



**WFD Trust
Annual Financial Report
31 December 2017**

Westfield Corporation

Westfield Corporation Limited
ABN 12 166 995 197

WFD Trust

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

Westfield America Trust

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

Registered Office

Level 29
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9273 2000
Facsimile: +61 2 9358 7241

United States Office

2049 Century Park East
41st Floor
Century City, CA 90067

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

United Kingdom Office

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

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

Secretary

Simon J Tuxen

Auditors

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

Investor Information

Westfield Corporation
Level 29
85 Castlereagh Street
Sydney NSW 2000

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

Principal Share Registry

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

GPO Box 2975
Melbourne VIC 3001

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

ADR Registry

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

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

Code: WFGPY

Listing

Australian Securities Exchange – WFD

Website

westfieldcorp.com

Annual Financial Report

WFD TRUST

For the Financial Year ended 31 December 2017

Contents

2	Income Statement
3	Statement of Comprehensive Income
4	Balance Sheet
5	Statement of Changes in Equity
6	Cash Flow Statement
7	Notes to the Financial Statements
18	Directors' Declaration
19	Independent Audit Report
22	Directors' Report
25	Corporate Governance Statement
26	Members' Information

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 \$million	31 Dec 16 \$million
Revenue			
Investment income		40.6	19.2
Expenses			
Overheads		(2.1)	(1.8)
Interest income	23	24.2	0.4
Currency loss	3	(88.1)	(4.0)
Financing costs	23	(23.3)	(6.0)
Revaluation of investments		295.8	(142.6)
Loss in respect of capital transactions	4	(22.9)	(0.6)
Profit/(loss) before tax for the period		224.2	(135.4)
Tax expense		-	-
Profit/(loss) after tax for the period attributable to members of WFD Trust (WFDT)		224.2	(135.4)
		cents	cents
Basic earnings/(loss) per WFD Trust unit	6	10.79	(6.52)
Diluted earnings/(loss) per WFD Trust unit	6	10.79	(6.52)

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 17 \$million	31 Dec 16 \$million
Profit/(loss) after tax for the period	224.2	(135.4)
Other comprehensive income/(loss)		
<i>Movement in foreign currency translation reserve</i>		
– Net exchange difference from the use of a presentation currency other than the functional currency	357.1	(47.2)
Total comprehensive income/(loss) for the period	581.3	(182.6)

Balance Sheet

AS AT 31 DECEMBER 2017

	Note	31 Dec 17 \$million	31 Dec 16 \$million
Current assets			
Cash and cash equivalents		11.2	5.1
Receivables	7	2,414.1	2,144.6
Deferred costs		1.4	–
Total current assets		2,426.7	2,149.7
Non current assets			
Investments	8	2,287.1	2,118.2
Receivables	7	1,350.0	450.0
Deferred costs		12.0	–
Total non current assets		3,649.1	2,568.2
Total assets		6,075.8	4,717.9
Current liabilities			
Payables and other creditors	9	22.0	233.9
Total current liabilities		22.0	233.9
Non current liabilities			
Interest bearing liabilities	10	1,081.0	–
Total non current liabilities		1,081.0	–
Total liabilities		1,103.0	233.9
Net assets		4,972.8	4,484.0
Equity attributable to members of WFD Trust			
Contributed equity	11	5,643.2	5,643.2
Reserves	13	(1,005.2)	(1,362.3)
Retained profits	14	334.8	203.1
Total equity attributable to members of WFD Trust		4,972.8	4,484.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Comprehensive Income 31 Dec 17 \$million	Equity and Reserves 31 Dec 17 \$million	Total 31 Dec 17 \$million	Total 31 Dec 16 \$million
Changes in equity attributable to members of WFD Trust				
Opening balance of contributed equity	–	5,643.2	5,643.2	5,643.2
Closing balance of contributed equity	–	5,643.2	5,643.2	5,643.2
Opening balance of reserves	–	(1,362.3)	(1,362.3)	(1,315.1)
– Movement in foreign currency translation reserve	357.1	–	357.1	(47.2)
Closing balance of reserves	357.1	(1,362.3)	(1,005.2)	(1,362.3)
Opening balance of retained profits	–	203.1	203.1	365.5
– Profit/(loss) after tax for the period	224.2	–	224.2	(135.4)
– Distributions paid	–	(92.5)	(92.5)	(27.0)
Closing balance of retained profits	224.2	110.6	334.8	203.1
Closing balance of equity attributable to members of WFD Trust	581.3	4,391.5	4,972.8	4,484.0

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 \$million	31 Dec 16 \$million
Cash flows from operating activities			
Distributions received from investments		39.5	70.7
Payments in the course of operations (including sales tax)		(1.9)	(1.3)
Interest received/(paid)		3.4	(5.8)
Net cash flows from operating activities	15(b)	41.0	63.6
Cash flows from/(used in) investing activities			
Payments for investments		(25.5)	(236.4)
Proceeds from the disposition of investments		274.9	–
Net cash flows from/(used in) investing activities		249.4	(236.4)
Cash flows from/(used in) financing activities			
Net proceeds from interest bearing liabilities		1,081.0	–
Loans from/(to) related entities		(1,275.1)	193.9
Distributions paid		(92.5)	(27.0)
Net cash flows from/(used in) financing activities		(286.6)	166.9
Net increase/(decrease) in cash and cash equivalents held		3.8	(5.9)
Add opening cash and cash equivalents brought forward		5.1	13.4
Effects of exchange rate changes on opening cash and cash equivalents brought forward		2.3	(2.4)
Cash and cash equivalents at the end of the period	15(a)	11.2	5.1

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Note	Description	Page
1	Basis of preparation of the Financial Report	8
2	Summary of significant accounting policies	9
3	Currency gain/(loss)	10
4	Loss in respect of capital transactions	10
5	Taxation	10
6	Earnings/(loss) per unit	10
7	Receivables	10
8	Investments	11
9	Payables and other creditors	11
10	Interest bearing liabilities	11
11	Contributed equity	12
12	Share based payments	12
13	Reserves	13
14	Retained profits	13
15	Cash and cash equivalents	13
16	Distributions	13
17	Contingent liabilities	13
18	Segment Reporting	13
19	Exchange rate risk management	14
20	Fair value of financial assets and liabilities	15
21	Parent Entity	16
22	Auditor's remuneration	16
23	Related party disclosures	17

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the WFD Trust (WFDT), comprising WFDT and its controlled entities (the Trust) for the year ended 31 December 2017 was approved in accordance with a resolution of the Board of Directors of Westfield America Management Limited as responsible entity of WFDT (Responsible Entity) on 13 March 2018.

The principal activity of the Trust is to hold interests in entities that invest in Westfield Corporation's UK property assets.

(b) Proposed acquisition of Westfield Corporation

On 12 December 2017, Unibail-Rodamco SE (Unibail-Rodamco) and Westfield Corporation (comprising Westfield Corporation Limited, Westfield America Trust and WFD Trust) announced that Unibail-Rodamco has entered into an agreement to acquire Westfield Corporation to create the world's premier developer and operator of flagship shopping destinations. The proposed transaction has been unanimously recommended by Westfield Corporation's Board of Directors and Unibail-Rodamco's Supervisory Board.

Refer to the Directors' Report of the Westfield Corporation's 2017 Annual Financial Report for full details of the proposed transaction.

(c) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2016 except for the changes required due to amendments to the accounting standards noted below.

The Trust has adopted the following new or amended standards which became applicable on 1 January 2017.

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112);
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107; and
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the year ended 31 December 2017. The impact of these new standards (to the extent relevant to the Trust) 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 Trust has assessed the impact of the adoption of this standard. It is not expected to have a significant impact on the amounts recognised in these financial statements.
- AASB 16 Leases (effective from 1 January 2019)

This standard specifies how an entity will recognise, measure, present and disclose leases. The Trust is currently assessing the impact of this standard.

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

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018);
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments (effective from 1 January 2018);
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4 (effective from 1 January 2018);
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018);
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation (effective from 1 January 2019);
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019);
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective from 1 January 2019);
- AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards (effective from 1 January 2019); and
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2022).

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

(d) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investments and derivative financial instruments which are carried at fair value through profit and loss.

(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.

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 WFDT (the Parent Entity), and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and controlled entities are collectively referred to as the economic entity known as the Trust. Where entities adopt accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Trust.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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.

(b) Receivables

Interest bearing and non-interest bearing loan receivables are with related entities and are at call. Collectability of these loan receivables are reviewed on an ongoing basis.

(c) 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 Trust'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) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the proceeds received.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and can be reliably measured. All other revenues are recognised on an accruals basis.

(f) Taxation

The Trust is a non taxable entity. 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.

(g) Interest bearing liabilities

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

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

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

The fair value of the Trust's interest bearing borrowings are determined as follows:

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

(h) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to members adjusted for any profit recognised in the period in relation to dilutive potential ordinary units divided by the weighted average number of ordinary units and dilutive potential ordinary units.

(i) Foreign currency translation

i) Translation of foreign currency transactions

The functional currency of WFDT and its Australian subsidiaries is Australian dollars. 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.

ii) Presentation currency

The Trust's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of Westfield Corporation as a whole.

The income statement and balance sheet of the Trust are translated to United States dollars in the following manner:

- (a) assets and liabilities are translated to United States dollars at the year end exchange rate;
- (b) income and expenses are translated to United States dollars at exchange rates ruling at the date of those transactions; and
- (c) all resulting exchange differences are taken directly to the foreign currency translation reserve.

(j) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 17 \$million	31 Dec 16 \$million
NOTE 3 CURRENCY GAIN/(LOSS)		
Currency gain/(loss)		
– Unrealised loss on loans that do not qualify for hedge accounting	(93.5)	(1.9)
– Realised gain/(loss)	5.4	(2.1)
	(88.1)	(4.0)

NOTE 4 LOSS IN RESPECT OF CAPITAL TRANSACTIONS

Asset dispositions		
– proceeds from asset dispositions	274.9	–
– less: carrying value of assets disposed and other capital costs	(297.8)	(0.6)
Loss in respect of asset dispositions	(22.9)	(0.6)

NOTE 5 TAXATION

Tax expense

Current – underlying operations	–	–
Deferred tax	–	–
	–	–

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:

Profit/(loss) before income tax	224.2	(135.4)
Prima facie tax (expense)/benefit at 30%	(67.3)	40.6
Revaluation of investments not assessable/(deductible)	88.7	(42.8)
Trust (loss)/income not (deductible)/taxable – tax payable by unitholders	(21.4)	2.2
Tax expense	–	–

	cents	cents
NOTE 6 EARNINGS/(LOSS) PER UNIT		
(a) Summary of earnings/(loss) per unit		
Basic earnings/(loss) per unit attributable to members of WFD Trust	10.79	(6.52)
Diluted earnings/(loss) per unit attributable to members of WFD Trust	10.79	(6.52)

(b) Income and unit data

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

	\$million	\$million
Earnings/(loss) used in calculating basic earnings per unit	224.2	(135.4)
Adjustment to earnings on options which are considered dilutive	–	–
Earnings/(loss) used in calculating diluted earnings/(loss) per unit	224.2	(135.4)

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

	No. of Units	No. of Units
Weighted average number of ordinary units used in calculating basic earnings per unit	2,078,089,686	2,078,089,686
Bonus element of options which if issued, would be dilutive	–	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	2,078,089,686	2,078,089,686

(c) Conversions, calls, subscription or issues after 31 December 2017

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary units since the reporting date and before the completion of this report.

	Note	31 Dec 17 \$million	31 Dec 16 \$million
NOTE 7 RECEIVABLES			
Current			
Receivables from related entities		541.6	0.4
Non-interest bearing loans receivables from related entities		1,872.5	2,144.2
	20,22	2,414.1	2,144.6
Non Current			
Receivables from related entities		1,350.0	450.0
	20,22	1,350.0	450.0

	Note	31 Dec 17 \$million	31 Dec 16 \$million
NOTE 8 INVESTMENTS			
Listed investments		–	297.8
Unlisted investments ⁽ⁱ⁾		2,287.1	1,820.4
	20	2,287.1	2,118.2

⁽ⁱ⁾ The Trust holds interests in entities that invest in the UK property assets.

Movement in investments

Balance at the beginning of the year	2,118.2	2,110.6
Additions	25.5	236.4
Disposals	(297.8)	–
Distributions	(10.9)	(65.3)
Net revaluation increment/(decrement) to income statement	295.8	(142.6)
Net exchange differences on translation of foreign investments	156.3	(20.9)
Balance at the end of the year	2,287.1	2,118.2

NOTE 9 PAYABLES AND OTHER CREDITORS

Current

Payables to related entities	–	232.1
Other creditors and accruals	22.0	1.8
	22.0	233.9

NOTE 10 INTEREST BEARING LIABILITIES

Non current

Unsecured

Notes payable		
– £ denominated	1,081.0	–
	1,081.0	–

The maturity profile in respect of current and non current interest bearing liabilities is set out below:

Due within one year	–	–
Due between one and five years	–	–
Due after five years	1,081.0	–
	1,081.0	–

Financing facilities

Committed financing facilities available to the Trust:

Total financing facilities at the end of the year	3,110.6	2,418.1
Total interest bearing liabilities	(1,081.0)	–
Available financing facilities	2,029.6	2,418.1
Cash	11.2	5.1
Financing resources available at the end of the year	2,040.8	2,423.2

Maturity profile of financing facilities

Maturity profile in respect of the above financing facilities:

Due within one year	–	–
Due between one and five years	2,029.6	2,418.1
Due after five years	1,081.0	–
	3,110.6	2,418.1

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

The available financing facilities above totalling \$2,029.6 million (31 December 2016: \$2,418.1 million), are available to all members of Westfield Corporation, including the Trust, at year end. The Trust is able to draw on these financing facilities, provided that they are unutilised by other members of Westfield Corporation. These are interest only unsecured multicurrency multioption facilities.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 17 Units	31 Dec 16 Units
NOTE 11 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	2,078,089,686	2,078,089,686
Balance at the end of the year	2,078,089,686	2,078,089,686

Westfield Corporation stapled securities have the right to receive declared dividends from Westfield Corporation Limited (WCL) and distributions from WFDT and Westfield America Trust (WAT) and, in the event of winding up WCL, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Westfield Corporation stapled securities held.

Holders of Westfield Corporation stapled securities can vote their shares and units in accordance with the Corporation Act, either in person or by proxy, at a meeting of either WCL, WFDT and WAT (as the case maybe).

	31 Dec 17 \$million	31 Dec 16 \$million
(b) Amount of contributed equity		
Movement in contributed equity attributable to members of WFD Trust		
Balance at the beginning of the year	5,643.2	5,643.2
Balance at the end of the year	5,643.2	5,643.2

NOTE 12 SHARE BASED PAYMENTS

Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights issued to employees of related entities

As at 31 December 2017, there were 18,237,321 (31 December 2016: 13,297,289) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights issued to employees of related entities of the Trust. Under the stapling arrangement, each of WCL, WAT and the Trust are required to issue securities/units on the vesting of those Rights. At 31 December 2017, the 18,237,321 (31 December 2016: 13,297,289) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights issued to employees of related entities were convertible to 18,237,321 (31 December 2016: 13,297,289) Westfield Corporation stapled securities.

	Number of rights 31 Dec 17	Weighted average exercise price \$ 31 Dec 17	Number of rights 31 Dec 16	Weighted average exercise price \$ 31 Dec 16
Rights on issue				
– Executive Performance, Partnership Incentive and Target Incentive Rights	18,237,321	–	13,297,289	–
			Number of rights 31 Dec 17	Number of rights 31 Dec 16
Vesting profile				
2017			–	4,492,580
2018			3,918,954	4,315,134
2019			6,629,973	3,000,818
2020			3,737,849	1,390,055
2021			3,950,545	98,702
			18,237,321	13,297,289

	Note	31 Dec 17 \$million	31 Dec 16 \$million
NOTE 13 RESERVES			
Foreign currency translation reserve	2(i)	(1,005.2)	(1,362.3)
		(1,005.2)	(1,362.3)

Movement in foreign currency translation reserve

The foreign currency translation reserve represents net exchange differences arising from the translation of the income statement and balance sheet from its functional currency to its presentation currency.

Balance at the beginning of the year		(1,362.3)	(1,315.1)
Foreign exchange movement			
– accumulated exchange differences resulting from the use of a presentation currency other than the functional currency		357.1	(47.2)
Balance at the end of the year		(1,005.2)	(1,362.3)

NOTE 14 RETAINED PROFITS

Movement in retained profits

Balance at the beginning of the year		203.1	365.5
Profit/(loss) after tax for the year		224.2	(135.4)
Distributions paid		(92.5)	(27.0)
Balance at the end of the year		334.8	203.1

NOTE 15 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash		11.2	5.1
------	--	------	-----

(b) Reconciliation of profit/(loss) after tax to net cash flows from operating activities

Profit/(loss) after tax		224.2	(135.4)
Revaluation of investments		(295.8)	142.6
Currency loss		88.1	4.0
Loss in respect of capital transactions		22.9	0.6
Accrued income from investments		(1.1)	51.7
Decrease in working capital attributable to operating activities		2.7	0.1
Net cash flows from operating activities		41.0	63.6

NOTE 16 DISTRIBUTIONS

(a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2017			
Ordinary units: 10.2 cents per unit		212.0	–
Distribution in respect of the 6 months to 31 December 2016			
Ordinary units: 1.90 cents per unit		–	39.5
		212.0	39.5

Interim distribution of 2.55 cents was paid on 31 August 2017. Final distribution was paid on 28 February 2018. The record date for the final distribution was 5pm, 14 February 2018. No distribution reinvestment plan is operational for the distribution.

(b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2017			
Ordinary units: 2.55 cents per unit		53.0	–
Distribution in respect of the 6 months to 30 June 2016			
Ordinary units: 1.20 cents per unit		–	24.9
		53.0	24.9

NOTE 17 CONTINGENT LIABILITIES

Guaranteed borrowings of related entities		5,572.7	5,435.6
---	--	---------	---------

NOTE 18 SEGMENT REPORTING

The Trust holds interests in entities that invest in Westfield Corporation's UK property assets and derives distributions from its investment in these entities.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 19 EXCHANGE RATE RISK MANAGEMENT

	31 Dec 17 million	31 Dec 16 million
Foreign currency net investments		
British Pound		
£ net assets	£1,767.1	£1,719.6
£ borrowings	£(800.0)	£ (187.5)
£ denominated net assets	£967.1	£1,532.1
Australian Dollar		
A\$ net assets	A\$2,939.5	A\$2,972.9
A\$ denominated net assets	A\$2,939.5	A\$2,972.9

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

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

Foreign currency sensitivity		31 Dec 17 \$million	31 Dec 16 \$million
The sensitivity of £ denominated net assets to changes in the year end US\$/£0.7400 (31 December 2016: 0.8103) rate is as follows:	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	842.4	619.5
	- 10 pence	355.4	266.2
	- 5 pence	164.8	124.3
	+ 5 pence	(144.0)	(109.9)
	+ 10 pence	(270.8)	(207.7)
	+ 20 pence	(484.0)	(374.3)
The sensitivity of £ denominated net borrowings to changes in the year end US\$/£0.7400 (31 December 2016: 0.8103) rate is as follows:	US\$/£ Currency movement	Gain/(loss) to income statement	
	- 20 pence	(358.5)	-
	- 10 pence	(151.2)	-
	- 5 pence	(70.1)	-
	+ 5 pence	61.3	-
	+ 10 pence	115.2	-
	+ 20 pence	205.9	-
The sensitivity of A\$ denominated net assets to changes in the year end US\$/A\$1.2806 (31 December 2016: 1.3873) rate is as follows:	US\$/A\$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	424.9	361.0
	- 10 cents	194.4	166.5
	- 5 cents	93.3	80.1
	+ 5 cents	(86.3)	(74.5)
	+ 10 cents	(166.3)	(144.1)
	+ 20 cents	(310.1)	(270.0)

NOTE 20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 17 \$million	31 Dec 16 \$million	31 Dec 17 \$million	31 Dec 16 \$million
Consolidated assets				
Cash and cash equivalents	11.2	5.1	11.2	5.1
Receivables ⁽ⁱ⁾	3,764.1	2,594.6	3,764.1	2,594.6
Investments ⁽ⁱⁱ⁾	2,287.1	2,118.2	2,287.1	2,118.2
Consolidated liabilities				
Payables and other creditors ⁽ⁱ⁾	22.0	233.9	22.0	233.9
Interest bearing liabilities ⁽ⁱⁱ⁾				
– Fixed rate debt	1,088.0	–	1,081.0	–

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

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 17 \$million	Level 1 \$million	Level 2 \$million	Level 3 \$million
Consolidated assets measured at fair value				
Investments				
– Listed investments	–	–	–	–
– Unlisted investments	2,287.1	–	–	2,287.1
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	1,088.0	–	1,088.0	–

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

	31 Dec 16 \$million	Level 1 \$million	Level 2 \$million	Level 3 \$million
Consolidated assets measured at fair value				
Investments				
– Listed investments	297.8	297.8	–	–
– Unlisted investments	1,820.4	–	–	1,820.4

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

	Unlisted investments⁽ⁱ⁾ 31 Dec 17 \$million	Unlisted investments ⁽ⁱ⁾ 31 Dec 16 \$million
Level 3 fair value movement		
Balance at the beginning of the year	1,820.4	2,041.6
Additions	25.5	–
Distributions	(10.9)	(65.3)
Net fair value gain/(loss) to income statement	295.8	(135.7)
Net exchange differences on translation of foreign investments	156.3	(20.2)
Balance at the end of the year	2,287.1	1,820.4

⁽ⁱ⁾ The fair value of the unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 21 PARENT ENTITY

The Parent Entity, WFD Trust, financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Entity (not consolidated) is disclosed as follows:

	31 Dec 17 \$million	31 Dec 16 \$million
(a) Assets		
Current assets	2,084.4	2,092.1
Non current assets (primarily investment in subsidiaries)	3,991.4	2,625.8
Total assets	6,075.8	4,717.9
(b) Liabilities		
Current liabilities	22.0	233.9
Non current liabilities	1,081.0	–
Total liabilities	1,103.0	233.9
(c) Total equity		
Contributed equity	5,643.2	5,643.2
Foreign currency translation reserve	(986.2)	(1,362.3)
Retained profits	315.8	203.1
Total equity	4,972.8	4,484.0
(d) Comprehensive income/(loss)		
Profit/(loss) after tax for the period	205.2	(135.4)
Other comprehensive income/(loss)	376.1	(47.2)
Total comprehensive income/(loss) for the period	581.3	(182.6)
(e) Contingent liabilities		
Guaranteed borrowings of related entities	5,572.7	5,435.6
	5,572.7	5,435.6
	31 Dec 17 \$000	31 Dec 16 \$000

NOTE 22 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Trust for:

– Audit or review of the financial reports	37.6	34.2
	37.6	34.2

NOTE 23 RELATED PARTY DISCLOSURES

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

The Trust forms part of the Westfield Corporation and the related party disclosures for the Westfield Corporation have the same applicability to the Trust.

Westfield Corporation Limited and Westfield America Trust

Following the Restructure and Merger implemented on 30 June 2014, Westfield Corporation Limited (WCL) and its subsidiaries, Westfield America Trust (WAT) and its subsidiaries are considered to be related parties of the Trust. Details of transactions with WCL and WAT for the Financial Period are set out below.

WAT, WFDT and WCL transacted on normal commercial terms as stapled entities with respect to the following:

- (a) Manager's service charges; and
- (b) Loans and foreign currency contracts

Manager's service charges

The Responsible Entity's manager's service charge for the twelve months ended 31 December 2017 was \$1.0 million (31 December 2016: \$1.0 million) of which \$nil was payable at 31 December 2017 (31 December 2016: \$nil).

Loans and foreign currency contracts

Loans to/from WCL

During the financial year, the Trust had an A\$ non-interest bearing loan to WCL. The balance of the loan at year end is a receivable of \$906.9 million (31 December 2016: \$831.2 million).

During the financial year, the Trust had A\$ interest bearing loans to/from WCL. The balance of the loans at year end is a receivable of \$219.4 million (31 December 2016: nil), with accrued interest receivable of \$0.2 million (31 December 2016: nil). Interest accrues on those loan based on a floating rate. The net interest income for the year in respect of the loans to/from WCL was \$1.3 million (31 December 2016: nil).

During the financial year, the Trust had a US\$ interest bearing loan to WCL. The balance of the loan at year end is a receivable of \$15.1 million (31 December 2016: nil), with accrued interest receivable of \$30,973 (31 December 2016: nil). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to WCL was \$32,133 (31 December 2016: nil).

The Trust had a £ interest bearing loan to WCL in 2017 and from WCL in 2016. The loans were repaid during the respective financial year. Interest accrued on those loans based on a floating rate. The interest income for the year in respect of the loan to WCL was \$34,538 (31 December 2016: interest expense of \$3,563).

Loans to/from WAT and a WAT entity

During the financial year, the Trust had an A\$ interest bearing loan to WAT. The balance of the loan at year end is a receivable of \$190.4 million (31 December 2016: nil), with accrued interest receivable of \$1.4 million (31 December 2016: nil). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to WAT was \$4.1 million (31 December 2016: interest expense of \$5.1 million).

During the financial year, the Trust had an A\$ non-interest bearing loan to WAT. The balance of the loan at year end is a receivable of \$965.6 million (31 December 2016: \$1,313.0 million).

During the financial year, the Trust had a US\$ interest bearing loan to a WAT entity. The balance of the loan at year end is a receivable of \$1,350.0 million (31 December 2016: \$450.0 million), with accrued interest receivable of \$0.5 million (31 December 2016: \$0.4 million). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to a WAT entity was \$17.2 million (31 December 2016: \$0.4 million).

Loans to/from WUKEF

During the financial year, the Trust had £ interest bearing loans to/from WUKEF. The balance of the loans at year end is a receivable of \$113.1 million (31 December 2016: a payable of \$231.4 million), with accrued interest receivable of \$1.5 million (31 December 2016: payable of \$0.7 million). Interest accrues on those loans based on a floating rate. The net interest income for the year in respect of the loans to/from WUKEF was \$0.5 million (31 December 2016: interest expense of \$0.9 million).

Foreign currency contracts with WCL and a WCL entity

The Trust and a WCL entity entered into foreign currency contracts in 2017. The Trust paid £123.5 million to a WCL entity in exchange for a WCL entity paying A\$205.6 million to the Trust. The foreign currency contracts matured during the year and the loss from the contracts was \$0.5 million.

The Trust and a WCL entity entered into foreign currency contracts in 2017. The Trust paid £108.0 million to a WCL entity in exchange for a WCL entity paying \$145.2 million to the Trust. The foreign currency contracts matured during the year and the gain from the contracts was \$0.6 million.

The Trust and WCL entered into foreign currency contracts in 2017. The Trust paid A\$19.2 million to WCL in exchange for WCL paying £11.1 million to the Trust. The foreign currency contracts matured during the year and the loss from the contracts was \$21,176.

The Trust and WCL entered into foreign currency contracts in 2017. The Trust paid \$133.5 million to WCL in exchange for WCL paying A\$175.8 million to the Trust. The foreign currency contracts matured during the year and the loss from the contracts was \$0.6 million.

Foreign currency contracts with WAT and a WAT entity

The Trust and WAT entered into foreign currency contracts in 2017. The Trust paid A\$712.8 million to WAT in exchange for WAT paying \$550.0 million to the Trust. The foreign currency contracts matured during the year and the loss from the contracts was \$2.0 million.

The Trust and a WAT entity entered into a foreign currency contract in 2017. The Trust paid £278.9 million to a WAT entity in exchange for a WAT entity paying \$349.9 million to the Trust. The foreign currency contract matured during the year and the gain from the contract was \$2.1 million.

The Trust and a WAT entity entered into a foreign currency contract in 2017. The Trust paid £221.5 million to a WAT entity in exchange for a WAT entity paying A\$365.0 million to the Trust. The foreign currency contract matured during the year and the gain from the contract was \$2.7 million.

The Trust and a WAT entity entered into a foreign currency contract in 2017. The Trust paid \$4.3 million to a WAT entity in exchange for a WAT entity paying A\$5.4 million to the Trust. The foreign currency contract matured during the year and the loss from the contract was \$21,904.

Directors' Declaration

The Directors of Westfield America Management Limited as responsible entity of WFD Trust (WFDT) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that WFDT 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 2017 and the performance of WFDT 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* (Cwltth).

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



Sir Frank Lowy AC
Chairman



Brian Schwartz AM
Director



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

Tel: +61 2 9248 555
Fax: +61 2 9248 595
ey.com/au

Independent Auditor's Report to the Shareholders of WFD Trust Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WFD Trust (the Trust), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its consolidated financial performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c)

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the 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 matter below, provide the basis for our audit opinion on the accompanying financial report.

Investments in Financial Assets

Why significant	How our audit addressed the key audit matter
<p>The Group holds investments in unlisted entities which are measured at fair value of \$2,287.1 million at 31 December 2017, representing 37.6% of total assets. The investments represent interests in entities that hold Westfield Corporation's European property assets and derives distributions from its investments in these entities.</p> <p>Fair values are determined each reporting period. The fair value of the investments were determined by reference to the fair value of underlying properties and businesses in each entity. The fair value of properties was determined based on independent appraisals. Changes in fair value are recognised in the consolidated income statement.</p> <p>We considered this to be a key audit matter as property valuations are based upon a number of assumptions which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuations and the results of the Group for the period.</p> <p>Note 20 of the financial report discloses the method of determining the fair value of the investments.</p> <p>Refer to note 2(c) of the financial report for a description of the accounting policy treatment for these assets.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> – We analysed movements in the fair values of individual properties within the portfolio having regard to external market data and the performance of specific properties. – In relation to property valuations, we considered the competence and objectivity of valuation experts, evaluated the suitability of the scope and methodology used in the valuation reports and tested a sample of valuation reports for mathematical accuracy. – For a sample of investment properties, we agreed the key inputs and assumptions used in the valuations, by: <ul style="list-style-type: none"> – assessing the appropriateness of valuation inputs in the context of the financial performance of the specific properties, – assessing the valuation assumptions in the context of external market data and expectations developed in conjunction with EY Real Estate valuation specialists. – We compared the value of the investments in the financial report to the underlying asset registers of the investment entities. – We assessed the key assumptions used by the Group in determining the fair value of other assets and liabilities contained within the underlying entities



Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Trust's Annual Report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young

Sydney
13 March 2018



Graham Ezzy
Partner

Directors' Report

The Directors of Westfield America Management Limited (**Responsible Entity**), the responsible entity of WFD Trust submit the following report for the year ended 31 December 2017 (**Financial Year**).

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (**WCL**), WFD Trust (**WFDT**) and Westfield America Trust (**WAT**). WFDT and its controlled entities form part of the Westfield Corporation stapled group. In this report, WFDT and its controlled entities are referred to as the Trust.

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Trust reported a net profit of \$224.2 million. The basic earnings per unit is 10.79 cents and the distribution per unit is 12.75 cents for the Financial Year.

During the Financial Year, the Trust reported a revaluation gain of \$295.8 million reflecting the capital appreciation in its investments in entities that hold the Westfield Corporation's UK property assets. Investment income from the Trust's listed and unlisted investments was \$40.6 million.

There were no significant changes in the Trust's state of affairs during the Financial Year.

A detailed operating and financial review for the Westfield Corporation is contained in the Directors' Report in the Westfield Corporation Annual Financial Report which is available at www.westfieldcorp.com.

1.2 Principal Activities

The principal activity of the Trust during the Financial Year is to hold investments in entities that invest in Westfield Corporation's UK property assets. There were no significant changes in the nature of those activities during the Financial Year.

1.3 Subsequent Events

Since the end of the Financial Year, there have been no material subsequent events to report.

1.4 Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The likely developments in Westfield Corporation's operations in future financial years and the expected results of those operations are more fully described in the Directors' Report in the Westfield Corporation Annual Financial Report.

1.5 Sustainability

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

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

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

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

Westfield Corporation is cognizant of the need to address the risks and opportunities arising from climate change. To the extent that climate change occurs Westfield Corporation may experience

extreme weather which may result in physical damage or a decrease in demand for its properties and indirect impacts such as increasing insurance and energy costs. In addition, compliance with new laws or regulations related to climate change such as green building codes may require the Trust to make improvements to its existing properties.

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

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

Key achievements set out in the 2018 Sustainability Report include:

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

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

2. DISTRIBUTIONS

For the six months ended 31 December 2016, the Trust distribution of US1.90 cents per ordinary unit formed part of the distribution of US12.55 cents per ordinary Westfield Corporation (WFD) stapled security paid on 28 February 2017. This distribution is an aggregate of a distribution from the Trust and a distribution from WAT.

For the six months ended 30 June 2017, the Trust distribution of US2.55 cents per ordinary unit formed part of the distribution of US12.75 cents per ordinary Westfield Corporation (WFD) stapled security paid on 31 August 2017. This distribution is an aggregate of a distribution from the Trust and a distribution from WAT.

For the six months ended 31 December 2017, the Trust distribution of US10.20 cents per ordinary unit formed part of the distribution of US12.75 cents per ordinary Westfield Corporation (WFD) stapled security paid on 28 February 2018. This distribution is an aggregate of a distribution from the Trust and a distribution from WAT.

3. DIRECTORS

The names of the Directors of the Responsible Entity in office during the year and until the date of this report are set out below.

Sir Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman / Lead Independent Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Lord Peter Goldsmith QC PC	Non-Executive Director (retired effective 7 April 2017)
Jeffrey Goldstein	Non-Executive Director
Michael Gutman OBE	President and Chief Operating Officer / Executive Director
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Donald Kingsborough	Chief Executive Officer, OneMarket / Executive Director
Peter Lowy	Co-Chief Executive Officer / Executive Director
Steven Lowy AM	Co-Chief Executive Officer / Executive Director
John McFarlane	Non-Executive Director
Dawn Ostroff	Non-Executive Director

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

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

Notes:

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

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

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

Directors' Report (continued)

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

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

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

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

5. OPTIONS

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

6. INDEMNITIES AND INSURANCE PREMIUMS

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

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

Premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and executive officers have been paid by a related corporation of the Responsible Entity 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 the Responsible Entity's documents and records, subject to undertakings as to confidentiality.

7. SPECIAL RULES FOR REGISTERED SCHEMES

- \$1.0 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- Associates of the Responsible Entity held 200,434,340 units as at the end of the Financial Year.
- Details of the units issued in the Trust during the Financial Year are set out in Note 11 on page 12.
- No withdrawals were made from the scheme during the Financial Year.

- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c) and 8 on pages 9 and 11 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 11 on page 12.

8. AUDIT

8.1 Audit and Risk Committee

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

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



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

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

13 March 2018

Liability limited by a scheme approved under Professional Standards Legislation.

Graham Ezzy
Partner

9. ASIC DISCLOSURES

The Trust 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.

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 the other entities.

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

Sir Frank Lowy AC
Chairman

13 March 2018

Brian Schwartz AM
Director

Corporate Governance Statement

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

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2017

Twenty Largest Holders of Stapled Securities in Westfield Corporation*

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

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

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

Voting Rights

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

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

Distribution Schedule

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

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

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

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

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

Substantial Securityholders

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

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

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