	1.0%	**(13.0)**	(14.4)
	2.0%	**(25.9)**	(28.7)

NOTE 36 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 14 Notional principal amount million**	**31 Dec 14 Average rate**	**31 Dec 14 Principal amount million**	**31 Dec 14 Average rate including margin**	31 Dec 13 Notional principal amount million	31 Dec 13 Average rate	31 Dec 13 Principal amount million	31 Dec 13 Average rate including margin
US$ payable								
31 December 2013	–	–	–	–	US$(2,750.0)	1.80%	US$(6,470.1)	5.59%
31 December 2014	**US$(2,750.0)**	**1.80%**	**US$(5,751.6)**	**3.76%**	US$(2,750.0)	1.80%	US$(6,463.5)	5.59%
31 December 2015	–	–	**US$(5,626.3)**	**3.74%**	–	–	US$(6,341.7)	5.60%
31 December 2016	**US$(1,350.0)**	**1.39%**	**US$(5,468.7)**	**3.70%**	–	–	US$(5,292.6)	5.60%
31 December 2017	–	–	**US$(4,493.2)**	**3.92%**	–	–	US$(5,067.2)	5.58%
31 December 2018	–	–	**US$(4,484.3)**	**3.93%**	–	–	US$(3,958.1)	5.16%
31 December 2019	–	–	**US$(3,223.8)**	**4.42%**	–	–	US$(2,797.8)	4.53%
31 December 2020	–	–	**US$(2,861.1)**	**4.05%**	–	–	US$(2,449.2)	4.20%
31 December 2021	–	–	**US$(2,858.0)**	**4.05%**	–	–	US$(1,446.2)	3.92%
31 December 2022	–	–	**US$(2,439.7)**	**4.03%**	–	–	US$(659.0)	3.98%
31 December 2023	–	–	**US$(1,937.5)**	**4.02%**	–	–	–	–
31 December 2024-43	–	–	**US$(500.0)**	**4.75%**	–	–	–	–
£ payable								
31 December 2014	–	–	**£(375.0)**	**2.69%**	–	–	–	–
31 December 2015	–	–	**£(375.0)**	**2.69%**	–	–	–	–
31 December 2016	–	–	**£(375.0)**	**2.69%**	–	–	–	–
31 December 2017	–	–	**£(375.0)**	**2.69%**	–	–	–	–
31 December 2018	–	–	**£(375.0)**	**2.69%**	–	–	–	–
A$ receivable								
31 December 2013	–	–	–	–	A$950.0	6.36%	–	–
31 December 2014	**A$200.0**	**6.77%**	–	–	A$200.0	6.77%	–	–
US$ receivable								
31 December 2013	–	–	–	–	US$4,100.0	3.13%	–	–
31 December 2014	**US$3,250.0**	**2.81%**	–	–	US$3,250.0	2.80%	–	–
31 December 2015	**US$3,250.0**	**2.81%**	–	–	US$3,250.0	2.80%	–	–
31 December 2016	**US$3,250.0**	**2.81%**	–	–	US$3,250.0	2.80%	–	–
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 2014, the aggregate fair value is a receivable of US$162.6 million (31 December 2013: US$203.5 million). The change in fair value for the year ended 31 December 2014 was US$40.9 million (31 December 2013: US$80.2 million).

Fair value sensitivity		**31 Dec 14 US$million**	31 Dec 13 US$million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**160.9**	202.9
	-1.0%	**78.8**	99.1
	-0.5%	**38.9**	48.6
	0.5%	**(38.0)**	(47.6)
	1.0%	**(75.5)**	(94.2)
	2.0%	**(148.0)**	(183.9)

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

NOTE 36 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

Notional principal of the Group's consolidated and share of equity accounted interest rate options:

Interest rate options contracted as at the reporting date and outstanding at	**Interest rate options** **31 Dec 14 Notional principal amount million**	**31 Dec 14 Average strike rates**	Interest rate options 31 Dec 13 Notional principal amount million	31 Dec 13 Average strike rate
US$ payable caps				
31 December 2013	**–**	**–**	US$(27.4)	3.50%
31 December 2014	**US$(27.0)**	**3.50%**	US$(27.4)	3.50%
31 December 2015	**US$(675.0)**	**0.56%**	–	–

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 2014, the aggregate fair value is a payable of US$0.1 million (31 December 2013: US$1,846). The change in fair value for the year ended 31 December 2014 was US$0.1 million (31 December 2013: US$1,846).

Fair value sensitivity		**31 Dec 14 US$million**	31 Dec 13 US$million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**(0.6)**	–
	-1.0%	**(0.6)**	–
	-0.5%	**(0.6)**	–
	0.5%	**2.0**	–
	1.0%	**4.6**	–
	2.0%	**10.0**	–

NOTE 37 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 14 million	31 Dec 13 million
Foreign currency net investments		
British Pound		
£ net assets	**£2,788.5**	–
£ borrowings	**£(934.6)**	–
£ denominated net assets	**£1,853.9**	–
Euro		
€ net assets	**€90.3**	–
€ borrowings	**€(82.5)**	–
€ denominated net assets	**€7.8**	–
Australian Dollar		
A$ net assets	**A$(32.0)**	–
A$ denominated net assets	**A$(32.0)**	–

NOTE 37 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

The Group's foreign currency net assets are subject to exchange rate risk. Gains and losses arising from translation of the Group's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Group 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 14 US$million**	31 Dec 13 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.6409 rate is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,312.4**	–
	- 10 pence	**534.9**	–
	- 5 pence	**244.8**	–
	+ 5 pence	**(209.4)**	–
	+ 10 pence	**(390.5)**	–
	+ 20 pence	**(688.1)**	–
The sensitivity of € denominated net assets to changes in the year end US$/€0.8230 rate is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**3.0**	–
	- 10 cents	**1.3**	–
	- 5 cents	**0.6**	–
	+ 5 cents	**(0.5)**	–
	+ 10 cents	**(1.0)**	–
	+ 20 cents	**(1.8)**	–
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.2195 rate is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(5.1)**	–
	- 10 cents	**(2.3)**	–
	- 5 cents	**(1.1)**	–
	+ 5 cents	**1.0**	–
	+ 10 cents	**2.0**	–
	+ 20 cents	**3.7**	–

(i) Forward exchange derivatives to hedge the Group's foreign currency earnings

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

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

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	**Weighted average exchange rate**		**Amount receivable/(payable) million**			
	31 Dec 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
US$						
Contracts to buy A$ and sell US$						
31 December 2014	–	0.7869	–	–	A$93.3	US$(73.4)
	–	0.9139	–	–	A$(80.3)	US$73.4

At 31 December 2014, none of the above described forward exchange contracts qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2014, the aggregate fair value is nil (31 December 2013: US$20.0 million). The change in fair value for the year ended 31 December 2014 was US$20.0 million (31 December 2013: US$25.4 million).

NOTE 37 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows

The Group has entered into the following foreign currency derivative financial instruments to sell US$ and £ and purchase A$ at floating interest rates on notional principals at fixed exchange rates.

The following table details the cross currency interest rate swaps outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's cash flows and are considered ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
US$						
Contracts to receive A$ and pay US$						
31 December 2013	**–**	0.7138	**–**	**–**	A$1,064.7	US$(760.0)
£						
Contracts to receive A$ and pay £						
31 December 2014	**0.4270**	–	**A$210.8**	**£(90.0)**	–	–

At 31 December 2014, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2014, the aggregate fair value is a receivable of US$1.7 million (31 December 2013: US$8.1 million). The change in fair value for the year ended 31 December 2014 was US$6.4 million (31 December 2013: US$31.4 million).

Foreign currency sensitivity		**31 Dec 14 US$million**	31 Dec 13 US$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US$/A$1.2195 rate (31 December 2013: 1.1196) is as follows:	US$/A$ Currency movement	Gain/(loss) to income statement	
	- 20 cents	**0.4**	2.0
	- 10 cents	**0.2**	0.9
	- 5 cents	**0.1**	0.4
	+ 5 cents	**(0.1)**	(0.4)
	+ 10 cents	**(0.2)**	(0.8)
	+ 20 cents	**(0.3)**	(1.4)
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US$/£0.6409 rate is as follows:	US$/£ Currency movement	Gain/(loss) to income statement	
	- 20 pence	**(0.2)**	–
	- 10 pence	**(0.1)**	–
	- 5 pence	**–**	–
	+ 5 pence	**–**	–
	+ 10 pence	**0.1**	–
	+ 20 pence	**0.1**	–

NOTE 38 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 2014, the aggregate credit risk in respect of cash and cash equivalents is US$401.0 million (31 December 2013: US$749.9 million).

At 31 December 2014, the aggregate credit risk in respect of derivative financial instruments is US$165.0 million (31 December 2013: US$272.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 58% (31 December 2013: 54%) of its aggregate credit risk spread over four counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A- or higher.

The 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 21.

NOTE 39 FINANCIAL COVENANTS

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

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

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

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

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

At and during the years ended 31 December 2014 and 2013, the Group was in compliance with all the above financial covenants.

NOTE 40 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 14 US$million	31 Dec 13 US$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 21) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(280.6)**	(1,135.6)
Due between one and five years	**(3,712.8)**	(3,294.6)
Due after five years	**(2,912.1)**	(3,331.1)
	(6,905.5)	(7,761.3)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(5,430.2)**	(6,187.4)
– aggregate future estimated nominal interest	**(1,475.3)**	(1,573.9)
	(6,905.5)	(7,761.3)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**88.3**	122.2
Due between one and five years	**149.2**	205.5
Due after five years	**2.0**	19.2
	239.5	346.9

Contingent liabilities are set out in Note 33 and are not included in the amounts shown above.

NOTE 41 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 14 US$million	31 Dec 13 US$million	**31 Dec 14 US$million**	31 Dec 13 US$million
Consolidated assets				
Cash	**308.6**	749.9	**308.6**	749.9
Trade receivables (i)	**17.2**	16.3	**17.2**	16.3
Receivables (i)	**233.9**	1,099.5	**233.9**	1,099.5
Other investments (ii)	**257.9**	101.6	**257.9**	101.6
Derivative assets (ii)	**165.0**	272.8	**165.0**	272.8
Consolidated liabilities				
Payables (i)	**1,069.3**	741.6	**1,069.3**	741.6
Interest bearing liabilities (ii)				
– Fixed rate debt	**4,484.5**	5,934.2	**4,373.7**	5,326.4
– Floating rate debt	**1,056.5**	861.0	**1,056.5**	861.0
Other financial liabilities (ii)	**234.6**	1,213.3	**234.6**	1,213.3
Derivative liabilities (ii)	**0.5**	41.4	**0.5**	41.4

(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 14 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other investments				
– Listed investments	**143.2**	143.2	–	–
– Unlisted investments	**114.7**	–	–	114.7
Derivative assets				
– Interest rate derivatives	**165.0**	–	165.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**4,484.5**	–	4,484.5	–
– – Floating rate debt	**1,056.5**	–	1,056.5	–
Other financial liabilities				
– Redeemable preference shares/units	**234.6**	–	–	234.6
Derivative liabilities				
– Interest rate derivatives	**0.5**	–	0.5	–

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

NOTE 41 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 13 US$million	Level 1 US$million	Level 2 US$million	Level 3 US$million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investments	101.6	–	–	101.6
Derivative assets				
– Interest rate derivatives	252.8	–	252.8	–
– Currency derivatives	20.0	–	20.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	5,934.2	–	5,934.2	–
– Floating rate debt	861.0	–	861.0	–
Other financial liabilities				
– Redeemable preference shares/units	1,213.3	–	865.7	347.6
Derivative liabilities				
– Interest rate derivatives	41.4	–	41.4	–

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

	Unlisted investments[i] **31 Dec 14 US$million**	**Redeemable preference shares/units**[ii] **31 Dec 14 US$million**	Unlisted investments[i] 31 Dec 13 US$million	Redeemable preference shares/units[ii] 31 Dec 13 US$million
Level 3 fair value movement				
Balance at the beginning of the year	**101.6**	**347.6**	465.1	326.6
Additions	**15.6**	**–**	61.5	–
Disposals	**(0.5)**	**(160.4)**	(425.0)	–
Elimination upon consolidation as a result of the Restructure	**(2.0)**	**–**	–	–
Net fair value gain/loss to income statement	**–**	**47.4**	–	21.0
Balance at the end of the year	**114.7**	**234.6**	101.6	347.6

[i] The fair value of the unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

[ii] The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2014, an increment of 1% to the earnings yield would result in an additional gain of US$37.4 million (31 December 2013: US$49.5 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US$57.0 million (31 December 2013: US$69.6 million) in the income statement.

Investment properties are considered Level 3, refer to Note 16: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 14 US$million
NOTE 42 PARENT COMPANY	

Westfield Corporation Limited is the Parent Company upon the Restructure on 30 June 2014. As a result, there are no comparative financial information.

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

	31 Dec 14 US$million
(a) Assets	
Current assets	5.3
Non current assets	1,409.6
Total assets	1,414.9
(b) Liabilities	
Current liabilities	372.8
Non current liabilities	–
Total liabilities	372.8
(c) Total equity	
Contributed equity	869.3
Foreign currency translation reserve	(134.2)
Retained profits	307.0
Total equity	1,042.1
(d) Comprehensive income	
Profit/(loss) after tax for the period	307.0
Other comprehensive income	(134.2)
Total comprehensive income for the period	172.8
(e) Contingent liabilities	
Guaranteed borrowings of controlled entities	4,523.3
	4,523.3

NOTE 43 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2014, WFDT held current assets of US$3.4 billion, non current assets of US$1.8 billion and liabilities of nil.

As at 31 December 2014, the total equity held by WFDT was US$5.2 billion.

The profit after tax for the period was US$258.9 million and total comprehensive loss was US$474.9. The revenue for the period was US$1.0 million.

Westfield America Trust

As at 31 December 2014, WAT held current assets of US$0.9 billion, non current assets of US$12.2 billion, current liabilities of US$3.3 billion and non current liabilities of US$8.4 billion.

As at 31 December 2014, the total equity held by WAT was US$1.4 billion.

The loss after tax for the period was US$592.8 million and total comprehensive loss was US$265.6 million. The revenue for the period was US$693.0 million.

	31 Dec 14 US$000	31 Dec 13 US$000
NOTE 44 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,284**	283
– Assurance and compliance services	**334**	–
– Technical accounting advice and services	**59**	–
– Due Diligence Services	**451**	–
	2,128	283
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**2,650**	2,501
– Assurance and compliance services	**303**	8
– Taxation advice and compliance	**169**	471
	3,122	2,980
	5,250	3,263

NOTE 45 SUPERANNUATION COMMITMENTS

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

NOTE 46 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

Scentre Group is considered to be a related party of the Group as Directors Mr Frank Lowy and Mr Steven Lowy are also Directors of Scentre Group.

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) Scentre Group

Arrangements with Scentre Group

Following the Restructure on 30 June 2014, the Group has the following ongoing contractual arrangements with Scentre Group:

– Scentre Group will have an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;

– Scentre Group will have access to the digital innovation activities of Westfield Labs; and

– Scentre Group will provide transitional services to the Group while both entities develop standalone resources and support services.

(i) Royalty free licence to use the Westfield brand

Scentre Group's existing shopping centres and any new shopping centres in Australia and New Zealand will continue to be branded Westfield under an exclusive, royalty free licence from the Group.

Under the Trade Mark Licence Agreement, Scentre Group will have the royalty free right to use (and to sub-license) the Westfield brand in Australia and New Zealand in relation to its existing shopping centres and any new shopping centres managed by Scentre Group which meet certain agreed characteristics.

NOTE 46 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Scentre Group (continued)

Arrangements with Scentre Group (continued)

(ii) Access to the digital innovation activities of Westfield Labs (LABS)

LABS is a San Francisco based team owned by the Group which serves as a global digital lab focussed on innovating and developing the technological platform and infrastructure necessary to better connect consumers with physical shopping centre assets.

Scentre Group has entered into an agreement with the Group under which it will have access to core digital services to be provided by LABS in return for an agreed contribution to the funding of LABS over the term of the agreement and to product innovations by LABS on a case by case basis. Scentre Group may, but is not obliged to, use LABS to develop its own digital initiatives, again on a case by case basis. The LABS Agreement has been entered into for an initial term until 31 December 2016.

Under the LABS Agreement, LABS will provide agreed core services to Scentre Group, which will include services relating to the Searchable Mall, data analytics, mobile applications, consumer website development, platform (including publishing) hosting and maintenance, consumer insights reporting and certain research and development. The Group charged Scentre Group US$4.5 million (A$5.5 million) for the six month period to December 2014, and Scentre Group will not without agreement of the parties be required to pay more than A$11.2 million for the year ending 31 December 2015 or A$11.6 million for the year ending 31 December 2016. Payment for LABS services are made in arrears.

(iii) Provision of transitional services by Scentre Group

As part of the transition, Scentre Group and the Group have entered into a Transitional Services Agreement, under which Scentre Group will provide various corporate infrastructure services to the Group for a transitional period. For the six months ended 31 December 2014, Scentre Group charged the Group US$5.5 million for transitional services. The transition is expected to be substantially completed by 30 June 2016.

As part of the transition, the Group also provides corporate services to Scentre Group. For the six months ended 31 December 2014, the Group charged Scentre Group US$0.3 million for the provision of corporate services.

The Group subleases office space from Scentre Group at its Westfield Sydney premises. The lease is at commercial, arms length terms. For the six months ended 31 December 2014, the total office rent charged to the Group was US$0.6 million.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2014 US$million**	2013 US$million
Owing to Scentre Group	Current payable	**0.5**	nil
Owing from Scentre Group	Current receivable	**4.5**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from Scentre Group during the period.

(b) LFG

Following the Restructure on 30 June 2014, the Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for the Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the six months to 31 December 2014, the Group utilised 12.8 hours of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the use of the Group's aircraft by LFG and use of LFG's aircraft by the Group. These arrangements, including rates, are at arm's length.

The Group charged LFG US$274,124 during the six months ended 31 December 2014 in relation to their use of the Group's aircraft in excess of the interchange agreement. Amounts charged were payable on 7 day terms.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. For the six months ended 31 December 2014, the Group charged LFG US$481,390 in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

For the six months ended 31 December 2014, the Group charged LFG US$483,388 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

For the six months ended 31 December 2014, the Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2014 US$million**	2013 US$million
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.

(c) The Lowy Institute

Following the Restructure on 30 June 2014, the Group charged The Lowy Institute US$7,468 for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2014.

NOTE 47 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group for the six month period from 1 July 2014 to 31 December 2014 are set out below:

– Frank Lowy	Chairman
– Brian Schwartz	Deputy Chairman/Lead Independent Director
– Ilana Atlas	Non-Executive Director
– Roy Furman	Non-Executive Director
– Peter Goldsmith	Non-Executive Director
– Michael Gutman	President/Chief Operating Officer
– Mark G. Johnson	Non-Executive Director
– Mark R. Johnson	Non-Executive Director
– Don Kingsborough	Non-Executive Director
– Peter Lowy	Co-Chief Executive Officer/Chief Financial Officer
– Steven Lowy	Co-Chief Executive Officer
– John McFarlane	Non-Executive Director
– Elliott Rusanow	Deputy Chief Financial Officer
– Judith Sloan	Non-Executive Director
– Simon Tuxen	General Counsel

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group for the six month period from 1 July 2014 to 31 December 2014, being the first financial year of the restructured Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the six month period to 31 December 2014 was [(i)]:

	Short term benefits				Post Employment	Share Based	TOTAL [(iv)]
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits [(ii)] US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments [(iii)] US$	US$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2014	**4,026,116**	**4,290,452**	**76,659**	**98,904**	**40,352**	**6,443,974**	**14,976,457**
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2014	**845,690**	**778,925**	**–**	**37,813**	**–**	**1,756,592**	**3,419,020**
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2014	**4,871,806**	**5,069,377**	**76,659**	**136,717**	**40,352**	**8,200,566**	**18,395,477**

(i) As the first result of the new Group only includes six months of operations, the remuneration disclosed also includes six months. The remuneration covering the period from 1 January to 30 June 2014 was incurred by the former Westfield Group and that portion is disclosed in the Financial Report of the Scentre Group.

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

(iii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(iv) In 2013, Westfield America Trust was charged an amount of corporate services fees by a related entity of the Westfield Group which indirectly included a proportion of the Key Management Personnel's remuneration.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 46.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 48 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 14 – Interest Beneficial[i] Parent Company %	31 Dec 14 – Interest Westfield Corporation %	31 Dec 14 – Interest Consolidated or Equity accounted %	31 Dec 13 – Interest Beneficial[ii] Parent Company %	31 Dec 13 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA					
Parent Company					
Westfield Corporation Limited (31 December 2013: Westfield America Trust)	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities					
WFD Trust	–	100.0	100.0	–	–
Westfield America Trust	–	100.0	100.0	–	–
WCL Finance Pty Limited	100.0	100.0	100.0	–	–
WCL Management Pty Limited	100.0	100.0	100.0	–	–
Westfield Investments Pty Limited	100.0	100.0	100.0	–	–
WFA Finance (Aust) Pty Limited	–	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN IRELAND					
Consolidated Controlled Entities					
Westfield Europe Finance PLC	100.0	100.0	100.0	–	–
ENTITIES INCORPORATED IN UNITED KINGDOM					
Consolidated Controlled Entities					
Westfield Europe Limited (formerly Westfield Shoppingtowns Limited)	100.0	100.0	100.0	–	–
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	–	–
ENTITIES INCORPORATED IN UNITED STATES					
Consolidated Controlled Entities					
Westfield America, Inc.	17.4	100.0	100.0	100.0	100.0
WCI Finance, LLC	17.4	100.0	100.0	100.0	100.0
WEA Finance, LLC	17.0	100.0	100.0	100.0	100.0
Westfield, LLC	17.0	100.0	100.0	100.0	100.0
Westfield America, LP	17.0	100.0	100.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the WAT's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

NOTE 49 BUSINESS COMBINATIONS

Acquisition of Westfield Group's United Kingdom assets and operations

As a result of the Restructure on 30 June 2014, the securities of WAT were stapled with the securities of the Parent Company and WFDT to form Westfield Corporation. Westfield Corporation was formed as a result of the Westfield Group restructure, and is an internally managed and vertically integrated international retail property group with an initial focus on the United States, United Kingdom and Europe. As part of the Restructure, Westfield Group's international business was transferred to the Parent Company and WFDT.

The stapling transaction has been accounted for as a business combination by contract alone. WAT has been identified as the acquirer as WAT is the stapled entity whose relevant size is largest. No purchase consideration was transferred for the acquisition.

The fair value of the identifiable assets and liabilities of the Parent Company and WFDT as at 30 June 2014 were:

	US$million
Assets	
Cash and cash equivalents	146.5
Trade receivables	1.7
Investment properties	2,596.5
Equity accounted investments	
– Cash and cash equivalents	34.7
– Investment properties	1,897.1
– Other assets	18.7
– Payables and other creditors	(55.5)
– Interest bearing liabilities	(468.7)
– Deferred tax liabilities	–
Derivative assets	5.3
Intercompany receivable	2,849.5
Other assets	1,527.9
	8,553.7
Liabilities	
Trade creditors	18.9
Payables and other creditors	419.4
Interest bearing liabilities	1,452.6
Other non current liabilities	104.8
	1,995.7
Total identifiable net assets at fair value	6,558.0
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:	
– WCL members	944.5
– WFDT members (non controlling interest)	5,613.5
	6,558.0

The acquisition results in an increase to equity attributable to the security holders of Westfield Corporation equivalent to the fair value of net assets acquired. The equity attributable to WFDT is presented as non controlling interest of US$5,613.5 million in the Westfield Corporation financial report.

The fair value of trade receivables acquired approximates the gross amount of trade receivables acquired.

Charges and credits in respect of the Restructure and Merger are detailed in Note 8.

As the business combination occurred on 30 June 2014, the financial report includes the acquired assets and liabilities of the Parent Company and WFDT at acquisition date, but not their results for the half-year then ended. Had the acquisition occurred on 1 January 2014, the results of the Parent Company and WFDT, representing principally the United Kingdom operations, would have contributed the results as set out below:

	31 Dec 14(i) **US$million**	31 Dec 13 US$million
Property revenue	**152.1**	317.4
Property expenses, outgoings and other costs	**(46.5)**	(97.9)
Net property income	**105.6**	219.5
Net property development and project management income and net property management income	**30.7**	63.6
Revaluation	**137.8**	232.9
Current and deferred tax	**63.3**	4.9
Profit after tax (ii)	**423.0**	115.9

(i) Represents principally the results of the United Kingdom operations for the period from 1 January 2014 to 30 June 2014. Refer to Note 3(a) for the results from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(ii) Financing costs and tax charges included above has been compiled from the financing costs and tax charges included in the legal entities that form the United Kingdom operations. As a result of the Restructure, these financing costs will not be indicative of the future financing costs.

NOTE 50 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

Name of entity	Date of gain/loss of control	Interest (%) 31 Dec 14	31 Dec 13
ENTITIES INCORPORATED IN AUSTRALIA			
Westfield Corporation Limited	30 June 2014	**100.0**	–
WFD Trust	30 June 2014	**100.0**	–
Cavemont Pty Limited	30 June 2014	**100.0**	–
Descon Invest Pty Limited	30 June 2014	**100.0**	–
Fidele Pty Limited	30 June 2014	**100.0**	–
Nauthiz Pty Limited	30 June 2014	**100.0**	–
WCL Finance Pty Limited	30 June 2014	**100.0**	–
WCL Management Pty Limited	30 June 2014	**100.0**	–
Westfield American Investments Pty Limited	30 June 2014	**100.0**	–
Westfield America Management Limited	30 June 2014	**100.0**	–
Westfield Capital Corporation Finance Pty Limited	30 June 2014	**100.0**	–
Westfield Developments Pty Limited	30 June 2014	**100.0**	–
Westfield Investments Pty Limited	30 June 2014	**100.0**	–
Westfield Queensland Pty Limited	30 June 2014	**100.0**	–
Westfield R.S.C.F Management Pty Limited	30 June 2014	**100.0**	–
Westfield UK Investments Pty Limited	30 June 2014	**100.0**	–
Stratford City (No. 1) Trust	30 June 2014	**100.0**	–
Stratford City (No. 2) Trust	30 June 2014	**100.0**	–
Stratford City (No. 3) Trust	30 June 2014	**100.0**	–
Stratford City (No. 4) Trust	30 June 2014	**100.0**	–
MH (No. 1) Trust	30 June 2014	**100.0**	–
MH (No. 2) Trust	30 June 2014	**100.0**	–
White City Investments Trust	30 June 2014	**100.0**	–
WSCF Management Trust	30 June 2014	**100.0**	–
Fidele Trust	30 June 2014	**100.0**	–
New Bradford Trust	30 June 2014	**100.0**	–
ENTITIES INCORPORATED IN IRELAND			
Consolidated Controlled Entities			
Westfield Europe Finance PLC	30 June 2014	**100.0**	–
ENTITIES INCORPORATED IN UNITED KINGDOM			
Consolidated Controlled Entities			
Westfield Europe Limited (formerly Westfield Shoppingtowns Limited)	30 June 2014	**100.0**	–
Westfield UK & Europe Finance PLC	30 June 2014	**100.0**	–

NOTE 51 SUBSEQUENT EVENTS

Since the end of the financial year, Westfield Corporation announced that it has entered into a series of transactions with O'Connor Capital Partners (O'Connor) which resulted in a US$925 million joint venture for three of its regional shopping centres.

O'Connor's investment represents a 47.4% interest in the joint venture which comprises Westfield Palm Desert, Westfield Trumbull and Westfield Wheaton. The gross transaction value approximates the Group's book value.

Westfield will be the property and leasing manager, and developer for the properties on terms consistent with Westfield's other joint ventures.

Directors' Declaration

The Directors of Westfield Corporation Limited (Company) declare that:

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

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:

(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 2014 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 25 February 2015 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

25 February 2015

Brian Schwartz AM
Director

Westfield America Management Limited (ABN 66 072 780 619)
in its capacity as responsible entity and trustee of

WFD Trust

£300,000,000 2.125% Guaranteed Senior Notes due 2025
£500,000,000 2.625% Guaranteed Senior Notes due 2029

OFFERING MEMORANDUM

March 23, 2017

Joint Book-Running Managers

Deutsche Bank **Barclays** **HSBC** **Morgan Stanley**

Banco Bilbao Vizcaya Argentaria, S.A. **BofA Merrill Lynch**
Credit Suisse **Scotiabank**
Société Générale Corporate & Investment Banking