OFFERING MEMORANDUM **CONFIDENTIAL**

UNIBAIL-RODAMCO-WESTFIELD

WEA Finance LLC

US$500,000,000 4.125% Guaranteed Senior Notes due 2028
US$500,000,000 4.625% Guaranteed Senior Notes due 2048

Fully and unconditionally guaranteed by
Unibail-Rodamco SE (682 024 096 RCS (Trade and Companies Register) Paris)
WFD Unibail-Rodamco N.V. (Dutch Commercial Register number: 70898618)
Westfield Corporation Limited (ABN 12 166 995 197)
Westfield America Management Limited (ABN 66 072 780 619)
in its capacity as responsible entity and trustee of WFD Trust (ABN 50 598 857 938)
and
in its capacity as responsible entity and trustee of Westfield America Trust (ABN 27 374 714 905) and by
URW America Inc.
Westfield UK & Europe Finance plc (Reg. No. 08094102) and
WCL Finance Pty Limited (ABN 79 168 109 135)

WEA Finance LLC (the "Issuer") is offering US$500,000,000 aggregate principal amount of 4.125% Guaranteed Senior Notes due 2028 (the "2028 Notes") and US$500,000,000 aggregate principal amount of 4.625% Guaranteed Senior Notes due 2048 (the "2048 Notes"). We refer to the 2028 Notes and the 2048 Notes herein as the "Notes." Interest on the 2028 Notes and the 2048 Notes will be payable semi-annually in arrears on March 20 and September 20 of each year, beginning March 20, 2019. 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 joint and several basis by Unibail-Rodamco SE, WFD Unibail-Rodamco N.V., Westfield Corporation Limited and Westfield America Management Limited, in its separate capacities as responsible entity and trustee of each of WFD Trust and Westfield America Trust (each, a "parent guarantor" and, collectively, the "parent guarantors"), and by Westfield UK & Europe Finance plc and WCL Finance Pty Limited, each a subsidiary of Westfield Corporation Limited, and URW America Inc., a subsidiary of WFD Unibail-Rodamco N.V. (each, a "subsidiary guarantor" and, collectively, the "subsidiary guarantors" and, collectively with the parent guarantors, the "guarantors"). Each guarantor's guarantee of the Notes will be a joint and several obligation of such guarantor with the guarantees of the Notes by any future 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 Issuers do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes on any automated quotation system.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 29.

The Notes and the guarantees have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Accordingly, the Notes and the guarantees are being offered and sold only to qualified institutional buyers in the United States in accordance with Rule 144A under the Securities Act ("Rule 144A") and outside the United States in accordance with Regulation S under the Securities Act ("Regulation S"). Prospective investors that are qualified institutional buyers are hereby notified that the seller of the Notes and the guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes and the guarantees, see "Notice to Investors."

The Issuer expects the Notes to be ready for delivery in book-entry form through the facilities of The Depository Trust Company ("DTC") and its participants, including Clearstream Banking *S.A.* ("Clearstream"), and Euroclear Bank SA/NV, as operator of the Euroclear System ("Euroclear"), on or about September 20, 2018.

Price for the 2028 Notes: 99.684%

Price for the 2048 Notes: 99.470%

plus accrued interest, if any from September 20, 2018.

Joint Book-Running Managers

Citigroup **Deutsche Bank Securities** **J.P. Morgan** **SMBC Nikko**

Barclays **BBVA** **BNP PARIBAS** **BofA Merrill Lynch**
Credit Agricole CIB **HSBC** **Mizuho Securities**
RBC Capital Markets **SOCIETE GENERALE** **TD Securities**

September 12, 2018

You should rely only on the information contained in this offering memorandum and in any pricing term sheet that we and the initial purchasers, as defined under "Plan of Distribution," provide you. We have not, and the initial purchasers 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 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 Securities Act and 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."

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 were not involved in the preparation of such information and have not independently verified and cannot guarantee the accuracy and completeness of such information. However, we are not aware, as far as we are able to ascertain from such information, that any facts have been omitted that would render the information reproduced herein inaccurate or misleading.

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.

Notice to Prospective Investors in Australia

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") or ASX Limited (as operator of the Australian Securities Exchange (the "ASX")).

Notes may not be offered for sale, issue or purchase nor may applications for the sale, issue 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 or invited 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 (as defined in the Australian Corporations Act)) 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.

Notice to Prospective Investors in the European Economic Area

This offering memorandum is not a prospectus for the purposes of the Prospectus Directive (as defined below). This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State") will only be made to a legal entity which is a qualified investor under the Prospectus Directive ("Qualified Investors"). Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this offering memorandum may only do so with respect to Qualified Investors. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes other than to Qualified Investors. 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.

PRIIPs Regulation/Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

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 who have professional experience in matters relating to investments and who fall 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 who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under 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. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

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, 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 (both the "Applicable Regulations"), 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 organisations, 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, Myanmar 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 authorisation 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.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934 (the "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 business strategies, expansion and growth of operations, investments, developments, projects, future events, trends or objectives and expectations. 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:

- risks and uncertainties attendant related to doing business in numerous countries that may be exposed to, or may have recently experienced, economic or governmental instability;
- 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;
- risks relating to the achievement of expected synergies from the URW Transaction (as defined below);
- the integration of the activities of the UR Group (as defined below) and Westfield Corporation (as defined below);
- the unaudited pro forma financial data included in this offering memorandum not being indicative of the results of operations that we would have achieved had the URW Transaction been consummated on the date indicated, or of our future consolidated results of operations;
- 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;
- risks related to our financing policies and activities, including 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;
- legal, regulatory, environmental and tax risks;
- customers and market concentration;
- general competitive and market factors on a global, regional and/or national basis;
- changes in economic or technological trends;
- changes in consumer shopping patterns and preferences, including the growth of e-commerce and other consumer and retail trends;
- potential environmental claims, costs, liabilities or other obligations;
- our properties being uninsured or underinsured against various catastrophic losses;
- the impact of a terrorist attack or other significant security incident could harm the demand for and value of our properties;
- conflicts of interest;
- changes in our financial reporting and accounting policies or changes in applicable accounting standards; and
- other risks described under "Risk Factors."

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 the URW Group nor any of the stapled entities comprising the URW Group is subject to the information and reporting requirements of the 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 Exchange Act, or are not exempt from reporting pursuant to Rule 12g3-2(b) under the 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 Securities Act. We file Registration Documents in the form of annual reports with the French *Autorité des marchés financiers* (the "AMF"). You may obtain copies of the Registration Documents in the form of annual reports and our financial press releases, including our half-yearly reports, on our website at www.urw.com. The information on the our website is not part of or incorporated by reference in this offering memorandum.

ENFORCEMENT OF CIVIL LIABILITIES

The parent guarantors and certain of the subsidiary guarantors are entities organised 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 France, the Netherlands and England and Wales. A substantial portion of the assets of these entities, and the assets of the directors, officers and experts, including our and 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 France, The Netherlands 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 France, The Netherlands or England and Wales in certain other circumstances. Depending on the specific jurisdiction, these circumstances may include, 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.

URW TRANSACTION

On June 7, 2018 (the "Implementation Date"), Unibail-Rodamco announced it had completed its acquisition of Westfield Corporation, to create Unibail-Rodamco-Westfield (the "URW Transaction").

Pursuant to the URW Transaction, on the Implementation Date, Unibail-Rodamco acquired Westfield Corporation for shares and cash via Australian company and trust schemes of arrangement to form the new group, the URW Group. Upon the completion of the URW Transaction, Unibail-Rodamco shareholders and Westfield securityholders held stapled shares, each comprising one ordinary share of Unibail-Rodamco and one class A share of WFD Unibail-Rodamco (the "Stapled Shares"). The Stapled Shares are listed on Euronext Amsterdam N.V. ("Euronext Amsterdam") and Euronext Paris S.A. ("Euronext Paris") and cannot be traded separately. The URW Group also established a secondary listing on the ASX to allow securityholders to trade the Stapled Shares on the ASX in the form of CHESS Depositary Interests ("CDIs"). As a result of the URW Transaction, Westfield Corporation, including the Issuer, became wholly-owned direct or indirect subsidiaries in the URW Group. Although Unibail-Rodamco and WFD Unibail-Rodamco remain separate legal entities following the URW Transaction, the URW Group publishes consolidated financial statements for the stapled group. See "Accounting for the URW Transaction."

CERTAIN DEFINITIONS

In this offering memorandum, unless otherwise stated or the context otherwise requires, all references to:

- "100% Expected Cost" refer to the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the URW Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes (i) capitalised financial interests; (ii) overheads costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments. 100% Expected Cost is expressed in value at completion;
- "4 Star label" refer to the "4 Star label" for a shopping centre is based on a 684-point quality referential and audited by SGS, the world leader in service certification;

- "average cost of debt" refer to (a) recurring financial expenses (excluding those on financial leases and those related to partners' current accounts) plus capitalised financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact) divided by (b) average net debt over the period;
- "CITA" refer to the Dutch Corporate Income Tax Act 1969 *(Wet op de vennootschapsbelasting 1969*);
- the "Code" refer to US Internal Revenue Code of 1986, as amended;
- "committed projects" refer to projects currently under construction, for which URW owns the land or building rights and has obtained all necessary administrative authorisations and permits;
- "controlled projects" refer to projects in an advanced stage of studies, for which URW controls the land or building rights, but where not all administrative authorisations have been obtained yet;
- "CRM" refer to customer relationship management;
- "EPRA" refer to the European Public Real Estate Association;
- "EPRA NAV" refer to net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model;
- "EPRA NNNAV" or "EPRA Triple Net Asset Value" refer to the Going Concern NAV less the estimated transfer taxes and deferred capital gain taxes;
- "EPRA Net Initial Yield" refer to annualised rental income based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, divided by the Gross Market Value of the portfolio;
- "EPRA topped-up yield" refer to EPRA Net Initial Yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents);
- "EPRA vacancy rate" refer to estimated rental value ("ERV") of vacant spaces divided by the estimated rental value of total space (let plus vacant);
- "Eurozone" or "Eurozone-19" refer to the monetary union of 19 of the 28 EU member states which have adopted the euro as their common currency;
- "FII" refer to a fiscal investment institution *(fiscale beleggingsinstelling*) *within the meaning of the CITA;*
- "Flagships" refer to (i) in the case of UR and URW, assets, except for those historically owned by WFD, of at least 50,000 m² and/or with footfall in excess of 10 million per year, substantial growth potential for the URW Group based on their appeal to both retailers and visitors, iconic architecture or design and a strong footprint in their area, and (ii) in the case of WFD and URW assets historically owned by WFD, generally assets with total annual sales in excess of US$450 million and specialty annual sales in excess of US$500 per square foot and anchored by premium department stores;
- "FSIF" refer to Fédération des Sociétés Immobilières et Foncières;
- "GLA" refer to gross lettable area;
- "GMV" refer to gross market value;
- "Going Concern Net Asset Value" or "Going Concern NAV" refer to the amount of equity needed to replicate the URW Group's portfolio with its current financial structure;
- except with respect to the indenture that will govern the Notes, "Interest Cover Ratio" or "ICR" refer to (i) total recurring operating results and other income less general expenses, excluding depreciation and amortisation, divided by (ii) recurring net financial expenses (including capitalised interest);

- "International Premium Retailer" or "IPR" refer to a retailer with strong and international brand recognition, and a differentiating store design and product approach, which the URW Group believes will increase the appeal of the shopping centres;
- "IVSC" refer to International Valuation Standards Council;
- the "Issuer" refer only to WEA Finance LLC;
- "Like-for-like NRI" refer to Net Rental Income excluding acquisitions, divestments, transfers to and from the development pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to the square meters and currency exchange rate differences in the periods analysed;
- "Loan-to-Value" or "LTV" refer to net financial debt divided by total assets, including transfer taxes. Total assets, for purposes of LTV, include consolidated portfolio valuation and the Westfield goodwill;
- "MGR" refer to minimum guaranteed rent;
- "Minimum Guaranteed Rent uplift" or "MGR uplift" refer to the difference between new MGR and indexed old MGR. Indicator calculated on renewals and relettings only;
- "Net Disposal Price" or "NDP" refer to Total Acquisition Cost incurred by the acquirer minus all transfer taxes and transaction costs;
- "Net Initial Yield" or "NIY" refer to annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs;
- "non-recurring result" refer to non-recurring activities including valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items;
- "Occupancy Cost Ratio" or "OCR" refer to (a) rental charges plus service charges including marketing costs for tenants, all including value-added tax ("VAT") divided by (b) tenants' sales, including VAT. As tenant turnover is not known for all tenants for the Netherlands, no reliable OCR can be calculated for this country. Primark sales are estimates;
- "Regional" refer to shopping centre assets that are not Flagships and that were historically owned by WFD;
- "REIT" refer to a United States real estate investment trust under sections 856 through 860 of the Code;
- "Replacement Capex" refer to works either on equipment or the structure of a standing asset. The primary purpose of Replacement Capex is to ensure that the asset is in good working order and/or to make minor improvements. These investments can be triggered by obsolescence, maintaining technical performance at market levels or compliance with regulatory requirements;
- "RICS" refer to Royal Institution of Chartered Surveyors;
- "rotation rate" refer to (a) the number of relettings and number of assignments and renewals with new concepts divided by (b) the number of stores. Short term leases are excluded;
- "SBR" refer to Sales Based Rent;
- "secured exclusivity projects" refer to projects for which URW has the exclusivity but where negotiations for building rights or project definition are still underway;
- "SIIC" refer to a French listed real estate investment company *(Société d'Investissement Immobilier Cotée);*

- “SOCIMI” refer to a Spanish listed real estate investment company *(Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*)*;*
- “tenant sales” refer to performance in URW’s shopping centres (excluding The Netherlands) in portfolio of shopping centres in operation, including extensions of existing assets, and excluding deliveries of new brownfield projects, acquisition of new assets and assets under heavy refurbishment;
- “Total Acquisition Cost” refer to the total amount a buyer will pay to acquire an asset or a company. Total Acquisition Cost equals the price agreed between the seller and the buyer plus all transfer taxes and transaction costs;
- “Unibail-Rodamco” refer only to Unibail-Rodamco SE or Unibail-Rodamco SE and its subsidiaries, which excludes WFD Unibail-Rodamco and its subsidiaries, as the context requires;
- “UR Group” and “UR” refer only to Unibail-Rodamco SE or Unibail-Rodamco SE and its subsidiaries, as the context requires, in each case prior to the consummation of the URW Transaction;
- “URW America” refer only to URW America Inc. or URW America Inc. and its subsidiaries, as the context requires;
- “URW Expected Cost” refer to 100% Expected Cost multiplied by the URW percentage of ownership of the project, plus specific own costs if any;
- “URW” and the “URW Group” refer to the stapled group following the consummation of the URW Transaction, which, collectively, consists of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. and their respective subsidiaries following the URW Transaction, including the Issuer;
- “Viparis’s EBITDA” refer to “Net rental income” and “On site property services operating result” plus “Recurring contribution of affiliates” of Viparis venues;
- “WALP” refer only to Westfield America Limited Partnership;
- “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;
- “WAT” refer only to Westfield America Trust or Westfield America Trust and its subsidiaries, as the context requires;
- “WCL” refer only to Westfield Corporation Limited or Westfield Corporation Limited and its subsidiaries, as the context requires;
- “we,” “us” and “our” and similar expressions refer to, prior to the consummation of the URW Transaction, the UR Group, and, following the consummation of the URW Transaction, the stapled group which, collectively, consists of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. and their respective subsidiaries following the URW Transaction, including the Issuer;
- “WEA” refer only to Westfield America, Inc.;
- “weighted average rent” refer to minimum guaranteed rent plus sales based rent per asset per square meter;
- “Westfield Corporation,” “Westfield” or “WFD” refer to the previously stapled group which, prior to the URW Transaction, consisted of WCL, WFD Trust and WAT and their respective subsidiaries;
- “WFD Trust” refer only to WFD Trust or WFD Trust and its subsidiaries, as the context requires; and
- “WFD Unibail-Rodamco” refer only to WFD Unibail-Rodamco N.V. or WFD Unibail-Rodamco N.V. and its subsidiaries, as the context requires.

In “Description of the Notes and Guarantees,” references to “URW,” “WFD UR,” “URWA,” “WCL,” “WFD Trust” and “WAT” refer only to Unibail-Rodamco SE, WFD Unibail-Rodamco N.V., URW America Inc., Westfield Corporation Limited, WFD Trust and Westfield America Trust, respectively, and not to any of their respective subsidiaries.

When used in this offering memorandum, certain operating statistics and financial information related to our portfolio presented in this offering memorandum, such as retail sales, leased rate, rental rates, occupancy costs, number of retail outlets, GLA, gross asset value under management, unexpired lease terms and expiry profiles, include certain part-owned shopping centres on a 100% basis. In addition, no adjustments were made to any operating statistics or financial information for any of our dispositions that occurred after June 30, 2018.

In this offering memorandum, "H1-2018" and the "2018 half-year" refer to the six months ended June 30, 2018, "H1-2017" and "2017 half-year" refer to the six months ended June 30, 2017 and "H2" refers to the six months ended December 31 for the respective year.

FINANCIAL INFORMATION PRESENTATION

The URW Group and the UR Group

This offering memorandum includes consolidated financial statements of the URW Group and the UR Group.

The consolidated financial statements of the URW Group as of and for the six months ended June 30, 2018 (including the respective notes thereto, and including the comparative 2017 financial information of the UR Group, the "URW Group Half Year Financial Statements") included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union ("EU") as at the date of the relevant financial statements. The consolidated financial statements of the UR Group as of and for the six months ended June 30, 2017 and of the UR Group as of and for the years ended December 31, 2017 and 2016 (including the respective notes thereto, the "2017 UR Group Annual Financial Statements" and, including the respective notes thereto, and including the comparative 2015 financial information of the UR Group, the "2016 UR Group Annual Financial Statements," respectively, and collectively the "UR Group Annual Financial Statements") included in this offering memorandum have also been prepared in accordance with IFRS (as applicable in the EU) as at the date of the relevant financial statements.

The UR Group Annual Financial Statements have been jointly audited by Deloitte & Associés and Ernst & Young Audit, and their audit reports thereon are included in this offering memorandum. The unaudited URW Group Half Year Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and were jointly reviewed by Deloitte & Associés and Ernst & Young Audit, statutory auditors of Unibail-Rodamco SE, as stated in their statutory auditors' review report included in this offering memorandum.

As discussed below under "Accounting for the URW Transaction," Unibail-Rodamco was determined to be the accounting acquirer of Westfield Corporation in accordance with IFRS 3. As the earnings impact was deemed immaterial, the results of Westfield Corporation have been consolidated from June 1, 2018 rather than from June 7, 2018, the Implementation Date so that the opening balance sheet of the URW Group could be prepared at the beginning of the month. As such, the URW Group Half Year Financial Statements consolidate one month of income statement and cash flow data of Westfield Corporation but the comparative 2017 financial information in the URW Group Half Year Financial Statements does not include any income statement and cash flow data of Westfield Corporation. Similarly, the financial information in the UR Group Annual Financial Statements does not include balance sheet, income statement and cash flow data of Westfield Corporation.

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

Unless otherwise stated in this offering memorandum, financial information is presented on a consolidated basis. We have made rounding adjustments to reach some of the figures included in this offering memorandum.

As a result, numerical figures shown as totals in some tables and charts may not be arithmetic aggregations of the figures that precede them. The financial information for URW and UR included in this offering memorandum is presented in euros, which is URW's reporting currency.

Westfield Corporation

This offering memorandum includes consolidated financial statements of Westfield Corporation as of and for the years ended December 31, 2017 and 2016 (including the respective notes thereto, and including the comparative 2015 financial information of Westfield Corporation, the "2017 Westfield Annual Financial Statements" and the "2016 Westfield Annual Financial Statements," respectively, and collectively the "Westfield Annual Financial Statements").

The Westfield Annual Financial Statements have been prepared in accordance with Australian Accounting Standards ("AAS") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), and also comply with IFRS issued by the International Accounting Standards Board (the "IASB").

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. Prior to the URW Transaction, WCL was deemed to be the parent entity of Westfield Corporation as it had legal control of WFD Trust and WAT due to its subsidiary, WAML, being the responsible entity of each of WFD Trust and WAT.

The Westfield 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 US GAAP, and investors should consult their own professional advisors for an understanding of the difference between AAS and IFRS on the one hand and US GAAP on the other hand and how those differences might affect such financial statements.

We have made rounding adjustments to reach some of the figures included in this offering memorandum. As a result, numerical figures shown as totals in some tables and charts may not be arithmetic aggregations of the figures that precede them. The financial information for Westfield Corporation included in this offering memorandum is presented in US dollars, which was Westfield Corporation's reporting currency.

ACCOUNTING FOR THE URW TRANSACTION

Prior to the URW Transaction, Westfield Corporation was comprised of WCL, WFD Trust and WAT and their respective subsidiaries. As part of the URW Transaction, Unibail-Rodamco took control of Westfield Corporation through transfers of cash and shares of Unibail-Rodamco. As such, Unibail-Rodamco was determined to be the accounting acquirer of Westfield Corporation, in accordance with IFRS 3.

For a description of the preliminary purchase price allocation in conection with the URW Transaction, including the goodwill recorded as of the Implementation Date, see Note 1 to the URW Group Half Year Financial Statements included elsewhere in this offering memorandum.

As a result of the URW Transaction, Unibail-Rodamco currently holds directly or indirectly 100% of WCL and WFD Trust, and 40.3% of WFD Unibail-Rodamco (via class B shares of WFD Unibail-Rodamco). WFD Unibail-Rodamco indirectly owns 100% of WAT, and WAT owns approximately 82.4% of WEA. Approximately 17.4% of WEA is indirectly held by WCL (with the remaining 0.2% being held by third parties). As a result of the requirements that govern the Stapled Shares, the same shareholders, together, directly hold 100% of Unibail-Rodamco and 59.7% of WFD Unibail-Rodamco (via class A shares of WFD Unibail-Rodamco). See "Summary—Borrowing and Credit Structure for the Notes." As a result of Unibail-Rodamco being deemed to be the accounting acquirer under IFRS (as applicable in the EU), Westfield Corporation is fully consolidated in the financial statements of the URW Group.

PRO FORMA FINANCIAL INFORMATION

This offering memorandum includes unaudited pro forma financial information which has been prepared for the purpose of illustrating the impact that the URW Transaction might have had on the consolidated statement of income of the URW Group for each of the six months ended June 30, 2018 and June 30, 2017 and for the year ended December 31, 2017. The unaudited pro forma condensed consolidated statements of income for each of the six months ended June 30, 2018 and June 30, 2017 and for the year ended December 31, 2017 have been prepared to give effect to the URW Transaction and its direct consequence together with the financing of the cash consideration transferred to the Westfield Corporation securityholders as if they had been completed on January 1, 2017.

The consolidated statement of income of Westfield Corporation for the period from January 1, 2018 to May 31, 2018 used in preparing the unaudited pro forma condensed consolidated financial information contained herein has been extracted from the accounting records of Westfield Corporation. This consolidated statement of income of Westfield Corporation has been prepared on the basis of recognition and measurement principles as applied by Westfield Corporation in the 2017 Westfield Annual Financial Statements, and has not been audited or reviewed by our independent auditor.

The URW Group pro forma financial information has been presented for illustrative purposes only, and because of its nature, is not necessarily indicative of the results of operations that would have been achieved had the URW Transaction been consummated on January 1, 2017, or of the future consolidated results of operations of the consolidated URW Group. The pro forma adjustments for each of the six months ended June 30, 2018 and June 30, 2017 and for the year ended December 31, 2017 are based on available information as of the date of this offering memorandum, certain assumptions and estimates that the URW Group considers as reasonable, and financial information provided by Westfield Corporation, which has been reclassified to conform to Unibail-Rodamco's presentation. These adjustments are directly attributable to the URW Transaction, factually supportable and can be estimated reliably. See "Unaudited Pro Forma Condensed Consolidated Financial Information."

The direct consequences of the URW Transaction reflected as pro forma adjustments in the unaudited pro forma condensed consolidated financial information relate to: acquisition and related costs in connection with the acquisition of Westfield Corporation; the demerger of OneMarket effective May 30, 2018; cost savings resulting from the termination of head-office employees and Westfield Corporation senior management effective June 30, 2018 as provided between Unibail-Rodamco and Westfield Corporation as part of the Implementation Agreement (as defined below) and the disposal of the corporate aircraft; and financial expenses and fair value adjustment of debt and derivatives.

The unaudited pro forma condensed consolidated financial information does not reflect any revenue enhancements, anticipated synergies or dissynergies, operating efficiencies or cost savings, other than those referred to above, that may be achieved nor the disposals the URW Group has announced it expects to make.

The financing of the cash consideration transferred to Westfield Corporation securityholders as part of the URW Transaction consisted of: the €2,000 million deeply subordinated, perpetual hybrid securities issued by Unibail-Rodamco in April 2018; and the four-tranche of public Euro Medium Term Notes for a total of €3,000 million issued in May 2018.

Investors should note that the unaudited pro forma condensed consolidated financial information was not prepared and do not purport to comply with the requirements for the preparation of pro forma financial information contained in Article 11 of Regulation S-X of the Rules and Regulations of the United States Securities and Exchange Commission or Annex II of Commission Regulation (EC) n°809/2004. The rules and regulations related to the preparation of pro forma financial information in the United States may vary significantly from the requirements available to the pro forma financial information included in this offering memorandum.

The URW Group pro forma financial information included in this offering memorandum is presented in euros, which is the URW Group's reporting currency.

NON-IFRS FINANCIAL MEASURES

The URW Group and the UR Group utilize a number of non-IFRS measures to assess the financial and operational performance of its portfolio, including net rental income, like-for-like net rental income, recurring earnings, recurring earnings from core operational activities, recurring EBITDA, comparable net operating income ("NOI"), average cost of debt, gross market value, gross lettable area, vacancy rate and leased rate, average specialty shop rent, tenant sales growth and specialty shop sales growth, (run-rate) synergies, development pipelines and other EPRA performance measures information. For more information on these and other non-IFRS measures that we use, see "Operating and Financial Review of the URW Group and the UR Group — Overview — Key Operational Measures" and "Operating and Financial Review of the URW Group and the UR Group — EPRA Performance Measures."

Prior to the URW Transaction, Westfield Corporation utilized 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 that Westfield Corporation used, see "Operating and Financial Review of Westfield Corporation — Overview — Key Operational Measures."

We believe that our 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 IFRS. In addition, such measures may not be comparable between the URW Group and Westfield Corporation or to other similarly titled measures used by other companies.

In addition, we also present Net Property Income, GMV and Net Rental Income ("NRI") 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 URW Group's and UR Group'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 the URW Group and the UR Group, as the case may be. 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 shopping centres), that most of the centres are under our management, and that, therefore, the drivers of their results are similar, proportionate financial aggregates, such as Net Property Income, provide 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 IFRS requires, which allows management to observe and analyze revenue and expense results and trends on a portfolio-wide basis. Similarly, NRI on a "proportionate" basis is calculated as net of lease incentive amortisation.

INDUSTRY AND MARKET DATA

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 were not involved in the preparation of such information and have not independently verified and cannot guarantee the accuracy and completeness of such information. However, we are not aware, as far as we are able to ascertain from such information, that any facts have been omitted that would render the information reproduced herein inaccurate or misleading.

CURRENCY OF PRESENTATION AND EXCHANGE RATES

In this offering memorandum, references to "Euros," "euros" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union; references to "US$" or "US dollars" are to the lawful currency of the United States; references to "A$" are to the lawful currency of the Australia; references to "UK£" or "sterling" are to the lawful currency of the United Kingdom ("UK"); and references to "Swedish krona" or "SEK" are to the lawful currency of Sweden.

The URW Group publishes and the UR Group published its historical consolidated financial statements in euros. The tables below set forth period end, average, high and low exchange rates of US dollars per Euro for each period indicated published by the European Central Bank (the "ECB") expressed in US dollars for €1.00. The exchange rates below are provided solely for information and convenience. No representation is made that the Euro could have been, or could be, converted into US dollars at all or at the exchange rates stated. The exchange rates set forth below demonstrate trends in exchange rates, but the actual exchange rates used throughout this offering memorandum may vary.

	Year Ended December 31,			Six Months Ended	Month Ended	
	2015	2016	2017	June 30, 2018	July 31	August 31
High	US$1.204	US$1.157	US$1.206	US$1.249	US$1.179	US$1.171
Low	US$1.055	US$1.036	US$1.039	US$1.153	US$1.159	US$1.135
Rate at end of period	US$1.089	US$1.054	US$1.199	US$1.166	US$1.174	US$1.160
Average rate per period	US$1.110	US$1.107	US$1.130	US$1.210	US$1.168	US$1.155

On September 7, 2018, the exchange rate was €0.860 to US$1.00.

Since the year ended December 31, 2014, Westfield Corporation had adopted US dollars as its presentation currency, as that currency most reliably reflected the global business performance of Westfield Corporation as a whole. Accordingly, the Westfield financial information and the Westfield Annual Financial Statements included elsewhere in this offering memorandum are presented in US dollars.

The URW Group unaudited pro forma condensed consolidated financial information included in this offering memorandum is presented in euros, which is the URW Group's reporting currency. In preparing the unaudited pro forma condensed consolidated financial information included herein, Westfield Corporation's data has been translated from US dollars to euros by applying the following average exchange rate to all income statement items:

- €0.8265 to US$1.00 for the six months ended June 30, 2018;
- €0.9244 to US$1.00 for the six months ended June 30, 2017; and
- €0.8853 to US$1.00 for the year ended December 31, 2017.

In preparing the URW Group's financial statements for H1-2018, Westfield Corporation's data has been translated from US dollars to euros by applying an exchange rate of €0.857780 to US$1.00 for the balance sheet as of June 30, 2018 and an average exchange rate of €0.856565 to US$1.00 for the income statement for the one month period from from June 1, 2018 to June 30, 2018.

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 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 Securities Act and the rules and regulations thereunder. In a registration statement filed with the SEC, unless the SEC otherwise agreed, we would be required to include, among other things, (1) audited financial statements and related notes thereto for WFD Unibail-Rodamco, (2) a discussion and analysis by the management of each of Unibail-Rodamco and WFD Unibail-Rodamco of its results of operations and financial condition, and (3) such other financial information as required by the Securities Act, including Regulation S-X, Form S-11 and Form 20-F thereunder. In addition, other than for the six months ended June 30, 2018, on a pro forma basis as described herein, we have not included in this offering memorandum our ratio of earnings to fixed charges due to the changes to our capital structure that resulted from the URW Transaction. We do not believe that our ratios for any historical period would be representative of what the ratios would have been had the URW Transaction occurred prior to such period and had the URW Group operated under its current structure during such period.

Additionally, the pro forma financial information included in this offering memorandum may not comply with the requirements for the preparation of pro forma financial information contained in Article 11 of Regulation S-X of the Rules and Regulations of the SEC. The rules and regulations related to the preparation of pro forma financial information in the United States may vary significantly from the requirements applicable to the pro forma financial information included in the offering memorandum.

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

This offering memorandum contains references to our trademarks, service marks and trade names and to trademarks, service marks and trade names belonging to other entities. Solely for convenience, trademarks, service marks and trade names referred to in this offering memorandum may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trade names, service marks or trademarks or any individuals’ names to imply a relationship with, or endorsement or sponsorship of us by, any other companies or persons.

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 and Westfield Corporation's consolidated financial statements and related notes included elsewhere in this offering memorandum, as well as "Unaudited Pro Forma Condensed Consolidated Financial Information." See "URW Transaction." As used in this offering memorandum, references to "pro forma" financial information refer to financial information giving pro forma effect to the URW Transaction and its direct consequence together with the financing of the cash consideration transferred to the Westfield Corporation securityholders and references to "combined" operating data for any period prior to the Implementation Date refer to operating data of the UR Group and Westfield Corporation on an aggregate basis after giving effect to the URW Transaction.

Overview of the URW Group

We are one of the world's premier global developers and operators of Flagship shopping destinations, with a proportionate total portfolio valued at approximately €63.7 billion as of June 30, 2018 (€61.3 billion on a consolidated basis), of which 86% is in retail, 8% is in offices and others, 5% is in Convention and Exhibition ("C&E") venues and 1% is in services. As at June 30, 2018, we owned and operated 102 shopping centres in 13 countries, of which 56 are Flagships, located in the most dynamic cities in Europe and the United States. In 2017, on a combined basis, our shopping centres welcomed over 1.2 billion visits. For the year ended December 31, 2017, on a pro forma basis, we had proportionate net rental income of €2.3 billion. See "Non-IFRS Financial Measures" for a description of our data presented on a "proportionate" basis.

We provide a unique platform for retailers and brand events, and offer an exceptional and constantly renewed experience for customers, and we have the largest development pipeline in the retail industry, at €12.5 billion.

We are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW). A secondary listing has also been established in Australia through CDIs. We operate under a "stapled" structure. Unibail-Rodamco and WFD Unibail-Rodamco each have their own Management Board and Supervisory Board and a common public investor base. In addition, the Senior Management Team (as defined below) advises the Management Boards of each of Unibail-Rodamco and WFD Unibail-Rodamco (see "Management — The Senior Management Team").

Operating Strategy

Bringing together two industry leaders in their respective regions, the combination of the UR Group and Westfield Corporation is a natural extension of the UR Group's strategy of concentration, differentiation and innovation.

The URW Group's operations are focused on large shopping centres in major cities in Europe and the United States, large office buildings in the heart and west of Paris and major convention and exhibition venues in and around Paris.

The URW Group's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of development, investment and management, provides the URW Group with market knowledge and expertise. This knowledge and expertise enables the URW Group to deal with markets that are cyclical in nature and its strategy is designed to allow the URW Group to continue its investment programs even during economic downturns. The URW Group actively recycles assets and deploys disposal proceeds into its development projects.

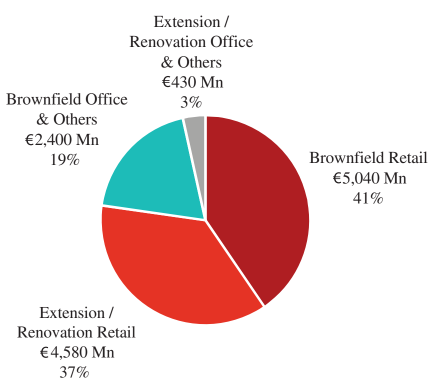
The URW Group continuously seeks to reinforce the attractiveness of its assets by re-designing them: upgrading the layout; re-tenanting them: renewing the tenant mix; and re-marketing them: enhancing the shopping experience through special events. This threefold differentiation strategy is expected to further improve assets and services throughout our portfolio.

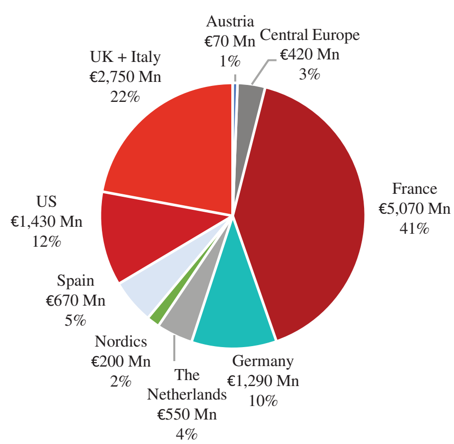
The URW Group has one of the world's leading platforms for global retailers and brands, which we believe positions us as a key partner for global brands across the most attractive markets in the United States, the United Kingdom and Continental Europe. The URW Group intends to attract new and differentiating retailers through active tenant rotation and drive footfall as a result of new brands, a dynamic events strategy and high quality services. The URW Group also intends to develop a strong dining offer to improve its customer experience.

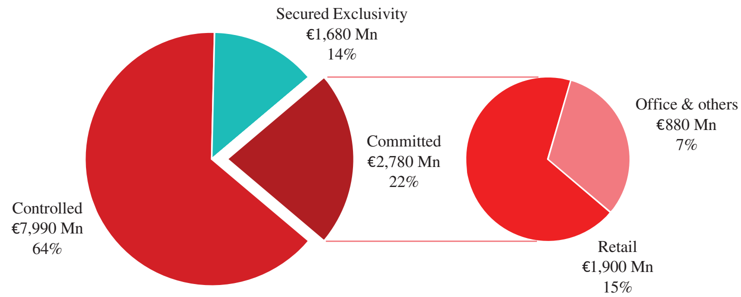
The URW Group's digital innovation strategy seeks to enable us to strengthen connections with visitors and retailers. The use of innovative apps and services (Smart map, Find my car, Connect, Click & Services) and social media (10 million Facebook and Instagram fans) enhances the visitor experience and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

The URW Group combines two development pipelines for a total amount of €12.5 billion, with iconic developments in London, Milan, Hamburg, Brussels, Paris, San Jose, Lyon and other major cities. In addition to benefiting from the strong embedded organic growth potential, the URW Group generates growth by capitalising on its strong track record and experience in development and investment. The URW Group's management aims to deliver industry leading retail development projects through the careful selection of locations, architects and designers. See "Operating and Financial Review of the URW Group and the UR Group — URW Development Projects as at June 30, 2018."

The charts below show the split of the pipeline by segment, by region and by project phase as at June 30, 2018.







Strong relationships with the world's leading retailers due to the URW Group's high quality portfolio, significant development pipeline and presence in leading markets

The core element of the URW Group's shopping centres is the strength of the retail offering to consumers. Retailers remain the driving force in attracting customers to the URW Group's shopping centres and many of the world's leading retailers increasingly desire to be represented in Flagship retail destinations. The URW Group focuses on differentiation and has improved the retail offer of its shopping centres through leases signed with IPRs.

The strength of the URW Group's relationships with the world's leading retail brands is supported by the quality of the URW Group's portfolio, the development projects recently completed, projects currently under construction and the future development pipeline. Examples include the URW Group's standing assets such as Westfield London, Westfield Stratford City, Les Quatre Temps, Westfield Century City, Le Forum des Halles, Westfield World Trade Center, La Maquinista, Shopping City Süd, Mall of Scandinavia, Centrum Chodov and Arkadia, which have attracted many of the world's leading high street fashion brands.

The URW Group'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.

Growing the prominence of the Westfield brand and Flagship assets

The Westfield brand, considered as one of the strongest in the retail industry, will gradually be deployed across the Flagship assets that were part of the UR Group, offering a trans-continental platform for retailers looking for global reach.

The prominence of the Westfield brand and the URW Group's Flagship assets has created the opportunity to establish events, entertainment and brand partnerships across the portfolio, increasing the global reach of the Westfield brand and creating a distinct experience for the consumer. In particular, Westfield World Trade Center, which opened in August 2016, and Westfield Century City, which opened in October 2017, provide a major boost to the scale and profile of Westfield's brand in the United States given their location and prominence. Westfield World Trade Center, which incorporates a major transportation hub for Lower Manhattan, and Westfield Century City are both prominent shopping, dining, event and entertainment destinations.

Integration of digital technology to better connect brands, retailers and consumers

The emergence and integration of digital technology into the URW Group's shopping centres and the continued growth of Westfield's global brand has created opportunities to both enhance the customer experience and generate new revenue streams. The URW Group plans to accelerate its digital innovation strategy to strengthen connections with visitors and retailers. The use of innovative apps and services (Smart map, Find my car, Connect, Click & Services) and social media are expected to enhance the visitor experience and foster communities, with whom the URW Group's shopping centres can engage. During the six months ended June 30, 2018, the URW Group signed up 1.2 million new customers to its loyalty program (of which approximately 95% came through websites and apps), to reach a total of 5.3 million members.

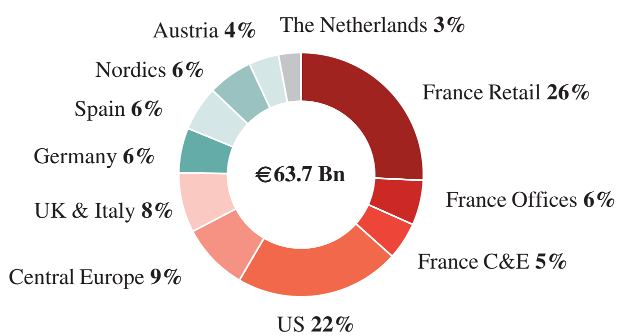
Business Segments

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

- shopping centres;
- offices; and
- convention and exhibition.

We are predominantly retail focused with retail assets accounting for 86% of our proportionate total portfolio GMV and offices and other assets, convention and exhibition and services accounting for 8%, 5% and 1% of our proportionate total portfolio GMV, respectively, as of June 30, 2018. Our portfolio is located across 13 countries, with France being the largest market at 37% of GMV and the United States being the second largest market at 22% of GMV, in each case as of June 30, 2018. Within each of our segments of operation, we engage in property management, marketing and leasing, and property development, design and construction. The chart below shows the split of proportionate GMV per region as at June 30, 2018, including assets accounted for using the equity method. As France has substantial activities in all three of our business lines, this region is itself divided in three segments: shopping centres, offices and convention and exhibition. The other regions operate almost exclusively in the shopping centre segment.

Proportionate GMV Per Region



Within our segments, we also provide asset management services to co-investors in our jointly owned properties.

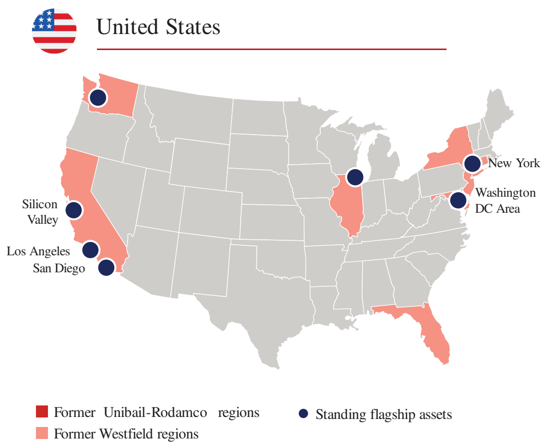
Shopping Centres

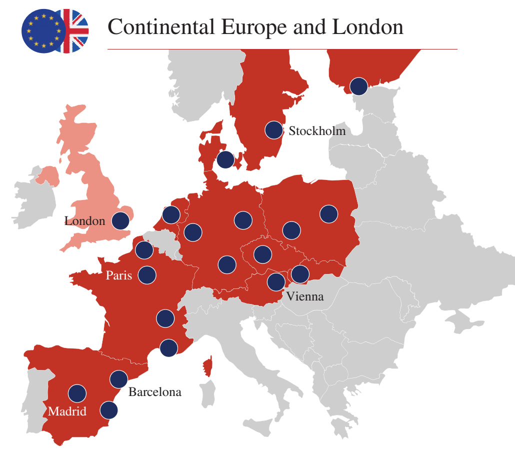
Our shopping centres are geographically diverse, spread across two continents and 13 countries, including eight states in the United States. In addition, we have significant development projects in two new countries: Italy and Belgium. As at June 30, 2018, we owned and operated 102 shopping centres, of which 56 are Flagship centres in the most dynamic cities in Europe and the United States. See pages 212 to 215 of this offering memorandum for a complete list of the assets that comprise our Flagship and other shopping centres. From time to time we may reclassify assets between these categories.

Consistent with the manner in which we invest our capital in the United States and the United Kingdom and manage and operate our shopping centre portfolio in such jurisdictions, we present our US and UK shopping centre portfolio on an asset class basis between Flagship and Regional portfolios. "Regional" is a historical WFD concept and was not used for assets historically owned by UR. The following table summarises our shopping centre portfolio in the United States and the United Kingdom on an asset class basis as of June 30, 2018:

US and UK Shopping Centre Portfolio Summary as of June 30, 2018	**Flagship**	**Regional**	**Total**
Shopping centres the URW Group owns interests in and manages	17	18	35
Shopping centres the URW Group holds in joint ventures and co-ownership arrangements	13	15	28
Retail outlets	4,002	2,682	6,684
GLA (in million square feet)	25.2	19.8	45.0

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





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

The following table shows the geographic split of our retail assets consolidated GMV as of June 30, 2018:

Consolidated GMV of Shopping Centre Portfolio (in millions) (1)	**June 30, 2018**
France	€16,004
Central Europe	5,233
Spain	3,823
Nordics (2)	3,456
Germany	3,283
Austria	2,536
Netherlands	1,607
United States:	
Flagship	10,551
Regional	1,952
Total United States	12,503
United Kingdom and Italy	4,277
Total URW Group	€52,721

(1) Valuation amounts include the value of our equity in assets accounted for using the equity method.
(2) "Nordics" represent Sweden, Denmark and Finland.

The following table summarises our combined shopping centre portfolio as of June 30, 2018:

Combined Shopping Centre Portfolio Summary as of June 30, 2018	Continental Europe	US and UK	Total
Shopping centres the URW Group owns interests in and manages (1)	67	35	102
Shopping centres the URW Group holds in joint ventures and co-ownership arrangements	19	28	47
Retail outlets/units (2)	10,245	6,684	16,929
GLA of whole complex (in million square meters)	5.0	4.2	9.2

(1) Includes Zlote Tarasy (Warsaw) and Ring-Center (Berlin), which are not managed by the URW Group.
(2) Includes retail units below 2,500 square meters ("m^2").

Key Shopping Centre Operating Statistics

The following operating statistics for our shopping centre portfolio in Continental Europe and our shopping centre portfolio in the United States and the United Kingdom differ based on the historical presentation of the UR Group and Westfield Corporation. In the future, we expect to present operating statistics for our shopping centres in the United States and the United Kingdom in a manner consistent with the historical presentation of the UR group, except that we expect to separate certain operating statistics for our US shopping centre portfolio between Flagship centres and Regional centres.

The following table sets forth key operating statistics for our shopping centre portfolio in Continental Europe:

	As of and for the six months ended June 30, 2018	As of and for the year ended December 31, 2017
Annualised minimum guaranteed rent (in millions)	€1,358.0	€1,341.2
EPRA vacancy rate	2.3%	2.4%
Estimated rental values of vacant space (in millions)	€ 36.9	€ 37.8
Rotation rate	5.9%	11%
New leasing/re-letting/renewals (excluding development pipeline)		
Overall	641	1,350
International Premium Retailers	95	223
Square meters (in thousands)	188.1	335.4
Minimum guaranteed rent (in millions)	€ 85.5	€ 159.7
MGR uplift (in millions)	€ 7.3	€ 17.1
Occupancy cost ratio	15.2%	15.1%
Weighted average rent (per square meter)	€ 408	€ 406
Specialty leasing revenues (in millions)	€ 12.7	€ 25.7

The following table sets forth key operating statistics according to our Flagship and Regional core assets (including part-owned shopping centres on a 100% basis) for our shopping centre portfolio in the United States and the United Kingdom as of and for the twelve-months ended June 30, 2018. This presentation also highlights the increasing importance of, and focus on, our Flagship portfolio in the United States and the United Kingdom.

US and UK Shopping Centre Portfolio as of and for the twelve-months ended June 30, 2018	Flagship	Regional	Total
Portfolio leased rate (1)	94.0%	88.3%	92.0%
Specialty occupancy cost	16.1%	13.8%	15.6%
Specialty retail sales (per square foot)	US$ 945	US$ 466	US$ 764
Specialty retail sales growth	4.7%	2.9%	5.0%
Average specialty rent (per square foot)	US$ 116.66	US$ 54.79	US$ 94.92
Average specialty rent growth	3.0%	0.2%	3.8%

(1) Total portfolio leased percentage excludes US temporary leasing of in-line space representing 3% of total leased area.

The following table sets forth key operating statistics for our shopping centre portfolio (including part-owned shopping centre on a 100% basis, unless otherwise noted) in the United States and the United Kingdom:

Leases	As of and for the 12 months ended June 30, 2018	As of and for the year ended December 31, 2017
Weighted average unexpired lease term (in years)	7.3	6.9
— for anchor tenants (in years)	22.2	18.2
— for specialty tenants (in years)	5.4	5.4
Largest retailer group		
Total US/UK GLA occupied	16.5%	17.4%
Total US/UK rental income	2.7%	2.9%
Ten largest specialty retailers		
Total US/UK GLA occupied	9.8%	9.9%
Total US/UK rental income	17.3%	18.1%
Rental income		
Directly related to retailer sales	2.3%	2.4%
Derived from rent at contracted levels	97.7%	97.6%

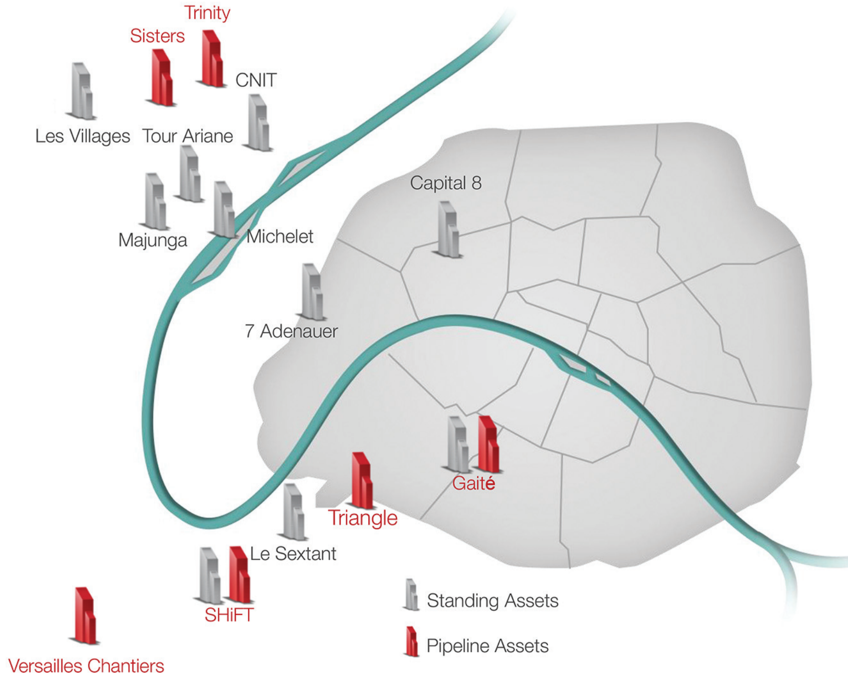
For the six months ended June 30, 2018, on a combined basis, our top ten tenants as a percentage of total retail rents for our shopping centre portfolio in Continental Europe contributed 15.6% of our total rents in that jurisdiction with our largest tenant contributing 4.9%. For a list of our top ten tenants in Continental Europe, see Operation and Financial Review of the URW Group and the UR Group — Business Review by Segment — Shopping Centres — Tenant Sales."

The ten largest anchor tenants across our shopping centre portfolio in the United States and the United Kingdom occupied approximately 40.9% of the total GLA in such jurisdictions as of June 30, 2018 and, on a combined basis, contributed approximately 3.9% of total rental income for such jurisdictions for the 12 months ended June 30, 2018 with no single anchor contributing more than 1.2% of total rental income for such jurisdictions.

The ten largest specialty retailers across our shopping centre portfolio in the United States and the United Kingdom occupied approximately 9.8% of the total GLA in such jurisdictions as of June 30, 2018 and contributed approximately 17.3% of total rental income for such jurisdictions for the 12 months ended June 30, 2018, with no single tenant contributing more than 2.7% of total rental income on a combined basis for such jurisdictions.

Offices

We develop and own large, efficient office buildings at prime locations in the Paris central business district and La Défense. The map below shows the location of our standing office buildings as well as several office buildings that we are currently developing in our pipeline.



Note: On July 24, 2018, we announced that we had entered into an agreement to sell the Capital 8 office building. See "— Recent Developments."

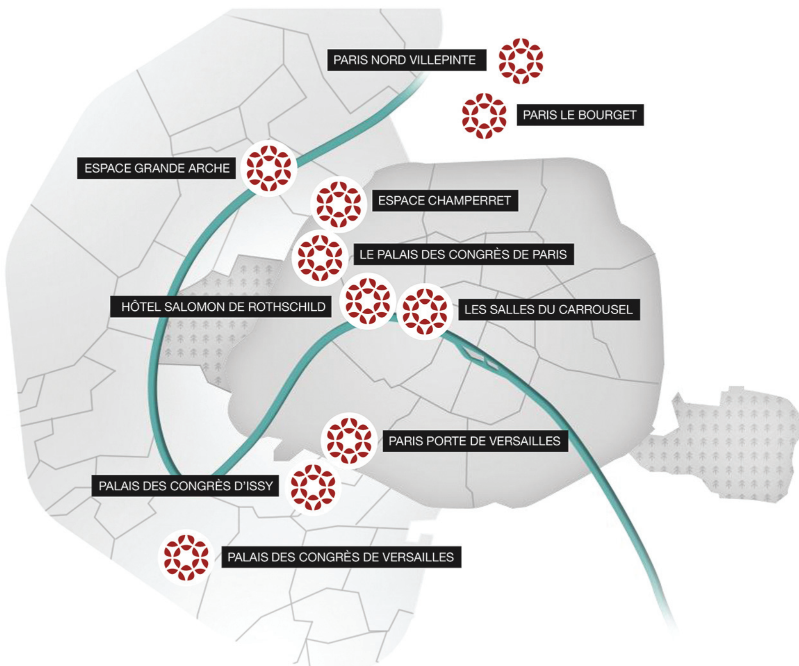
We also own office assets in the Nordics, Poland, Austria and the Netherlands as well as in the United Kingdom and the United States.

The table below shows the split of the office division consolidated GMV by region as at June 30, 2018, including assets accounted for using the equity method.

Consolidated GMV of Office Portfolio (including transfer taxes)	As of June 30, 2018 € (in millions)	%
France	€4,023	80%
Nordics	171	3%
Other Continental Europe Countries	267	5%
Total Continental Europe	4,461	88%
US	218	4%
UK	366	7%
Total	€5,045	100%

Convention and Exhibition

Our Convention and Exhibition activity is exclusively located in the Paris region and consists of a real estate venues and services company ("Viparis"). Viparis is a world leader in the convention and exhibition industry jointly owned with the Chamber of Commerce and Industry of Paris Île-de-France (the "CCIR"), but operated and fully consolidated by us.



The Convention and Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year. In total, 725 events were held in the Viparis venues during 2017, which included 258 shows, 105 congresses and 362 corporate events, and 407 events were held in Viparis venues during the six months ended June 30, 2018, which included 146 shows, 45 congresses and 216 corporate events.

Competitive Strengths

We believe we have the following competitive strengths:

High Quality Portfolio. The strength of our portfolio is underpinned by the high quality of our shopping centres. We have a strategic position in 27 of the world's most dynamic retail markets and cities, and our shopping centres are generally 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 shopping centre portfolio with the objective of achieving strong market penetration and ensuring our shopping centres remain relevant to both retailers and shoppers. We continuously reinforce the attractiveness of our assets by re-designing them: upgrading the layout; re-tenanting them: renewing the tenant mix; and re-marketing them: enhancing the shopping experience through special events. We believe that the capital we invest in redeveloping our shopping centres contributes to the high quality of our assets and enhances their ability to weather economic downturns.

Geographic and Tenant Diversity. Our shopping centres are geographically diverse, spread across two continents and 13 countries, including eight states in the United States in wealthy cities. In addition, we have significant development projects in two new countries: Italy and Belgium. 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. As of June 30, 2018, our shopping centres in France and our shopping centres in the United States, our two largest shopping centre regional segments by GMV, represented 26% and 20% of our consolidated total GMV, respectively, and no other regional segment represented more than 10% of our consolidated total GMV. We have additional diversity through our office buildings, mainly located in the Paris region, as well as our major convention and exhibition venues in the Paris region. Moreover, the scale and quality of our portfolio enables us to be a key partner for the best global brands and retailers. Our global outreach enables us to source attractive retailers, and cross board them between geographies by offering them an integrated international development platform.

Redevelopment Capability and Global Redevelopment Program and Flexible Pipeline. Our redevelopment capabilities are vertically integrated and involve sourcing development, design, construction and leasing skills, 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 assets are the most competitive in their 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.

The URW Group's corporate credit ratings are"A2"(stable outlook) by Moody's Investors Service ("Moody's")and "A" (stable outlook) by Standard & Poor's ("S&P").

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, and is supported by approximately 3,700 employees as of June 30, 2018.

Structure and Listing of the URW Group

The URW Group is a stapled group which consists of Unibail-Rodamco and WFD Unibail-Rodamco. WCL and various of its subsidiaries are the primary entities through which shopping centre development, design, construction, management and leasing operations and funds and asset management activities are conducted in the United Kingdom and United States (development, design and construction). WAT and various of its subsidiaries are the primary entities through which we own and manage our shopping centre interests in the United States. Interests in our United Kingdom properties are held through WCL and WFD Trust. The URW Group's operations in Continental Europe are operated by subsidiaries of Unibail-Rodamco that are neither the Issuer nor guarantors of the Notes. Although Unibail-Rodamco and WFD Unibail-Rodamco remain separate legal entities following the URW Transaction, the URW Group publishes consolidated financial statements for the stapled group. See "Accounting for the URW Transaction."

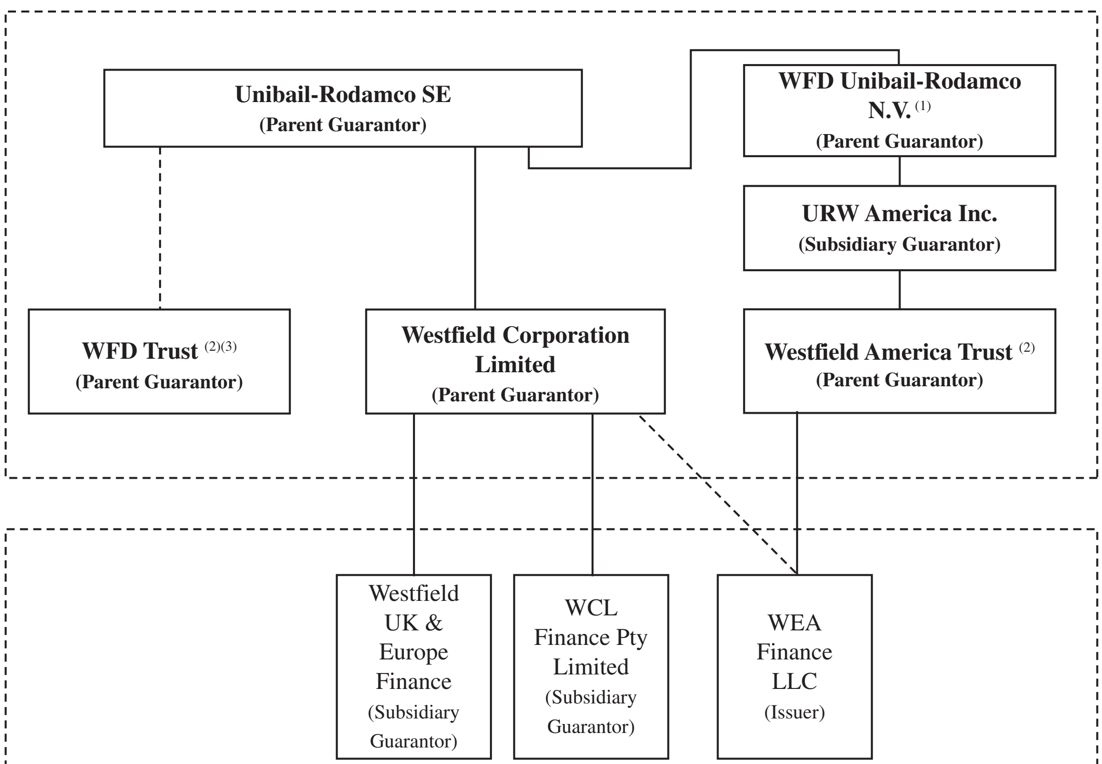
The URW Group's Stapled Shares, which are comprised of one ordinary share of Unibail-Rodamco and one class A share of WFD Unibail-Rodamco, are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW). A secondary listing has also been established in Australia through CDIs.

Issuer

WEA Finance LLC is the Issuer of the Notes. WEA Finance LLC is a Delaware limited liability company and is a majority owned indirect finance subsidiary of WAT. The primary purpose of the Issuer is to borrow funds on behalf of the URW Group and advance the net proceeds of such borrowings to members of the URW Group.

Borrowing and Credit Structure for the Notes

The following chart sets forth the URW Group's borrowing and credit structure for the Notes:



(1) Owned 40.3% by Unibail-Rodamco SE.
(2) Westfield America Management Limited, in its separate capacities as responsible entity and trustee of each of Westfield America Trust and WFD Trust.
(3) Indirectly owned by Unibail-Rodamco.

The obligations of the Issuer under the Notes will be fully and unconditionally guaranteed on a joint and several basis by Unibail-Rodamco, WFD Unibail-Rodamco, WCL and WAML, in its separate capacities as responsible entity and trustee of each of WAT and WFD Trust, and by URW America Inc., Westfield UK & Europe Finance plc and WCL Finance Pty Limited. As a result, holders of the Notes will receive the benefit of the credit of those guarantors.

Recent Developments

Pursuant to our ongoing portfolio review, we have announced that, as part of our ongoing stand-alone asset rotation programme, as at December 12, 2017, we had earmarked €3.0 billion of Continental European assets for disposal over the next several years.

Subsequent to June 30, 2018, we have announced the following post-closing disposals, for an aggregated net disposal price of €1.3 billion:

- Orebro hotel in Sweden sold on July 2, 2018 and Capital 8 (Paris) signed on July 24, 2018, for a total net disposal price of these two assets of €791 million;
- Portfolio of four shopping centres in Spain closed on July 31, 2018, for a net disposal price of €449 million; and
- Horton Plaza (San Diego) closed on August 23, 2018, for a net disposal price of €81 million.

See Note 13 to the URW Group Half Year Financial Statements included elsewhere in this offering memorandum. We may decide to dispose of further assets in the future over and above the previously earmarked €3.0 billion of Continental European assets.

Corporate Information

The URW Group's principal executive offices are located at 7 place du Chancelier Adenauer, CS 31622, 75772 Paris Cedex 16, France and Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. The URW Group's telephone numbers are +33 (0)1 53 43 74 37 and +31 (0) 20 658 25 33. The URW Group's main website is located at www.urw.com and WFD Unibail-Rodamco's website is located at www.wfd-unibail-rodamco-nv.com. The information on neither of these websites is part of or incorporated by reference in this offering memorandum.

Unibail-Rodamco's registered address is located in Paris, France and WFD Unibail-Rodamco's registered address is located in the Netherlands. Our senior management reside in France, the Netherlands, the United States and England and Wales.

The Offering

Notes Being Offered	4.125% Guaranteed Senior Notes due 2028 (the "2028 Notes"). 4.625% Guaranteed Senior Notes due 2048 (the "2048 Notes"). The 2028 Notes and the 2048 Notes are referred to as the "Notes."
Principal Amount	US$500,000,000 aggregate principal amount due 2028. US$500,000,000 aggregate principal amount due 2048.
Issuer	WEA Finance LLC (the "Issuer").
Guarantors	Unibail-Rodamco, WFD Unibail-Rodamco, WCL and WAML, in its separate capacities as responsible entity and trustee of each of WFD Trust and of WAT (each, a "parent guarantor" and, together, the "parent guarantors"), URW America Inc., Westfield UK & Europe Finance plc and WCL Finance Pty Limited, each a subsidiary of WCL (each, a "subsidiary guarantor" and, together, the "subsidiary guarantors" and, collectively with the parent guarantors, the "guarantors"). See "Description of the Notes and Guarantees — Guarantees."
Maturity Date	2028 Notes — September 20, 2028. 2048 Notes — September 20, 2048.
Interest Rate	The Notes will bear interest from September 20, 2018, based upon a 360-day year comprised of twelve 30-day months. 2028 Notes — 4.125% per year. 2048 Notes — 4.625% per year.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on March 20 and September 20 of each year, beginning March 20, 2019.
Guarantees	Each of the parent guarantors will fully and unconditionally guarantee, on a joint and 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 guarantees will be joint and several obligations of the guarantors together with any guarantees by any future guarantors.

Ranking	The Notes will constitute unsecured and unsubordinated obligations of the Issuer and 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 US$989.1 million. We expect to use the net proceeds to repay outstanding borrowings under our US 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 September 20, 2018. 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 US $2,000 and integral multiples of US$1,000 in excess thereof. Notes sold in the United States in reliance on Rule 144A will be evidenced by Notes in global form called "Restricted Global Notes," which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). Notes sold outside the United States in reliance on Regulation S will be evidenced by a separate Note in global form called a "Regulation S Global Note," which also will be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. During an initial 40-day period, beneficial interests in the Regulation S Global Note must be held through Euroclear or Clearstream. Transfers of beneficial interests between the Restricted Global Note and the Regulation S Global Note are subject to certification requirements.
Transfer Restrictions	The Notes and the guarantees have not been and will not be registered under the 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 all outstanding 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 Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank, N.A., London Branch
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	A2 (outlook stable) (Moody's) A (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 Unaudited Pro Forma Condensed Consolidated Financial Information

The following summary unaudited pro forma condensed consolidated financial information contains unaudited pro forma condensed consolidated statements of income for the six months ended June 30, 2018 and June 30, 2017 and the year ended December 31, 2017, and has been prepared to represent the pro forma effects of the URW Transaction and its direct consequences together with the financing of the cash consideration transferred to Westfield Corporation securityholders as part of the URW Transaction as described in more detail under "Unaudited Pro Forma Condensed Consolidated Financial Information." See "Pro Forma Financial Information."

The summary unaudited pro forma condensed consolidated financial information has been derived from the URW Group Half Year Financial Statements, Westfield Corporation's financial information for the six months ended June 30, 2017, the 2017 UR Group Annual Financial Statements, the 2017 Westfield Annual Financial Statements and the consolidated statement of income of Westfield Corporation for the period from January 1, 2018 to May 31, 2018. The summary unaudited pro forma condensed consolidated financial information should be read together with the historical financial statements of the URW Group, UR Group and Westfield Corporation included elsewhere in this offering memorandum. See "Financial Information Presentation," "Summary — Summary Consolidated Financial Data of the URW Group and the UR Group," "Summary — Summary Consolidated Financial Data of Westfield Corporation," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Operating and Financial Review of the URW Group and the UR Group" and "Risk Factors."

The unaudited pro forma condensed consolidated financial information with respect to the URW Group has been presented for illustrative purposes only and because of its nature, and is not necessarily indicative of the results of operations that would have been achieved had the URW Transaction been consummated on January 1, 2017, or of the future consolidated results of operations of the URW Group.

The direct consequences of the URW Transaction reflected as pro forma adjustments in the unaudited pro forma condensed consolidated financial information relate to:

- the demerger of OneMarket effective May 30, 2018;
- acquisition and related costs in connection with the acquisition of Westfield Corporation;
- cost savings resulting from the termination of head-office employees and Westfield Corporation senior management effective June 30, 2018 as provided between Unibail-Rodamco and Westfield Corporation as part of the Implementation Agreement and the disposal of the corporate aircraft; and
- financial expenses and fair value adjustment of debt and derivatives.

The financing of the cash consideration transferred to Westfield Corporation securityholders as part of the URW Transaction consisted of: the €2,000 million deeply subordinated, perpetual hybrid securities issued by Unibail-Rodamco in April 2018; and the four-tranche of public Euro Medium Term Notes for a total of €3,000 million issued in May 2018.

The unaudited pro forma condensed consolidated financial information does not reflect any revenue enhancements, anticipated synergies or dissynergies, operating efficiencies or cost savings, other than those referred to above, that may be achieved nor the disposals the URW Group has announced it expects to make.

In addition, consistent in terms of income statement impact with the preliminary purchase accounting reflected in the URW Group Half Year Financial Statements, the URW Pro Forma Financial Information for H1-2018, H1-2017 and the year ended December 31, 2017 do not reflect any depreciation impact related to intangible assets with definite useful life.

Furthermore, the change of the URW Group credit spread related to the completion of the URW Transaction is not reflected in the fair value of derivatives and net share settled bonds convertible into new and/or existing shares ("ORNANE") in the summary unaudited pro forma condensed consolidated statements of income for each of the six months ended June 30, 2018 and June 30, 2017 and for the year ended December 31, 2017.

The following unaudited pro forma condensed consolidated financial information is presented in euros, which is the URW Group's reporting currency.

For a description of the basis of presentation of the following summary unaudited pro forma condensed consolidated financial information, see "Financial Information Presentation" and "Pro Forma Financial Information."

	Pro Forma Condensed Consolidated Statements of Income (1)		
	Six Months Ended June 30,		**Year Ended December 31,**
(in millions)	**2018**	**2017**	**2017**
Gross rental income	€1,219.2	€1,178.6	€2,380.1
Operating expenses and net service charges	(239.5)	(233.6)	(490.2)
Net rental income	**979.7**	**945.0**	**1,889.8**
Property development and project management revenue	217.4	305.1	646.9
Property development and project management costs	(183.5)	(257.2)	(537.2)
Net Property development and project management income	**33.9**	**48.0**	**109.7**
Property services and other activities revenues	150.4	149.5	305.9
Property services and other activities expenses	(94.1)	(95.4)	(195.4)
Net property services and other activities income	**56.3**	**54.1**	**110.5**
Share of the result of companies accounted for under the equity method	271.1	279.9	683.1
Income on financial assets	13.9	13.2	27.0
Contribution of companies accounted for under the equity method	**285.0**	**293.1**	**710.0**
Corporate expenses	(101.7)	(83.8)	(173.1)
Development expenses	(0.2)	0.9	(3.6)
Depreciation of other tangible assets	(1.0)	(1.1)	(2.2)
Administrative expenses	**(102.9)**	**(83.9)**	**(178.9)**
Acquisition and related costs	**(0.7)**	**—**	**(3.5)**
Proceeds from disposal of investment properties	49.8	1.2	835.9
Carrying value of investment properties sold	(51.0)	(4.6)	(767.5)
Result on disposal of investment properties	**(1.2)**	**(3.5)**	**68.4**
Proceeds from disposal of shares	15.5	—	27.3
Carrying value of disposed shares	0.0	—	(27.3)
Result on disposal of shares	**15.5**	**—**	**0.0**
Valuation movements on assets	**374.7**	**1,254.8**	**1,867.4**
Impairment of goodwill/Negative goodwill	**(0.7)**	**—**	**(9.2)**
NET OPERATING RESULT	**1,639.6**	**2,507.6**	**4,564.3**
Result from non-consolidated companies	0.2	0.9	0.9
Financial income	*68.6*	*64.5*	*131.2*
Financial expenses	*(249.5)*	*(218.2)*	*(460.4)*
Net financing costs	(180.9)	(153.6)	(329.2)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	28.9	23.5	21.1
Fair value adjustments of derivatives and debt	(86.3)	(45.3)	(109.2)

(in millions)	Pro Forma Condensed Consolidated Statements of Income (1)		
	Six Months Ended June 30,		Year Ended December 31,
	2018	2017	2017
RESULT BEFORE TAX	**1,401.5**	**2,333.1**	**4,147.8**
Income tax expenses	(426.9)	(18.4)	15.3
NET RESULT FOR THE PERIOD	**974.6**	**2,314.7**	**4,163.2**
Net result for the period attributable to:			
— The holders of the Stapled Shares	€ 865.2	€2,032.7	€3,880.2
— External non-controlling interests	109.3	282.0	283.0
Net result for the period	**974.6**	**2,314.7**	**4,163.2**
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:			
— Unibail-Rodamco SE members	852.6	1,810.5	3,412.7
— WFD Unibail-Rodamco N.V. members	12.7	222.2	467.5
Net result for the period attributable to the holders of the Stapled Shares	**865.2**	**2,032.7**	**3,880.2**

(1) Some of the reasons contributing to the volatility in reported earnings of the URW Group are the following non-cash items:

- under IFRS (as applicable in the EU), any change in the fair value of our property investments is recorded in the income statement;
- under IFRS (as applicable in the EU), 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 (as applicable in the EU), we are required to recognize the deferred tax on unrealised capital gains or write-downs on revaluation of property investments and on the unrealised capital gains or losses on mark-to-market valuations of other financial liabilities.

Summary Consolidated Financial Data of the URW Group and the UR Group

The summary consolidated financial data of the URW Group and the UR Group has been derived from their consolidated financial statements included elsewhere in this offering memorandum. See “Financial Information Presentation — The URW Group and the UR Group” for a discussion of the basis of preparation of such financial statements.

The URW Group Half Year Financial Statements and the UR Group Annual Financial Statements have been prepared in accordance with the recognition and measurement principles of IFRS (as applicable in the EU), which differ from US GAAP. You should read the following financial information together with the information in “Financial Information Presentation,” “Selected Consolidated Financial Data of the URW Group and the UR Group,” “Operating and Financial Review of the URW Group and the UR Group,” “Risk Factors,” and the URW Group’s and the UR Group’s consolidated financial statements and related notes included elsewhere in this offering memorandum.

The URW Group Half Year Financial Statements consolidate one month of Westfield Corporation’s operations (from June 1, 2018 to June 30, 2018) and the comparative financial information of the UR Group for the six months ended June 30, 2017 does not include any income statement and cash flow data of Westfield Corporation. Similarly, the UR Group Annual Financial Statements do not include balance sheet, income statement and cash flow data of Westfield Corporation.

Our historical results are not necessarily indicative of future results, and the results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. The following financial information for URW and UR is presented in euros, which is URW’s reporting currency.

The UR Group Annual Financial Statements have been jointly audited by Deloitte & Associés and Ernst & Young Audit, and their audit reports thereon are included in this offering memorandum. The unaudited URW Group Half Year Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and were jointly reviewed by Deloitte & Associés and Ernst & Young Audit, statutory auditors of the URW Group, as stated in their statutory auditors’ review report included in this offering memorandum.

Table 1.0 below presents summary comprehensive income statement data of the URW Group for the six months ended June 30, 2018 and of the UR Group for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015.

	URW Group Six Months Ended June 30,	UR Group Six Months Ended June 30,	UR Group Year Ended December 31,		
(in millions)	**2018 (1)**	**2017**	**2017**	**2016**	**2015**
Gross rental income	€ 989.4	€ 908.2	€1,822.3	€1,770.3	€1,685.0
Ground rents paid	*(14.7)*	*(9.3)*	*(18.1)*	*(17.4)*	*(17.5)*
Net service charge expenses	*(10.9)*	*(11.9)*	*(22.8)*	*(29.2)*	*(29.1)*
Property operating expenses	*(103.2)*	*(92.7)*	*(198.7)*	*(195.2)*	*(185.6)*
Operating expenses and net service charges	(128.8)	(113.9)	(239.6)	(241.8)	(232.2)
Net rental income	**860.6**	**794.3**	**1,582.6**	**1,528.5**	**1,452.8**
Property development and project management revenue	73.8	—	—	—	—
Property development and project management costs	(68.7)	—	—	—	—
Net property development and project management income	**5.1**	**—**	**—**	**—**	**—**

(in millions)	URW Group Six Months Ended June 30, 2018 (1)	UR Group Six Months Ended June 30, 2017	UR Group Year Ended December 31, 2017	2016	2015
Property services and other activities revenue	€ 134.0	€ 124.5	€ 256.1	€ 261.3	€ 293.4
Property services and other activities expenses	(85.9)	(85.1)	(176.3)	(175.1)	(219.7)
Net property services and other activities income	**48.1**	**39.4**	**79.8**	**86.2**	**73.7**
Share of the result of companies accounted for using the equity method	66.8	37.1	91.6	(13.3)	243.3
Income on financial assets	13.9	13.2	27.0	18.3	22.1
Contribution of companies accounted for using the equity method	**80.7**	**50.2**	**118.6**	**5.0**	**265.4**
Corporate expenses	(61.5)	(54.5)	(117.3)	(116.8)	(104.0)
Development expenses	(0.2)	0.9	(3.6)	(5.9)	(4.5)
Depreciation of other tangible assets	(1.0)	(1.1)	(2.2)	(2.2)	(2.2)
Administrative expenses	**(62.7)**	**(54.7)**	**(123.1)**	**(124.9)**	**(110.7)**
Acquisition and related costs	**(214.7)**	**—**	**(62.4)**	**(1.3)**	**(1.6)**
Proceeds from disposal of investment properties	49.8	1.2	592.5	973.9	342.4
Carrying value of investment properties sold	(51.0)	—	(518.7)	(882.7)	(341.0)
Result on disposal of investment properties	**(1.2)**	**1.2**	**73.8**	**91.2**	**1.4**
Proceeds from disposal of shares	—	—	27.3	25.9	114.4
Carrying value of disposed shares	—	—	(27.3)	(20.9)	(100.7)
Result on disposal of shares	**—**	**—**	**—**	**5.0**	**13.7**
Valuation gains on assets	590.5	1,249.0	1,770.0	2,244.0	2,137.4
Valuation losses on assets	(255.1)	(175.8)	(405.6)	(238.2)	(318.6)
Valuation movements on assets	**335.4**	**1,073.2**	**1,364.4**	**2,005.8**	**1,818.8**
Impairment of goodwill/Negative goodwill	**(0.7)**	**—**	**(9.2)**	**—**	**—**
NET OPERATING RESULTS	**1,050.6**	**1,903.7**	**3,024.6**	**3,595.5**	**3,513.5**
Results from non-consolidated companies	0.2	0.9	0.9	0.4	—
Financial income	*64.8*	*57.9*	*119.5*	*88.8*	*86.3*
Financial expenses	*(185.7)*	*(170.0)*	*(347.5)*	*(343.7)*	*(358.8)*
Net financing costs	(120.9)	(112.1)	(228.0)	(254.9)	(299.5)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	28.9	23.5	21.1	37.0	(183.4)
Fair value adjustments of derivatives and debt	(129.3)	(44.4)	(21.9)	(277.4)	(178.7)
RESULTS BEFORE TAX	**829.5**	**1,771.6**	**2,796.7**	**3,100.6**	**2,921.6**
Income tax expenses	(77.6)	(27.0)	(74.2)	(283.2)	(288.3)
NET RESULT FOR THE PERIOD	**751.9**	**1,744.6**	**2,722.5**	**2,817.4**	**2,633.3**

(in millions)	URW Group Six Months Ended June 30, 2018 (1)	UR Group Six Months Ended June 30, 2017	UR Group Year Ended December 31, 2017	2016	2015
Net result for the period attributable to:					
The holders of the Stapled Shares (2)	€ 642.6	€1,462.6	€2,439.5	€2,409.0	€2,334.0
External non-controlling interests	109.3	282.0	283.0	408.4	299.3
Net result for the period	**751.9**	**1,744.6**	**2,722.5**	**2,817.4**	**2,633.3**
Net result for the period attributable to:					
Unibail-Rodamco SE members	658.4	1,462.6	2,439.5	2,409.0	2,334.0
WFD Unibail-Rodamco N.V. members	(15.8)	—	—	—	—
Net result for the period attributable to the holders of the Stapled Shares (2)	**642.6**	**1,462.6**	**2,439.5**	**2,409.0**	**2,334.0**
NET RESULT FOR THE PERIOD	**751.9**	**1,744.6**	**2,722.5**	**2,817.4**	**2,633.3**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries	(72.7)	24.8	(16.9)	(130.0)	6.5
Cash flow hedge	—	—	—	0.7	1.3
Revaluation of shares available for sale	—	—	—	(0.4)	—
Other comprehensive income that may be subsequently recycled to profit or loss	**(72.7)**	**24.8**	**(16.9)**	**(129.7)**	**7.8**
Employee benefits — will not be reclassified into profit or loss	—	—	0.2	—	14.8
Fair value of financial assets	(7.2)	—	—	—	—
Other comprehensive income not subsequently recyclable to profit or loss	**(7.2)**	**—**	**0.2**	**—**	**14.8**
OTHER COMPREHENSIVE INCOME	**(79.9)**	**24.8**	**(16.7)**	**(129.7)**	**22.6**
NET COMPREHENSIVE INCOME	**672.0**	**1,769.4**	**2,705.8**	**2,687.7**	**2,655.9**
External non-controlling interests	109.4	282.0	283.1	408.4	299.3
NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)	**562.6**	**1,487.4**	**2,422.7**	**2,279.3**	**2,356.6**

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

(2) For periods other than the six months ended June 30, 2018, Net results for the period (Owners of the parent).

Table 1.1 below shows the URW Group's gross rental income by segment for the six months ended June 30, 2018 (which includes WFD gross rental income for the period from June 1, 2018 to June 30, 2018) and the UR Group's gross rental income by segment for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015.

Table 1.1 **Actual Net Rental Income (in millions)**	**URW Group Six Months Ended June 30, 2018 (1)**	**UR Group Six Months Ended June 30, 2017**	**UR Group Year Ended December 31, 2017**	**2016**	**2015**
Net Rental Income					
— Shopping Centres:					
France	€320.9	€303.2	€ 609.8	€ 580.5	€ 549.1
United States (1)	19.9	—	—	—	—
Central Europe	104.2	83.5	172.4	156.2	148.2
Spain	81.7	79.5	161.0	146.0	147.5
United Kingdom (1)	7.4	—	—	—	—
Nordics	73.3	75.2	145.8	139.9	106.1
Austria	54.0	52.1	103.2	98.6	92.1
Germany	47.3	47.1	92.6	89.9	67.1
Netherlands	29.5	29.4	61.7	61.5	67.0
Total Shopping Centres	738.0	670.0	1,346.4	1,272.6	1,177.0
— Offices					
France	63.8	60.7	123.6	135.7	151.4
Other Countries	8.9	8.9	17.2	17.6	19.0
Total Offices	72.8	69.6	140.8	153.3	170.4
— Conventions & Exhibitions	49.8	54.7	95.5	102.6	105.4
	860.6	**794.3**	**1,582.6**	**1,528.5**	**1,452.8**

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

Table 2.0 sets out a reconciliation of recurring earnings of the URW Group to the earnings per IFRS income statement for the six months ended June 30, 2018 and of recurring earnings of the UR Group to the earnings per IFRS income statement for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015. The URW Group and the UR Group use the EPRA definition of recurring earnings, which is defined as recurring earnings from core operational activities. We exclude from recurring earnings the following non-recurring activities (many of which are non-cash items): valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

Table 2.0 EPRA Recurring Earnings Reconciliation (in millions)	**URW Group Six Months Ended June 30, 2018 (1)**	**UR Group Six Months Ended June 30, 2017**	**UR Group Year Ended December 31,**		
			2017	**2016**	**2015**
Net Result of the period attributable to the holders of the Stapled Shares	€ 642.6	€1,462.6	€2,439.5	€2,409.0	€2,334.0
(i) Changes in value of investment properties, development properties held for investment and other interests	335.4	1,073.2	1,364.4	2,005.8	1,818.8
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(1.2)	1.2	73.8	96.2	84.7
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	—	—	—	—	—
(iv) Tax on profits or losses on disposals	—	—	(12.8)	(2.0)	(14.9)
(v) Negative goodwill / goodwill impairment	(0.7)	—	(9.2)	—	—
(vi) Changes in fair value of financial instruments and associated close-out costs	(100.4)	(20.9)	(0.9)	(240.4)	(362.1)
(vii) Acquisition costs on share deals and non-controlling joint venture interests	(214.7)	—	(62.4)	(1.3)	(1.6)
(viii) Deferred tax in respect of EPRA adjustments	(77.9)	(25.2)	(43.7)	(270.1)	(248.6)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	6.8	8.3	34.1	(62.4)	177.9
(x) External non-controlling interests in respect of the above	(7.7)	(187.9)	(106.0)	(231.0)	(150.6)
EPRA recurring earnings	**702.9**	**614.0**	**1,202.1**	**1,114.2**	**1,030.4**
Coupons on the hybrid securities	(3.8)	—	—	—	—
Adjusted recurring earnings	**699.1**	**614.0**	**1,202.1**	**1,114.2**	**1,030.4**

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

Table 3.0 below sets out summary statement of financial position information of the URW Group and the UR Group, as applicable. The statement of financial position information of the URW Group as of June 30, 2018 has been derived from the URW Group Half Year Financial Statements included elsewhere in this offering memorandum. The statement of financial position information of the UR Group as of December 31, 2017 and

2016 has been derived from the UR Audited Financial Statements included elsewhere in this offering memorandum.

Table 3.0 **Statement of Financial Position (in millions)**	**URW Group** **As of** **June 30, 2018**	**UR Group** **As of** **December 31,**	
		2017	**2016**
Non-current assets	€62,344.6	€41,650.8	€39,509.3
Investment properties	47,117.7	38,524.3	36,380.9
Working capital (1)	(1,963.5)	(2,106.0)	(2,279.6)
Total assets	65,347.1	43,241.0	40,745.0
Total liabilities	33,798.7	20,547.8	19,725.3
Total shareholders' equity	31,548.4	22,693.2	21,019.7

(1) Current assets less current liabilities.

Table 4.0 below sets out summary cash flow information of the URW Group and the UR Group, as applicable. The cash flow information of the URW Group for the six months ended June 30, 2018 has been derived from the URW Group Half Year Financial Statements included elsewhere in this offering memorandum. The cash flow information of the UR Group for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015 has been derived from the URW Group Half Year Financial Statements and the UR Group Annual Financial Statements included elsewhere in this offering memorandum.

Table 4.0 **Cash Flow Statement (in millions)**	**URW Group** **Six Months** **Ended June 30,**	**UR Group** **Six Months** **Ended June 30,** **2017**	**UR Group** **Year Ended December 31,**		
	2018 (1)	**2017**	**2017**	**2016**	**2015**
Total cash flow from operating activities (2)	€ 710.7	€ 789.9	€ 1,486.5	€ 1,558.0	€ 1,415.6
Total cash flow from investing activities	(4,958.2)	(949.4)	(1,024.9)	(386.9)	(521.4)
Total cash flow from financing activities	4,279.5	1,135.0	(293.4)	(1,083.4)	(1,411.9)

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

(2) Excluding the impact of the acquisition costs and change in working capital requirement related to the URW Transaction, the total cash flow from operating activities would have been+ €875.6 million (a +€85.7 million increase compared to H1-2017).

Summary Consolidated Financial Data of Westfield Corporation

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

The Westfield Annual Financial Statements have been prepared in accordance with AAS and IFRS as issued by the IASB, which differ from US GAAP. You should read the following financial information together with the information in "Financial Information Presentation," "Selected Consolidated Financial Data of Westfield Corporation," "Operating and Financial Review of Westfield Corporation," "Risk Factors," and Westfield Corporation's consolidated financial statements and related notes included elsewhere in this offering memorandum.

The following financial information for Westfield Corporation is presented in US dollars, which was Westfield Corporation's reporting currency.

Table 1.0 below presents summary income statement data for Westfield Corporation from the years ended December 31, 2017, 2016 and 2015.

Table 1.0 Income Statement (in millions)	**Annual Financial Statements Year Ended December 31,**		
	2017	**2016**	**2015**
Revenue			
Property revenue	US$ 630.1	US$ 512.0	US$ 620.3
Property development and management revenue	789.4	610.6	657.1
Total revenue	**1,419.5**	**1,122.6**	**1,277.4**
Share of after tax profits of equity accounted entities			
Property revenue	685.6	675.8	661.7
Property revaluations	279.2	491.2	426.3
Property expenses, outgoings and other costs	(229.9)	(224.4)	(210.0)
Net interest expense	(62.7)	(80.0)	(86.5)
Tax (expense)/benefit	(0.6)	(0.5)	(0.3)
	671.6	**862.1**	**791.2**
Expenses			
Property expenses, outgoings and other costs	(283.1)	(223.2)	(247.6)
Property development and management costs	(651.3)	(484.5)	(496.1)
Overheads	(119.9)	(116.1)	(116.8)
	(1,054.3)	**(823.8)**	**(860.5)**
Currency gain/(loss)	(2.2)	8.6	11.4
Gain/(loss) in respect of capital transactions	(23.6)	1.7	(97.3)
Intangible amortisation and impairment	(22.9)	—	—
Property revaluations	568.2	513.8	205.7
Earnings before interest and tax	**1,556.3**	**1,685.0**	**1,327.9**
Interest income	13.2	18.8	5.3
Financing costs	(136.0)	(60.5)	(103.0)
Tax (expense)/benefit	117.7	(277.2)	1,093.3
Profit/(loss) after tax	**1,551.2**	**1,366.1**	**2,323.5**

Table 2.0 sets out a reconciliation of EBIT of Westfield Corporation to the profit/(loss) after tax for the years ended December 31, 2017, 2016 and 2015.

Table 2.0 EBIT Reconciliation (in millions)	**Year Ended December 31,**		
	2017	**2016**	**2015**
Westfield Corporation profit/(loss) after tax	**US$ 1,551.2**	**US$ 1,366.1**	**US$ 2,323.5**
Less: Westfield Corporation interest income	(13.2)	(18.8)	(5.3)
Add: Westfield Corporation financing costs	136.0	60.5	103.0
Add: Westfield Corporation tax (credit)/ expense	(117.7)	277.2	(1,093.3)
Westfield Corporation EBIT	**1,556.3**	**1,685.0**	**1,327.9**

Table 2.1 below shows Westfield Corporation's Property Revenue and Net Property Income on a proportionate basis for the years ended December 31, 2017, 2016 and 2015.

Table 2.1 Property Revenue and Net Property Income (in millions)	**Year Ended December 31,**		
	2017	**2016**	**2015**
Property Revenue			
Consolidated	US$ 630.1	US$ 512.0	US$ 620.3
Equity accounted	685.6	675.8	661.7
	1,315.7	**1,187.8**	**1,282.0**
Net Property Income			
Consolidated	347.0	288.8	372.7
Equity accounted	455.7	451.4	451.7
	802.7	**740.2**	**824.4**
Flagship and Regional Net Property Income (1)			
Flagship	615.4	546.7	554.0
Regional and Other Property Investments	187.3	193.5	270.4
	802.7	**740.2**	**824.4**

(1) See "Business Description — Properties — Property Portfolio" for details of the properties classified as Flagship and Regional.

Table 3.0 below sets out summary balance sheet information of Westfield Corporation derived from the Westfield Annual Financial Statements included elsewhere in this offering memorandum.

Table 3.0 Balance Sheet (in millions)	Year Ended December 31,		
	2017	2016	2015
Cash assets	US$ 501.2	US$ 292.1	US$ 1,106.8
Investment properties	9,978.3	8,339.8	7,478.0
Working capital (1)	(667.0)	(1,214.4)	(440.5)
Total assets (2)	21,254.3	18,765.5	17,582.4
Deferred tax liability	1,835.8	1,967.2	1,761.3
Total liabilities	10,375.3	9,155.3	8,282.6
Net assets	10,805.5	9,550.0	9,299.8

(1) Current assets excluding cash less current liabilities.

(2) At December 31, 2017, Westfield Corporation had US$6,071.7 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, 2017, 2016 and 2015 has been derived from the Annual Financial Statements included elsewhere in this offering memorandum.

Table 4.0 Cash Flow Statement (in millions)	Year Ended December 31,		
	2017	2016	2015
Net cash flow from operating activities	US$ 703.8	US$ 524.0	US$ 853.6
Net cash flow from investing activities	(1,109.1)	(1,570.8)	354.2
Net cash flow from financing activities	598.5	265.8	(407.2)

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 could impact our business and financial performance and may heighten the potential for realisation of one or more of the risks outlined in this section, including:

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

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

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

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

- the cyclical nature of the real estate sector;
- the overall conditions in the national and local economies in which 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, office and convention and exhibition spaces;
- 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 and customers for ancillary services;
- the perception of prospective tenants and shoppers of the attractiveness, convenience and safety of the properties;
- the convenience and quality of competing shopping centres and other retail options such as the growth of e-commerce, as well as other trends in the consumer retail industry;
- the financial condition of our tenants and, in particular, our anchor tenants and office tenants;
- high or increasing vacancy rates;

- changes in real estate tenancy laws;
- terrorist attacks on, or other significant security incidents at, one or more of our assets; 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 properties. A decline in the overall performance of our assets due to inflation can potentially reduce our real earnings as well as impact our management fees.

Substantially all of our tenants' leases contain provisions designed to lessen the impact of inflation on our results. In most countries in which we operate, 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 tenant's gross sales, which generally increase as prices rise, or both. In the United Kingdom, standard lease terms provide for upward only market reviews every five years during the term of the lease. Most leases (except for most anchor and mini-major leases in the United States) require the tenants to pay a proportionate share of operating expenses, including common area maintenance, real estate taxes and insurance, reducing 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 an asset's value without necessarily affecting its current revenues and operating income, including:

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

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

We face competition from other European and United States property groups and other commercial organisations active in the European and United States 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 or office premises through overdevelopment, to prices for existing properties or land for development being inflated through competing bids by potential purchasers or to the rents to be achieved from existing properties being adversely impacted by an oversupply of retail and office spaces. Accordingly, the existence of such competition may have a material adverse impact on 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 shopping centres and office buildings are generally located in developed retail and office areas, many of which compete with other shopping centres and office buildings or neighborhood office buildings or shopping centres within their primary trade area. The amount of rentable space in the relevant primary trade area, the quality of facilities and the nature of stores and offices at such competing shopping centres and office buildings could each have a material adverse effect on our ability to lease space and on the level of rents we can obtain. In addition, retailers at our shopping centres face increasing competition from other forms of retailing, such as discount shopping centres and clubs, outlet shopping centres, 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 shopping centres and clubs, outlet shopping centres, 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 "brick-and-mortar" retailing in recent years. With consumers increasingly using online shopping, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels. Many retailers are as advanced as the consumers in adopting digital and mobile technology. Our shopping centres may gradually lose their appeal and relevance for new age consumers and retailers, and may be unable to compete successfully with such online retail platforms. Whether 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 shopping centres and ensure our shopping centres continue to play a significant role in modern day life.

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

A significant portion of our revenue depends on rental income from tenants in office buildings whose needs might change in terms of location, number of square meters and services, including as a result of the growth of mobility and the ability of employees to telecommute. Office needs are subject to rapid and occasionally unpredictable changes in demand, including changes to economic conditions, interest rates and user confidence. If we misjudge the change in demand or preferences, or fail to respond to changing demand or preferences, this may result in a decline in our rental income and financial performance.

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

A significant portion of our revenue depends on rental income from our convention and exhibition portfolio. Our ability to rent spaces and services in respect of this portfolio may change in terms of location, number of square meters and services. If we misjudge the change in demand or preferences (including the impact of the internet), or fail to respond to changing demand or preferences, this may result in a decline in our income and financial performance.

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

Our performance depends on our ability to lease space in our assets 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, including anchor tenants at our shopping centres, are unable to meet their obligations to us under their leases, or if there is a decrease in demand for new retail, office or convention and exhibition spaces in redeveloped properties so that we are unable to find new tenants at economically favorable rental prices. If the retail sales of stores operating in our shopping centres decline significantly due to economic conditions, closure of anchor stores or for other reasons, tenants in our shopping centres might be unable to pay their existing minimum rents or common area maintenance charges (since these fixed rents and charges would represent a high percentage of their sales). Further, if tenants' sales decline, new tenants would be less likely to be willing to pay minimum rent as high as they would otherwise pay. During times of economic recession or low economic growth, such as those experienced in the United States and Europe in recent years, these risks increase.

We have temporary leasing programs pursuant to which we lease some shopping centre space on a short-term basis, usually for a term of between 30 days and 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.

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

The bankruptcy or insolvency, or a downturn in the business, of any of our anchor tenants or an anchor-owned store at our shopping centres, or the failure of any such 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 shopping centre because productive anchor tenants play an important part in generating customer traffic and making shopping centres desirable locations for retailers generally. Certain department stores and other retailers (including some of 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.

We faced some closings of shopping centre anchors in 2017 and 2018 in the United States, such as JC Penney, Lord & Taylor, Macy's, and Sears. In March 2017, the Macy's store located at Sarasota Square in Sarasota, Florida, one of our regional properties, was closed. In July 2017, the JC Penney store located at Sunrise in Massapequa, New York, one of our regional properties, was closed. In September 2017, the Sears store located at Sarasota Square in Sarasota, Florida was closed. In September 2017, the Sears store located at UTC in San Diego, California, one of our Flagship properties, was closed. In March 2018, the JC Penney store located at Garden State Plaza in Paramus, New Jersey, one of our Flagship properties, and the Sears stores located at Valencia Town Center in Valencia, California and Oakridge in San Jose, California, each one of our regional properties, were closed. In April 2018, the Lord & Taylor stores at Annapolis in Annapolis, Maryland and Old Orchard in Skokie, Illinois, each one of our Flagship properties, were closed. In July 2018, the Sears stores at Westfield Galleria at Roseville in Roseville, California, one of our Flagship properties, Westfield Broward in Plantation, Florida and Westfield Countryside in Clearwater, Florida each one of our regional properties, were closed.

In May 2018, Sears announced their intention to close their store at Citrus Park in Tampa, Florida by September 2018. As of August 31, 2018 we were not aware of any further announcements by anchor retailers of the future closure of any anchor stores within our shopping centre portfolio. Anchor retailers in the United States contributed 4% of our net rental income in the United States for the 12 months ended June 30, 2018.

In our US shopping centres, 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 shopping centres 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 shopping centre and thereby reduce the income generated by that shopping centre and could also allow some other anchors and other tenants to make reduced rental payments or to terminate their leases at that shopping centre. Each of these occurrences could adversely affect our results of operations.

A negative change in the financial condition of any of the 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 shopping centre.

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 June 30, 2018, we had many major redevelopment projects under construction in the United States and Europe. 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 new development or redeveloped properties 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 and office spaces and the inability to lease new retail and/or office spaces, rent abatements, and termination of lease agreements and pre-sale agreements;
- loss of customers due to inconvenience caused by construction;
- incurrence of substantial expenditures before the redevelopment project produces income; and
- delays due to inadequate supply of labor, scarcity of construction materials, lower than expected sales productivity levels, inclement weather conditions, land contamination, difficult site access, objections to the development raised by community interest groups, environmental groups and neighbors, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes.

If a redevelopment or development project is unsuccessful or does not proceed, 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.

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

As a result, a number of shopping centres in our portfolio are held through joint ventures or co-ownership arrangements. In a number of our joint ventures or co-ownership arrangements, we do not have exclusive control over development, financing, leasing, management and other aspects of the shopping centres.

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 shopping centres or surplus land and the purchase of additional land. Co-owners may be competitors and/or have economic or other business interests or goals that are inconsistent with 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, or which force us to take an action (for example, purchase of that interest pursuant to pre-emptive rights) which we would not otherwise have taken.

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 (mainly in the United States), 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.

Mainly in the United Kingdom, the United States and in Germany, we have management and development agreements with third parties under which we undertake management (with respect to shopping centres in which such third parties are a joint venture partner with us), 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, such as us no longer owning a certain proportion of the property, and any act or omission that constitutes corporate fraud, willful misconduct or gross negligence.

If third parties with whom we have management and development agreements were to terminate those agreements, our income may be adversely affected. In addition, we may be liable to third parties for damages if we breach 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 shopping centre assets (in particular), 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, we 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 property would be adversely affected if the revenue from that property declines and other related expenses remain unchanged.

Significant expenditures associated with each real estate investment, such as 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.

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;
- we may discover environmental or other liabilities related to acquired properties for which we are liable;
- 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, including as a result of the URW Transaction, 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 realise 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 or Brussels, Belgium, 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 Europe and the United States.

We operate properties across two continents and 13 countries, including eight states in the United States. In addition we have significant development projects in two new countries: Italy and Belgium. 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 authorisations, laws affecting funding, corporate governance, property ownership, development activities, operations, anti-corruption, taxes and litigation;
- managing any extra-territorial reach of the laws of jurisdictions such as the French Sapin II law regarding anti-corruption, the US 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 may decide to dispose of more assets than anticipated.

Pursuant to our ongoing portfolio review, we have announced on December 12, 2017 that, as part of our ongoing stand-alone asset rotation programme, we had earmarked €3.0 billion of Continental European assets for disposal over the next several years. The aforementioned assets consist of former Unibail-Rodamco assets. Depending on internal and external conditions, we may decide to dispose of a larger amount of assets as part of our disposal program or otherwise. Depending on the use of proceeds from these potential additional disposals, this may adversely affect our results of operations.

We 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 currently have operations in developed markets (Europe and the United States), 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 industrialisation, 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 nationalisation 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.

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 earnings, cash flows and our overall cost of financing and results of operations.

Due to documentation, designation and effectiveness requirements under IFRS (as applicable in the EU), 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 several currencies denominated earnings from our property investments in Europe, the United Kingdom and in the United States where several currencies exist such as Euro, US dollar, British pound, Swedish krona, Czech koruna and Polish zloty. In the future, we may enter into new markets where other currencies might be used. If our business expands into other jurisdictions (outside Eurozone) we 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 financial position. 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.

We prepare our consolidated financial statements in Euro, while the financial statements of each of our subsidiaries are prepared in the functional currency of that entity. Accordingly, fluctuations in the exchange rate of the functional currencies of our foreign currency entities against the Euro will impact our results of operations and financial condition.

Economic conditions, currency exchange rate fluctuations and regulatory changes leading up to and following the United Kingdom's exit from the European Union 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 commenced in 2017 to determine the future terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union.

The longer-term effects of Brexit will depend on any agreements that the United Kingdom 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 United Kingdom 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.

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 and our strategy depends on our ability to raise financial resources, in the form of debt (mainly bonds, bank financing and commercial paper), equity capital or hybrid securities, so that we can finance our general operating requirements and our investments. 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. These events could also force us to include financial and other restrictive covenants in any new indebtedness, significantly damage our financial condition, results and profitability and lead to an increase of the financial expenses.

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 IFRS (as applicable in the EU), we carry our property investments on our balance sheet at their fair market values valued twice a year (with exception of certain development projects). The value of our asset is sensitive to variation according to the valuer's assumptions (yield, rental value, occupancy rate) and is subject to materials variations that may impact our profile and/or results. 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 market value of its assets net of cash. Accordingly, a reduction in the value of our properties as a result of mark-to-market valuations of our assets could have an adverse impact on the leverage ratios contained in our financing agreements. See "Description of the Notes and Guarantees — Special Situations — 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.

We may be exposed to risks concerning the adequacy of provisions to cover future losses.

Our provisions may prove to be inadequate to cover our actual losses. To the extent that our provisions are insufficient to cover our actual losses or loss adjustment expenses, we would have to add to these provisions and incur a charge to our earnings. Any insufficiencies in our provisions could have a material adverse effect on our financial condition, results of operations and cash flows.

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 as well as face claims in particular from our tenants. 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.

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 secured credit lines 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 or secured credit lines, the cost of replacing those transactions or secured credit lines. 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, insurance and financial institutions with high credit ratings can default, and several of them have experienced severe difficulties in recent years. Counterparty credit risk also arises to the extent that a claim made under an insurance policy is not paid due to the insolvency or illiquidity of the insurance company.

There can be no assurance that 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 real estate 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 consolidated financial statements, which may adversely affect our reported earnings and our reported financial performance.

Unreliable forecast or material accounting issues could adversely affect our reported earnings and our reported financial performance.

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

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

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

We are subject to a variety of tax laws and regulations (including tax treaties), and changes in tax laws, or changes in the way tax laws are interpreted in the various jurisdictions in which we operate, may impact our tax liabilities. Complying with new tax laws or regulations, and any changes to the real estate transfer tax rates, the FII regime, the SIIC regime, the SOCIMI regime or the REIT regime or in the enforcement of such regimes, could force us to alter our business strategy or operations, leading to additional costs or loss of revenue, which could materially adversely affect our business, results of operation and financial condition. Any increase in our effective tax rate could have a material impact on our financial results.

Adverse consequences could arise in the event one of our legal entities fails to qualify for favorable tax treatment under the FII, SIIC, SOCIMI or REIT regimes.

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

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

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

WEA has elected to, and, subject to ongoing analysis, URW America intends to elect to, be taxed as a REIT under sections 856 through 860 of the Code. We believe WEA has been organised and operated in a manner which allows it to qualify for taxation as a US REIT under the Code. Subject to ongoing analysis, we intend to continue to operate WEA and URW America in this manner. However, qualification and taxation as a US REIT depend upon the ability of URW America and WEA to satisfy several requirements (some of which are outside our control), including tests related to URW America's and WEA's annual operating results, asset diversification, distribution levels and diversity of stock ownership. The various US REIT qualification tests set forth in the Code are highly technical and complex. Accordingly, there can be no assurance that WEA has operated in accordance with these requirements or that URW America and WEA will continue to operate in a manner so as to qualify or remain qualified as REITs. Furthermore, even if URW America and WEA qualify as REITs, each of WEA, URW America, and/or their shareholders (i.e., WCL, WFD Unibail-Rodamco, or any of their subsidiaries through which URW America or WEA are held) may be subject to US federal income, excise, withholding, or other taxes. For example, in general, dividends paid by WEA and URW America to their non-US shareholders are currently subject to US withholding tax at varying rates, depending on the circumstances.

If any of our applicable legal entities fails to qualify in any taxable year under the FII, SIIC, SOCIMI or REIT regime, we will be required to pay Dutch, French, Spanish or United States federal income taxes (including, in the case of the United States, any applicable interest and penalties and, for taxable years beginning on or before December 31, 2017, any applicable alternative minimum tax), as applicable, on the taxable income of such nonqualifying entities with respect to such taxable year at the applicable regular corporate tax rates. In that case, the net earnings of the concerned legal entities available for investment or distribution to shareholders would be significantly reduced for each of the years involved. Furthermore, if WFD Unibail-Rodamco's FII status is cancelled, dividends paid to WFD Unibail-Rodamco by URW America could be subject to a higher withholding tax rate under current US federal income tax law, rather than the 15% withholding tax rate available under the US-Netherlands income tax treaty. Each of the foregoing consequences may have an adverse effect on our financial position.

Although we are not aware of pending legislation that would affect any of our applicable legal entities ability to qualify under the applicable FII, SIIC, SOCIMI or REIT regime (other than as described under "—Changes have been announced to the Dutch tax law which could adversely affect WFD Unibail-Rodamco"), no assurance can be given that new legislation, regulations, administrative interpretations or court decisions will not change the laws with respect to such qualification.

Changes have been announced to the Dutch tax law which could adversely affect WFD Unibail-Rodamco.

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

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

A number of local laws and regulations exist in jurisdictions in which we operate and may require modifications to existing buildings on our properties or restrict some renovations by requiring improved safety or access to such buildings by disabled persons. Additional legislation or regulations may impose further obligations on owners with respect to improved safety of buildings and access by disabled persons. The costs of compliance with such laws and regulations may be substantial, and limits or restrictions on completion of some renovations may limit implementation of 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 Europe and the United States, 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 properties as a consequence of building practices typical at the time the properties were constructed. Environmental and safety laws regulate these materials and allow personal injury claims for damages due to exposure to such materials. Although the costs and liabilities associated with such laws have not been material to 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 damage infrastructure or otherwise inhibit or prevent access to our properties or 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 recognisable 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 shopping centres. 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 unauthorised access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, can result from deliberate attacks or unintentional events. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, extortion of money, liability for stolen assets or information, increased cyber security protection costs, litigation and reputational damage adversely affecting customer, retailer or investor confidence or other adverse effects on our business.

We are developing applications or information technology systems to connect the digital consumer with our shopping centres, retailers, brands and tenants, which may involve the collection, storage, and transmission of credit card information and personal identification data of consumers. If the security of the consumer data stored on 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 Europe, the United States 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 shopping centres.

Risk management policies and procedures may fail.

Our risk committee is expected to review and assess all identified risk factors in order to implement adequate mitigating measures to reduce the impact of such identified risk factors.

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

Risks Relating to the URW Transaction

Risks relating to the achievement of expected synergies.

While we have experience of integrating assets and businesses, the achievement of synergies is not certain. There is a risk that the expected synergies relating to the URW Transaction may not be realised to their full extent, or that they may be realised over a longer period of time, or involve greater costs to achieve, than anticipated.

The ability to realise the synergies will be dependent, on other things, the UR Group and Westfield Corporation being integrated in an efficient, effective and timely manner without material disruption to their respective businesses. Any failure to achieve the anticipated benefits and synergies could impact our financial performance and position.

The integration of the activities of the UR Group and Westfield Corporation may be more costly than anticipated.

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

- difficulty in managing a significantly larger organisation;
- difficulty in coordinating geographically separate organisations;
- difficulty in aligning and executing our strategy;
- difficulty in consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- difficulty in integrating management information systems;
- difficulty in merging the culture and management styles of two organisations;
- unintended losses of key employees;
- unanticipated market conditions; and/or
- changes in the regulatory environment, or regulatory conditions imposed in connection with the URW Transaction, impacting our ability to leverage our increased scale, presence and market intelligence to achieve anticipated benefits.

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

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

Our success will depend in part upon our ability to retain people who are key employees of the URW Group. Employee retention may be particularly challenging following integration of the UR Group and Westfield Corporation, as employees may experience uncertainty about their future roles. If there is a departure of key employees as a result of the URW Transaction, the integration of the companies could prove more difficult than anticipated, and our business could be adversely affected. Furthermore, we may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business, and our ability to realise the anticipated benefits of the URW Transaction may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labor unions or works councils or the integration of employees into the new group.

Although that potential concern is identified as a major topic and covered as such in the integration planning, no assurance can be given that we will be able to attract or retain our employees as successfully as the UR Group and Westfield Corporation had done in the past.

As a result of the URW Transaction, we have recorded a significant amount of goodwill, which is subject to the risk of impairments in the event of adverse changes to the underlying assumptions as to the results and cash flows from the acquired businesses.

We have recorded a substantial amount of goodwill in connection with the URW Transaction. This goodwill was recorded based on the excess of the amounts paid to acquire Westfield Corporation based on the fair value of its respective assets and liabilities at the Implementation Date. For the purposes of the pro forma financial information contained herein, a preliminary amount of €3.4 billion of goodwill was recorded with respect to the acquisition of Westfield Corporation. According to IFRS (as applicable in the EU), this amount is preliminary and the definitive amount of goodwill to be recorded will be determined within 12 months as from the Implementation Date, based on the fair value of the applicable assets and liabilities on the Implementation Date, including assets or businesses of Westfield Corporation, which it does not value and carry on its balance sheet in the manner we do. Accordingly, the definitive amount of goodwill may be significantly different from the preliminary amount.

The unaudited pro forma financial data included in this offering memorandum may not be indicative of the results of operations that we would have achieved had the URW Transaction been consummated on the date indicated, or of our future consolidated results of operations.

The unaudited pro forma financial information included in this offering memorandum has been prepared purely for illustrative purposes and, because of its nature, assumed that the URW Transaction and related transactions were completed on January 1, 2017. As a result, the pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had the URW Transaction been consummated on the date indicated above, or of the future consolidated results of operations of the consolidated URW Group.

In preparing the pro forma financial information, adjustments were made to our and Westfield Corporation's consolidated financial statements based upon available information and assumptions, that we believe to be reasonable, in order to reflect, on a pro forma basis, the impact of the URW Transaction. See "Unaudited Pro Forma Condensed Consolidated Financial Information" for a description of the adjustments and assumptions made in the preparation of such pro forma financial information. There are no assurances that we will achieve any revenue enhancements, other anticipated synergies or dissynergies, operating efficiencies or cost savings. The estimates and assumptions used to compile the pro forma financial information in this offering memorandum may be materially different from our actual experience. Accordingly, investors are cautioned not to place undue reliance on the pro forma financial information included in this offering memorandum.

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 June 30, 2018, on a consolidated basis, we had net financial debt (total financial debt less cash and cash equivalents) of €26.4 billion. Net debt, as defined in the indenture and supplemental indenture that will govern the Notes, as of June 30, 2018 was €24.5 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 39.0% on a consolidated basis and 39.0% on a consolidated basis after giving effect to this offering as of the same date.

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

- increasing our vulnerability to general adverse economic and industry conditions;

- limiting our ability to fund future working capital and capital expenditure, engage in future acquisitions or development activities or otherwise fully realise the value of our assets and opportunities;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- affecting our distribution policy;
- impairing our ability to obtain additional financing in the future; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

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 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 35% to 45% 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 securityholders. 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 June 30, 2018, 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 39.0%.

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 June 30, 2018, on a consolidated basis, we had outstanding indebtedness of €27.0 billion, of which €25.6 billion was unsecured and €1.4 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 reorganisation 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 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 Unibail-Rodamco or WFD Unibail-Rodamco 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 Unibail-Rodamco or WFD Unibail-Rodamco that guarantees the indebtedness of its parent or any of their subsidiaries, to become a subsidiary guarantor.

In the event that any of our non-guarantor subsidiaries becomes insolvent, liquidates, reorganises, 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.

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

Each of Unibail-Rodamco, WFD Unibail-Rodamco, WCL and URW America is a holding company and substantially all of each entity's operations are carried on through its subsidiaries. Their principal source of income is dividends, and their ability to meet their respective financial obligations is dependent on the level of dividends, loan repayments, distributions and other intercompany transfers of funds such entity receives from its subsidiaries. There is no contractual obligation for their respective subsidiaries to make regular dividend payments to such entity. The ability of such entity's subsidiaries to pay dividends and make other payments depends on their earnings and may be subject to statutory, legal or contractual limitations. For example, under Australian law, a company may not pay a dividend unless it satisfies certain balance sheet solvency requirements. Generally, claims of creditors of subsidiaries of Unibail-Rodamco, WFD Unibail-Rodamco, WCL and URW America have priority to the assets of such subsidiaries over the claims of Unibail-Rodamco, WFD Unibail-Rodamco, WCL and URW America in their capacity as shareholders of such subsidiaries. Consequently, the claims of the holders of Notes issued by the Issuer and guaranteed by Unibail-Rodamco, WFD Unibail-Rodamco, WCL and URW America are structurally subordinated, in the event of the insolvency of such entity and its subsidiaries, to the claims of the creditors of subsidiaries of such entity (other than the subsidiary guarantors that are subsidiaries of such entity). Substantially all of our operations in Europe (other than in the United Kingdom) are conducted by subsidiaries of Unibail-Rodamco that are neither the Issuer nor a guarantor of the Notes. As at June 30, 2018, the secured debt at the level of Unibail-Rodamco's subsidiaries amounted to €1.3 billion on a proportionate basis (€0.9 billion on a consolidated basis).

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 and the subsidiaries of the respective trusts. WAML, as parent guarantor, will only be able to satisfy the claims of its creditors, including claims of holders of the Notes issued by the Issuer and guaranteed by WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) under the guarantees, 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 the Issuer and guaranteed by WAML (in its separate capacities as trustee and responsible entity of WFD Trust and of WAT) will be structurally subordinated to the claims of the creditors of subsidiaries of WFD Trust and WAT (other than the Issuer).

Your right to receive payments on the Notes or the guarantees may be adversely affected by laws relating to creditors' rights, fraudulent conveyance, French, Dutch, Australian and English insolvency laws and other applicable laws that may limit a guarantee's validity or enforceability.

Unibail-Rodamco is a European company incorporated in France, WFD Unibail-Rodamco is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, and each of WCL, WFD Trust, WAT and WCL Finance Pty Limited, one of the subsidiary guarantors, is constituted or organised 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, French, Dutch or Australian insolvency laws, as applicable. The procedural and substantive provisions of French, Dutch and 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 June 30, 2018, we had secured borrowings of €1.4 billion on a consolidated basis.

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 organised, the guarantees given by those guarantors may be set aside, subordinated or otherwise avoided by the application of fraudulent conveyance or transfer, voidable preference, corporate purpose or benefit, financial assistance, bankruptcy, insolvency and administration, statutory management, equitable subordination principles, capital maintenance, thin capitalisation, legal doctrines of reasonableness and fairness and unforeseen circumstances, general statutory limitations or other similar provisions or principles existing under the laws of the relevant jurisdiction that may limit the validity or enforceability of any of the guarantees, 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.

The insolvency laws of applicable jurisdictions may not be as favorable to you as the insolvency laws of the jurisdiction with which you are familiar.

Unibail-Rodamco and WFD Unibail-Rodamco are organised under the laws of France and the Netherlands respectively. Insolvency proceedings with respect to such guarantors organised under the laws of France and the Netherlands respectively could be required to be opened under the laws of the EU member state (other than Denmark) in which their “center of main interests” (as defined in Council Regulation (EU) 2015/848 of May 20, 2015 on Insolvency Proceedings) are situated at the time insolvency proceedings are commenced. Although there is a rebuttable presumption that the “center of main interests” will be in the EU member state where their registered office is situated, this presumption is not conclusive. Accordingly, insolvency proceedings with respect to these companies may be opened under, and be governed by French or Dutch insolvency laws (as applicable) or potentially by the insolvency laws of another jurisdiction if the “center of main interests” of those companies is determined to be in such other jurisdiction at the relevant time. The insolvency laws of such jurisdictions may not be as favorable to your interests as those of the United States or another jurisdiction with which holders of Notes may be familiar.

In the event that Unibail-Rodamco and WFD Unibail-Rodamco or any of our non-US subsidiaries experience financial difficulty, it would not be possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfers, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws could call into question whether any particular jurisdiction’s law should apply and may adversely affect your rights under the relevant guarantees.

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.” We do not intend to apply for listing of the Notes on any stock or securities exchange. 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. 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 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 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 US dollars. 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 US dollars (the "Investor's Currency"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar 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 US dollar 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.

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.

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.

Generally, the Issuer's assets are the loans it makes to members of the URW Group. Therefore, the Issuer is dependent upon loan repayments to be able to make payments under the Notes.

WEA Finance LLC is a majority owned indirect finance subsidiary of WAT. The assets of the Issuer consist principally of loans made to members of the URW Group. Therefore, the Issuer is dependent on loan repayments or intercompany transfers of funds it receives from such entities. If the Issuer does not receive such loan repayments or fund transfers for any reason, it will not be able to make payments under 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.

WAML severally guarantees the obligations of the Issuer under the Notes solely in its separate capacities as responsible entity and trustee of the relevant trust (namely WFD Trust and WAT). The liability of WAML as responsible entity of a trust in relation to 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 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 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 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 — Guarantees — Limitation on Guarantor Liability."

USE OF PROCEEDS

We anticipate that the net proceeds from this offering will be approximately US$989.1 million after deducting estimated initial purchasers' discounts and before deducting estimated offering expenses payable by us.

The Issuer intends to use the net proceeds to repay outstanding borrowings under its US revolving credit facility (the "Credit Facility") and for general corporate purposes. The Credit Facility matures on June 28, 2022 (which may be extended pursuant to two six-month extensions at the borrowers' option) and, as of September 7, 2018 had outstanding borrowings of US$1,992 million, which bore interest based on floating rates, such as the administrative agent's prime rate, or benchmark rate for applicable borrowing currency, plus a margin of 0.875%. Borrowings since the Credit Facility was put into place on June 28, 2018 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, Unibail-Rodamco, WFD Unibail-Rodamco, WCL and WAML, pursuant to a co-guarantor 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 under its respective guarantee.

PRO FORMA RATIO OF RECURRING EARNINGS TO FIXED CHARGES

The following table shows the pro forma ratio of recurring earnings to fixed charges, on a consolidated basis, which has been adjusted to eliminate the non-cash effects of property revaluations and mark-to-market valuations of derivatives and other financial liabilities, on a pro forma basis, for the six months ended June 30, 2018. The pro forma ratio has been calculated based on data derived from the pro forma financial information for the six months ended June 30, 2018 included in this offering memorandum. See "Unaudited Pro Forma Condensed Consolidated Financial Information" for further information.

The ratio has not been included for prior historical periods because the interest and tax from these periods is not representative of the debt portfolio following the URW Transaction. See "Financial Information Presentation" and "Unaudited Pro Forma Condensed Consolidated Financial Information" for further information.

	Six Months Ended June 30, 2018
Pro forma ratio of recurring earnings to fixed charges (1)	5.0x

(1) The pro forma ratio of recurring earnings to fixed charges is calculated by dividing the amount of recurring earnings as defined by EPRA by the amount of recurring fixed charges, each on a pro forma basis. For further information on and a reconciliation of EPRA recurring earnings to the earnings per IFRS income statement, see "Summary –Summary Consolidated Financial Data of the URW Group and the UR Group." For the purposes of calculating this ratio, pro forma recurring earnings consist of pre-tax consolidated recurring earnings before interest and before equity accounted profits, plus distributions received from equity accounted joint ventures and fixed charges (excluding capitalised interest), each on a pro forma basis. Pro forma recurring fixed charges consist of financing costs, both expensed and capitalised, each on a pro forma basis.

On a proportionate basis, the ratio of recurring earnings to fixed charges is 4.6x on a pro forma basis for the half year ended June 30, 2018.

THE ISSUER

General

WEA Finance LLC is the issuer of the Notes.

The primary purpose of the Issuer is to borrow funds on behalf of the URW Group and advance the net proceeds of such borrowings to members of the URW Group.

The Issuer does not have any subsidiaries.

Management

WEA Finance is managed by its sole managing member, Westfield America Limied Partnership, the operating partnership of WEA.

Capitalisation and Indebtedness of the Issuer

The following table sets out the capitalisation and indebtedness of the Issuer as of June 30, 2018.

***WEA Finance LLC* (in thousands)**	**As of June 30, 2018 (unaudited)**
Cash and cash equivalents	US$ 234
Short-term borrowings:	
Unsecured borrowings	—
Secured borrowings	—
Total short-term borrowings	—
Long-term borrowings:	
Unsecured borrowings	5,135,000
Secured borrowings	—
Total long-term borrowings	5,135,000
Member's equity:	
Contributed equity	10
Reserves	—
Retained profits	35
Funds attributable to members of WEA Finance LLC	45
Total member's equity	45
Total capitalisation (1)	US$ 5,135,045

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

CAPITALISATION OF THE URW GROUP

The following table sets forth the cash and cash equivalents and capitalisation of the URW Group on a historical consolidated basis as of June 30, 2018 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 of the URW Group and the UR Group," "Operating and Financial Review of the URW Group and the UR Group," and our consolidated financial statements and related notes included elsewhere in this offering memorandum.

	As of June 30, 2018	
(in millions)	**Actual**	**As Adjusted**
Cash and cash equivalents	€ 584.1	€ 584.1
Indebtedness		
Current Financial Debt:		
Guaranteed	—	—
Secured (1)	219.7	219.7
Unguaranteed/Unsecured	2,851.1	2,851.1
Total Current Financial Debt	3,070.8	3,070.8
Non-Current Financial Debt:		
Guaranteed	—	—
Secured (1)	1,208.9	1,208.9
Unguaranteed/Unsecured	22,738.6	21,887.9
Notes offered hereby	—	860.0(2)
Total Non-Current Financial Debts	23,947.5	23,956.8
Total Financial Debt	27,018.3	27,027.6
Equity attributable to the holders of the Stapled Shares	25,699.0	25,699.0
Hybrid securities	1,989.0	1,989.0
Total capitalisation (3)	€54,706.3	€54,715.6

(1) Mortgages and first lien lenders (excluding guarantees for the subsidiaries of the URW Group).

(2) Reflects the translation of US$1.0 billion aggregate principal amount of the Notes to euros based on the average exchange rate of €1.00/US$1.1628 on September 12, 2018 (the date of this offering memorandum).

(3) Total capitalisation excludes "Cash and cash equivalents."

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information (the "URW Pro Forma Financial Information") contains unaudited pro forma condensed consolidated statements of income for the six months ended June 30, 2018 and June 30, 2017 and the year ended December 31, 2017, and has been prepared to represent the pro forma effects of the URW Transaction and its direct consequences together with the financing of the cash consideration transferred to Westfield Corporation securityholders as part of the URW Transaction as described below. See "Pro Forma Financial Information."

The URW Pro Forma Financial Information has been derived from the URW Group Half Year Financial Statements, Westfield Corporation's financial information for the six months ended June 30, 2017, the 2017 UR Group Annual Financial Statements, the 2017 Westfield Annual Financial Statements and the consolidated statement of income of Westfield Corporation for the period from January 1, 2018 to May 31, 2018. The URW Pro Forma Financial Information should be read together with the historical financial statements of the URW Group, UR Group and Westfield Corporation included elsewhere in this offering memorandum. See "Financial Information Presentation," "Summary – Summary Unaudited Pro Forma Condensed Consolidated Financial Information," "Summary – Summary Consolidated Financial Data of the URW Group and the UR Group," "Summary – Summary Consolidated Financial Data of Westfield Corporation," "Operating and Financial Review of the URW Group and the UR Group" and "Risk Factors."

The URW Pro Forma Financial Information with respect to the URW Group has been presented for illustrative purposes only and because of its nature, and is not necessarily indicative of the results of operations that would have been achieved had the URW Transaction been consummated on January 1, 2017, or of the future consolidated results of operations of the URW Group.

The direct consequences of the URW Transaction reflected as pro forma adjustments in the unaudited pro forma condensed consolidated financial information relate to:

- the demerger of OneMarket effective May 30, 2018, as detailed in Note 1;
- acquisition and related costs in connection with the acquisition of Westfield Corporation, as detailed in Note 2;
- cost savings resulting from the termination of head-office employees and Westfield Corporation senior management effective June 30, 2018 as provided between Unibail-Rodamco and Westfield Corporation as part of the Implementation Agreement and the disposal of the corporate aircraft, as detailed in Note 3; and
- financial expenses and fair value adjustment of debt and derivatives, as detailed in Note 4.

The acquisition and related costs, including the cost for closing and termination of the lease of the Sydney head-office and termination of Westfield Corporation senior management effective at the URW Transaction date have been recorded as fully incurred on January 1, 2017 in the "Pro Forma consolidated" column of the pro forma financial Information and reversed in the "Pro Forma consolidated excluding non-continuing impact" column as non-continuing impact relating to the URW Transaction.

The financing of the cash consideration transferred to Westfield Corporation securityholders as part of the URW Transaction consisted of: the €2,000 million deeply subordinated, perpetual hybrid securities issued by Unibail-Rodamco in April 2018; and the four-tranche of public Euro Medium Term Notes for a total of €3,000 million issued in May 2018.

The URW Pro Forma Financial Information does not reflect any revenue enhancements, anticipated synergies or dissynergies, operating efficiencies or cost savings, other than those referred to above, that may be achieved nor the disposals the URW Group has announced it expects to make.

In addition, consistent in terms of income statement impact with the preliminary purchase accounting reflected in the URW Group Half Year Financial Statements, the URW Pro Forma Financial Information for H1-2018, H1-2017 and the year ended December 31, 2017 do not reflect any depreciation impact related to intangible assets with definite useful life.

Furthermore, the change of the URW Group credit spread related to the completion of the URW Transaction is not reflected in the fair value of derivatives and ORNANE in the URW Pro Forma Financial Information for each of the six months ended June 30, 2018 and June 30, 2017 and for the year ended December 31, 2017.

The following unaudited pro forma financial condensed consolidated information is presented in euros, which is the URW Group's reporting currency.

The unaudited pro forma condensed consolidated financial information is presented in millions of euros, unless otherwise stated, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist.

For a description of the basis of presentation of the following unaudited pro forma condensed consolidated financial information, see "Financial Information Presentation" and "Pro Forma Financial Information."

Unaudited Pro Forma Consolidated Statement of Income for the Six Months Ended June 30, 2018

Consolidated statement of income (€ in millions)	**H1-2018 Published (URW)**	**5 months WFD (January to May 2018)**	**Pro Forma adjustments**	**H1-2018 Pro Forma Consolidated**	**Non-continuing impact**	**H1-2018 Pro Forma Consolidated excluding non-continuing impact**	**Note**
Gross rental income	989.4	229.8	—	1,219.2		1,219.2	
Operating expenses and net service charges	(128.8)	(110.7)	—	(239.5)	—	(239.5)	
Net rental income	**860.6**	**119.1**	**—**	**979.7**	**—**	**979.7**	
Property development and project management revenue	73.8	145.0	(1.4)	217.4		217.4	1
Property development and project management costs	(68.7)	(146.1)	31.3	(183.5)		(183.5)	1
Net property development and project management income	**5.1**	**(1.1)**	**29.9**	**33.9**	**—**	**33.9**	
Property services and other activities revenues	134.0	16.4	—	150.4		150.4	
Property services and other activities expenses	(85.9)	(8.2)	—	(94.1)		(94.1)	
Net property services and other activities income	**48.1**	**8.2**	**—**	**56.3**	**—**	**56.3**	
Share of the result of companies accounted for using the equity method	66.8	204.0	0.3	271.1		271.1	
Income on financial assets	13.9	—	—	13.9		13.9	
Contribution of companies accounted for using the equity method	**80.7**	**204.0**	**0.3**	**285.0**	**—**	**285.0**	
Corporate expenses	(61.5)	(67.0)	26.7	(101.7)		(101.7)	2
Development expenses	(0.2)	—	—	(0.2)		(0.2)	
Depreciation of other tangible assets	(1.0)	—	—	(1.0)		(1.0)	
Administrative expenses	**(62.7)**	**(67.0)**	**26.7**	**(102.9)**	**—**	**(102.9)**	
Acquisition and related costs	**(214.7)**	**(70.8)**	**284.8**	**(0.7)**	**—**	**(0.7)**	3
Proceeds from disposal of investment properties	49.8	—	—	49.8		49.8	
Carrying value of investment properties sold	(51.0)	—	—	(51.0)		(51.0)	
Result on disposal of investment properties	**(1.2)**	**—**	**—**	**(1.2)**	**—**	**(1.2)**	
Proceeds from disposal of shares	—	15.5	—	15.5		15.5	
Carrying value of disposed shares	—	(88.0)	88.0	0.0		0.0	1
Result on disposal of shares	**—**	**(72.5)**	**88.0**	**15.5**	**—**	**15.5**	
Valuation movements on assets	**335.4**	**37.4**	**1.8**	**374.7**	**—**	**374.7**	1
Impairment of goodwill/Negative goodwill	**(0.7)**	**—**	**—**	**(0.7)**		**(0.7)**	
NET OPERATING RESULT	**1,050.6**	**157.4**	**431.6**	**1,639.6**	**—**	**1,639.6**	
Result from non-consolidated companies	0.2	—		0.2		0.2	
Financial income	*64.8*	*3.8*	—	*68.6*		*68.6*	
Financial expenses	*(185.7)*	*(61.0)*	*(2.8)*	*(249.5)*		*(249.5)*	4
Net financing costs	(120.9)	(57.2)	(2.8)	(180.9)	—	(180.9)	
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	28.9	—	—	28.9		28.9	
Fair value adjustments of derivatives and debt	(129.3)	(7.5)	50.5	(86.3)		(86.3)	4
RESULT BEFORE TAX	**829.5**	**92.8**	**479.2**	**1,401.5**	**—**	**1,401.5**	
Income tax expenses	(77.6)	(346.9)	(2.4)	(426.9)		(426.9)	2
NET RESULT FOR THE PERIOD	**751.9**	**(254.1)**	**476.8**	**974.6**	**—**	**974.6**	
Net result for the period attributable to:							
— The holders of the Stapled Shares	642.6	(254.1)	476.8	865.2	—	865.2	
— External non-controlling interests	109.3			109.3		109.3	
NET RESULT FOR THE PERIOD	**751.9**	**(254.1)**	**476.8**	**974.6**	**—**	**974.6**	
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:							
— Unibail-Rodamco SE members	658.4		448.4	852.6	—	852.6	
— WFD Unibail-Rodamco N.V. members	(15.8)		28.5	12.7		12.7	
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES	**642.6**		**476.8**	**865.2**	**—**	**865.2**	

Unaudited Pro Forma Consolidated Statement of Income for the Six Months Ended June 30, 2017

Consolidated statement of income (€ in millions)	H1-2017 Published (UR)	H1-2017 Published (WFD)	Pro Forma adjustments	H1-2017 Pro Forma Consolidated	Non-continuing impact	H1-2017 Pro Forma Consolidated excluding non-continuing impact	Note
Gross rental income	908.2	270.4	—	1,178.6		1,178.6	
Operating expenses and net service charges	(113.9)	(119.7)	—	(233.6)	—	(233.6)	
Net rental income	**794.3**	**150.7**	**—**	**945.0**	**—**	**945.0**	
Property development and project management revenue	—	305.4	(0.3)	305.1		305.1	1
Property development and project management costs	—	(270.1)	12.9	(257.2)		(257.2)	1
Net property development and project management income	**—**	**35.3**	**12.7**	**48.0**	**—**	**48.0**	
Property services and other activities revenues	124.5	25.0	—	149.5		149.5	
Property services and other activities expenses	(85.1)	(10.3)	—	(95.4)		(95.4)	
Net property services and other activities income	**39.4**	**14.7**	**—**	**54.1**	**—**	**54.1**	
Share of the result of companies accounted for using the equity method	37.1	243.8	(1.0)	279.9		279.9	
Income on financial assets	13.2	—	—	13.2		13.2	
Contribution of companies accounted for using the equity method	**50.2**	**243.8**	**(1.0)**	**293.1**	**—**	**293.1**	
Corporate expenses	(54.5)	(54.8)	25.6	(83.8)		(83.8)	2
Development expenses	0.9		—	0.9		0.9	
Depreciation of other tangible assets	(1.1)		—	(1.1)		(1.1)	
Administrative expenses	**(54.7)**	**(54.8)**	**25.6**	**(83.9)**	**—**	**(83.9)**	
Acquisition and related costs	**—**	**—**	**(298.3)**	**(298.3)**	**298.3**	**—**	3
Proceeds from disposal of investment properties	1.2	—	—	1.2		1.2	
Carrying value of investment properties sold	—	(8.3)	3.7	(4.6)		(4.6)	1
Result on disposal of investment properties	**1.2**	**(8.3)**	**3.7**	**(3.5)**	**—**	**(3.5)**	
Proceeds from disposal of shares	—	—	—	—		—	
Carrying value of disposed shares	—	—	—	—	—	—	
Result on disposal of shares	**—**	**—**	**—**	**—**	**—**	**—**	
Valuation movements on assets	**1,073.2**	**174.1**	**7.4**	**1,254.8**	**—**	**1,254.8**	1
Impairment of goodwill/Negative goodwill	**—**		**—**	**—**		**—**	
NET OPERATING RESULT	**1,903.7**	**555.5**	**(250.0)**	**2,209.2**	**298.3**	**2,507.6**	
Result from non-consolidated companies	0.9	—		0.9		0.9	
Financial income	*57.9*	*6.7*	—	*64.5*		*64.5*	
Financial expenses	*(170.0)*	*(28.7)*	*(19.5)*	*(218.2)*		*(218.2)*	4
Net financing costs	(112.1)	(22.0)	(19.5)	(153.6)	—	(153.6)	
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	23.5	—	—	23.5		23.5	
Fair value adjustments of derivatives and debt	(44.4)	(7.3)	6.4	(45.3)		(45.3)	4
RESULT BEFORE TAX	**1,771.6**	**526.2**	**(263.2)**	**2,034.7**	**298.3**	**2,333.1**	
Income tax expenses	(27.0)	18.1	(9.5)	(18.4)		(18.4)	1,2
NET RESULT FOR THE PERIOD	**1,744.6**	**544.4**	**(272.6)**	**2,016.4**	**298.3**	**2,314.7**	
Net result for the period attributable to:							
— The holders of the Stapled Shares	1,462.6	544.4	(272.6)	1,734.4	298.3	2,032.7	
— External non-controlling interests	282.0			282.0		282.0	
NET RESULT FOR THE PERIOD	**1,744.6**	**544.4**	**(272.6)**	**2,016.4**	**298.3**	**2,314.7**	
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:							
— Unibail-Rodamco SE members				1,532.8	277.7	1,810.5	
— WFD Unibail-Rodamco N.V. members				201.6	20.6	222.2	
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES				**1,734.4**	**298.3**	**2,032.7**	

Unaudited Pro Forma Consolidated Statement of Income for the Year Ended December 31, 2017

Consolidated statement of income (€ in millions)	**2017 Published (UR)**	**2017 Published (WFD)**	**Pro Forma adjustments**	**2017 Pro Forma Consolidated**	**Non-continuing impact**	**2017 Pro Forma Consolidated excluding non-continuing impact**	**Note**
Gross rental income	1,822.3	557.8	—	2,380.1		2,380.1	
Operating expenses and net service charges	(239.6)	(250.6)	—	(490.2)	—	(490.2)	
Net rental income	**1,582.6**	**307.2**	**—**	**1,889.8**	**—**	**1,889.8**	
Property development and project management revenue	—	649.0	(2.1)	646.9		646.9	1
Property development and project management costs	—	(557.5)	20.3	(537.2)		(537.2)	1
Net property development and project management income	**—**	**91.5**	**18.1**	**109.7**	**—**	**109.7**	
Property services and other activities revenues	256.1	49.8	—	305.9		305.9	
Property services and other activities expenses	(176.3)	(19.1)	—	(195.4)		(195.4)	
Net property services and other activities income	**79.8**	**30.7**	**—**	**110.5**	**—**	**110.5**	
Share of the result of companies accounted for using the equity method	91.6	594.5	(3.1)	683.1		683.1	
Income on financial assets	27.0	—	—	27.0		27.0	
Contribution of companies accounted for using the equity method	**118.6**	**594.5**	**(3.1)**	**710.0**	**—**	**710.0**	
Corporate expenses	(117.3)	(106.1)	50.3	(173.1)		(173.1)	2
Development expenses	(3.6)		—	(3.6)		(3.6)	
Depreciation of other tangible assets	(2.2)		—	(2.2)		(2.2)	
Administrative expenses	**(123.1)**	**(106.1)**	**50.3**	**(178.9)**	**—**	**(178.9)**	
Acquisition and related costs	**(62.4)**	**(9.1)**	**(230.3)**	**(301.9)**	**298.3**	**(3.5)**	3
Proceeds from disposal of investment properties	592.5	243.4	—	835.9		835.9	
Carrying value of investment properties sold	(518.7)	(255.1)	6.4	(767.5)		(767.5)	1
Result on disposal of investment properties	**73.8**	**(11.8)**	**6.4**	**68.4**	**—**	**68.4**	
Proceeds from disposal of shares	27.3	—	—	27.3		27.3	
Carrying value of disposed shares	(27.3)	—	—	(27.3)	—	(27.3)	
Result on disposal of shares	**0.0**	**—**	**—**	**0.0**	**—**	**0.0**	
Valuation movements on assets	**1,364.4**	**482.7**	**20.3**	**1,867.4**	**—**	**1,867.4**	1
Impairment of goodwill/Negative goodwill	**(9.2)**	**—**	**—**	**(9.2)**		**(9.2)**	
NET OPERATING RESULT	**3,024.6**	**1,379.7**	**(138.3)**	**4,266.0**	**298.3**	**4,564.3**	
Result from non-consolidated companies	0.9	—		0.9		0.9	
Financial income	*119.5*	*11.7*	—	*131.2*		*131.2*	
Financial expenses	*(347.5)*	*(87.7)*	*(25.2)*	*(460.4)*		*(460.4)*	4
Net financing costs	(228.0)	(76.0)	(25.2)	(329.2)	—	(329.2)	
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	21.1		—	21.1		21.1	
Fair value adjustments of derivatives and debt	(21.9)	(34.6)	(52.7)	(109.2)		(109.2)	4
RESULT BEFORE TAX	**2,796.7**	**1,269.0**	**(216.2)**	**3,849.5**	**298.3**	**4,147.8**	
Income tax expenses	(74.2)	104.2	(14.7)	15.3		15.3	1,2
NET RESULT FOR THE PERIOD	**2,722.5**	**1,373.2**	**(230.9)**	**3,864.8**	**298.3**	**4,163.2**	
Net result for the period attributable to:							
— The holders of the Stapled Shares	2,439.5	1,373.2	(230.9)	3,581.8	298.3	3,880.2	
— External non-controlling interests	283.0			283.0		283.0	
NET RESULT FOR THE PERIOD	**2,722.5**	**1,373.2**	**(230.9)**	**3,864.8**	**298.3**	**4,163.2**	
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:							
— Unibail-Rodamco SE members				3,134.1	278.6	3,412.7	
— WFD Unibail-Rodamco N.V. members				447.7	19.7	467.5	
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES				**3,581.8**	**298.3**	**3,880.2**	

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information

The URW Pro Forma Financial Information is presented in euros, which is the presentation currency of the URW Group. The historical financial information of WFD is reported pursuant to IFRS and presented in US dollars. It has been translated from US dollars to euros by applying the following average exchange rate to all income statement items:

- 0.8265 for the half year ended June 30, 2018;
- 0.9244 for the half year ended June 30, 2017; and
- 0.8853 for the year ended December 31, 2017.

The historical financial information of WFD for June 30, 2017 and December 31, 2017 has been reclassified to conform to UR's presentation. The reconciliation between both formats is presented below:

	H1-2017 US$ million	H1-2017 € million	Included in the following lines of the Consolidated statement of income :
Revenue			
Property revenue	292.5	270.4	Gross rental income
Property development and project management revenue	330.4	305.4	Property development and project management revenue
Property management income	27.0	25.0	Property services and other activities revenues
	649.9	**600.7**	
Share of after tax profits of equity accounted entities			
Property revenue	337.7	312.2	
Property revaluations	74.4	68.8	
Property expenses, outgoings and other costs	(115.0)	(106.3)	
Net interest expense	(33.2)	(30.7)	
Tax expense	(0.1)	(0.1)	
	263.8	**243.8**	Share of the result of companies accounted for using the equity method
Expenses			
Property expenses, outgoings and other costs	(129.5)	(119.7)	Operating expenses and net service charges
Property development and project management costs	(292.2)	(270.1)	Property development and project management costs
Property management costs	(11.1)	(10.3)	Property services and other activities expenses
Overheads	(59.3)	(54.8)	Corporate expenses
	(492.1)	**(454.9)**	
Interest income	7.2	6.7	Net financing costs
Currency gain/(loss)	1.4	1.3	Fair value adjustments of derivatives and debt
Financing costs	(40.3)	(37.3)	A. Net financing costs for (31.0) US$ million (Note 7 of Westfield H1-2017 Financial report) B. Fair value adjustments of derivatives and debt for (9.3) US$ million (Note 7 of Westfield H1-2017 Financial report)

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information (continued)

	H1-2017 US$ million	H1-2017 € million	Included in the following lines of the Consolidated statement of income :
Gain/(loss) in respect of capital transactions	(9.0)	(8.3)	Result on disposal of investment properties
Property revaluations	196.4	181.5	Valuation movements on assets
Intangible amortisation and impairment	(8.0)	(7.4)	Valuation movements on assets
Profit before tax and non controlling interests	**569.3**	**526.2**	
Tax credit/(expense)	19.6	18.1	Income tax expenses
Profit after tax for the period	**588.9**	**544.4**	

	2017 US$ million	2017 € million	Included in the following lines of the Consolidated statement of income :
Revenue			
Property revenue	630.1	557.8	Gross rental income
Property development and project management revenue	733.1	649.0	Property development and project management revenue
Property management income	56.3	49.8	Property services and other activities revenues
	1,419.5	**1,256.6**	
Share of after tax profits of equity accounted entities			
Property revenue	685.6	606.9	
Property revaluations	279.2	247.2	
Property expenses, outgoings and other costs	(229.9)	(203.5)	
Net interest expense	(62.7)	(55.5)	
Tax expense	(0.6)	(0.5)	
	671.6	**594.5**	Share of the result of companies accounted for using the equity method
Expenses			
Property expenses, outgoings and other costs	(283.1)	(250.6)	Operating expenses and net service charges
Property development and project management costs	(629.7)	(557.5)	Property development and project management costs
Property management costs	(21.6)	(19.1)	Property services and other activities expenses
Overheads	(119.9)	(106.1)	Corporate expenses
	(1,054.3)	**(933.3)**	
Interest income	13.2	11.7	Net financing costs
Currency gain/(loss)	(2.2)	(1.9)	Fair value adjustments of derivatives and debt
Financing costs	(136.0)	(120.4)	A. Net financing costs for (99.1) US$ million (Note 6 of Westfield 2017 Financial report) B. Fair value adjustments of derivatives and debt for (36.9) US$ million (Note 6 of Westfield 2017 Financial report)

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information (continued)

	2017 US$million	2017 € million	Included in the following lines of the Consolidated statement of income :
Gain/(loss) in respect of capital transactions	(23.6)	(20.9)	A. Result on disposal of investment properties for (13.3) US$ million (Note 7 of Westfield 2017 Financial report) B. Acquisition and related costs for (10.3) US$ million (Note 7 of Westfield 2017 Financial report)
Property revaluations	568.2	503.0	Valuation movements on assets
Intangible amortisation and impairment	(22.9)	(20.3)	Valuation movements on assets
Profit before tax and non controlling interests	**1,433.5**	**1,269.0**	
Tax credit/(expense)	117.7	104.2	Income tax expenses
Profit after tax for the period	**1,551.2**	**1,373.2**	

The pro forma adjustments included in the pro forma condensed consolidated statement of income are the following:

1. OneMarket

As provided for in the Implementation Deed, WFD demerged on May 30, 2018, a 90% interest in OneMarket into a newly formed ASX listed entity held by WFD Securityholders, and with WFD retaining a 10% interest. Thus the demerger is reflected in the pro forma adjustments based on the estimated contribution of OneMarket as at June 30, 2018, June 30, 2017 and December 31, 2017.

The URW Group kept a 10% participation in this company, and expects to keep this stake.

The financial results relating to OneMarket were reversed in the pro forma adjustments, and impacted the following lines:

- Property development and project management revenue by -€1.4 million in H1-2018, -€0.3 million in H1-2017 and -€2.1 million in 2017;
- Property development and project management costs by €31.3 million in H1-2018, €12.9 million in H1-2017 and €20.3 million in 2017;
- Carrying value of investment properties sold by €3.7 million in H1-2017 and €6.4 million in 2017;
- The net loss of -€88.0 million following the demerger and classified on the line "Carrying value of disposed shares" in H1-2018 has been reversed in the pro forma adjustments posted in the unaudited pro forma consolidated statement of income for the half-year ended June 30, 2018;
- Valuation movements on assets by €1.8 million in H1-2018, €7.4 million in H1-2017 and €20.3 million in 2017; and
- Income tax expenses by -€7.3 million in H1-2017 and -€10.5 million in 2017.

2. Cost synergies and dissynergies achieved at June 30, 2018 as part of executing the Implementation Agreement of December 12, 2017

The cost synergies and dissynergies included in the administrative expenses in the pro forma adjustments are those achieved as at June 30, 2018. They are mainly related to the termination costs of Sydney head office employees and WFD senior management, the disposal of the corporate aircraft and do not include savings related to the OneMarket demerger, as described in Note 1. They have been included in the pro forma adjustments as if they had occurred on January 1, 2017.

The net amount of cost synergies and dissynergies included in the pro forma adjustments in the line administrative expenses is €26.7 million in H1-2018, €25.6 million in H1-2017 and €50.3 million in 2017. The annual run rate synergies as at June 30, 2018 amount to €73.6 million, as described in Note 1, including the impact of the OneMarket demerger[1].

The underlying tax effect has been calculated according to the country of realisation and included in the pro forma adjustments for -€2.4 million in H1-2018, -€2.2 million in H1-2017 and -€4.2 million in 2017.

3. Acquisition and related costs

Acquisition and related costs have been cancelled in H1-2018 for €284.8 million. An amount of -€272.9 million[2] was adjusted as incurred on January 1, 2017 into H1-2017 and -€204.9 million for the full year 2017 (as -€68.0 million has been incurred in H2-2017).

The amortisation in employee share plan benefit accounted for in 2017 and until the Implementation Date was also included in the “Acquisition and related costs” in the H1-2017 and 2017 pro forma statements of income for an amount of -€25.4 million.

The total Westfield acquisition and related costs of €298.3 million were reversed in the “Non-continuing impact” column in the pro forma statements of income for H1-2017 and full year 2017.

4. Financial expenses and fair value adjustment of debt and derivatives

Financial expenses

To finance the URW Transaction, UR has issued four public Euro Medium Term Notes (“EMTN bonds”) for a total amount of €3,000 million in May 2018.

In addition, the UR Group issued €2.0 billion of hybrid securities on April 16, 2018. These hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option, and are accounted for as equity under IFRS.

The financing costs on the senior bonds net of the related hedging have been calculated as if the URW Transaction has occurred on January 1, 2017, and the corresponding difference resulted in an increase of financing costs in H1-2018 of -€1.9 million, H1-2017 of -€1.0 million and 2017 of -€1.9 million.

Debt amortisation & cancellation of amortisation of borrowing costs

The amortisation of the fair value of the WFD existing debt at the acquisition date was reflected from January 1, 2017, and amounted to -€1.5 million in H1-2018, -€1.7 million in H1-2017 and -€3.8 million in 2017, on the line “Fair value adjustments of derivatives and debt” of the pro forma adjustments.

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1 Based on 2017 expenses charged to WFD’s 2017 income statement and do not include OneMarket expenses capitalised.

2 This amount does not include the financial advisory and legal fees paid by WFD, as they were not incurred by the acquirer.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information (continued)

The discount effect of the amortised cost method has been reversed, as a consequence of the valuation at fair value of the debt, on the line "Net financing costs" of the pro forma adjustments. The impact of this reversal amounted to €5.8 million in H1-2018, €8.7 million in H1-2017 and €17.7 million in 2017.

Capitalised financial expenses

The capitalised financial expenses of WFD have been recomputed for H1-2018, H1-2017, and full year 2017 and using the UR accounting policies. The difference between both calculations was reflected accordingly in the line "Net financing costs" of pro forma adjustments for -€6.7 million in H1-2018, -€27.3 million in H1-2017 and -€41.0 million in 2017.

Compound option and cash-settled equity swap

The cost related to the compound option implemented by UR at the announcement date to cover the €/US$ foreign exchange risk of the URW Transaction, has been considered to be incurred as at January 1, 2017. Consequently, the mark-to-market of the instrument was adjusted on the line "Fair value adjustments of derivatives and debt" of the pro forma adjustments for €11.7 million in H1-2018, -€47.4 million in H1-2017 and -€11.7 million in 2017.

The change in the fair value of the cash-settled equity swap representing a 4.90% economic interest in Westfield Securities owned by UR was reversed on the line "Fair value adjustments of derivatives and debt" of the pro forma adjustments for €40.2 million in H1-2018, €55.5 million in H1-2017 and -€37.1 million in 2017.

SELECTED CONSOLIDATED FINANCIAL DATA OF THE URW GROUP AND THE UR GROUP

The selected consolidated financial data of the URW Group and the UR Group has been derived from their consolidated financial statements included elsewhere in this offering memorandum. See “Financial Information Presentation — The URW Group and the UR Group” for a discussion of the basis of preparation of such financial statements.

The URW Group Half Year Financial Statements and the UR Group Annual Financial Statements have been prepared in accordance with the recognition and measurement principles of IFRS (as applicable in the EU), which differ from US GAAP. You should read the following financial information together with the information in “Financial Information Presentation,” “Operating and Financial Review of the URW Group and the UR Group,” “Risk Factors,” and the URW Group’s and the UR Group’s consolidated financial statements and related notes included elsewhere in this offering memorandum.

The URW Group Half Year Financial Statements consolidate one month of Westfield Corporation’s operations (from June 1, 2018 to June 30, 2018) and the comparative financial information of the UR Group for the six months ended June 30, 2017 does not include any income statement and cash flow data of Westfield Corporation. Similarly, the UR Group Annual Financial Statements do not include balance sheet, income statement and cash flow data of Westfield Corporation.

Our historical results are not necessarily indicative of future results, and the results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. The following financial information for URW and UR is presented in euros, which is URW’s reporting currency.

The UR Group Annual Financial Statements have been jointly audited by Deloitte & Associés and Ernst & Young Audit, and their audit reports thereon are included in this offering memorandum. The unaudited URW Group Half Year Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and were jointly reviewed by Deloitte & Associés and Ernst & Young Audit, statutory auditors of the URW Group, as stated in their statutory auditors’ review report included in this offering memorandum.

Table 1.0 below presents summary comprehensive income statement data of the URW Group for the six months ended June 30, 2018 and of the UR Group for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015.

	Half Year Financial Statements		**Annual Financial Statements**		
			UR Group Year Ended December 31,		
Table 1.0 Statement of Comprehensive Income (in millions)	**URW Group Six Months Ended June 30, 2018 (1)**	**UR Group Six Months Ended June 30, 2017**	**2017**	**2016**	**2015**
Gross rental income	€ 989.4	€ 908.2	€1,822.3	€1,770.3	€1,685.0
Ground rents paid	*(14.7)*	*(9.3)*	*(18.1)*	*(17.4)*	*(17.5)*
Net service charge expenses	*(10.9)*	*(11.9)*	*(22.8)*	*(29.2)*	*(29.1)*
Property operating expenses	*(103.2)*	*(92.7)*	*(198.7)*	*(195.2)*	*(185.6)*
Operating expenses and net service charges	(128.8)	(113.9)	(239.6)	(241.8)	(232.2)
Net rental income	**860.6**	**794.3**	**1,582.6**	**1,528.5**	**1,452.8**
Property development and project management revenue	73.8	—	—	—	—
Property development and project management costs	(68.7)	—	—	—	—
Net property development and project management income	**5.1**	**—**	**—**	**—**	**—**

Table 1.0 Statement of Comprehensive Income (in millions)	Half Year Financial Statements URW Group Six Months Ended June 30, 2018 (1)	Half Year Financial Statements UR Group Six Months Ended June 30, 2017	Annual Financial Statements UR Group Year Ended December 31, 2017	2016	2015
Property services and other activities revenue	€ 134.0	€ 124.5	€ 256.1	€ 261.3	€ 293.4
Property services and other activities expenses	(85.9)	(85.1)	(176.3)	(175.1)	(219.7)
Net property services and other activities income	**48.1**	**39.4**	**79.8**	**86.2**	**73.7**
Share of the result of companies accounted for using the equity method	66.8	37.1	91.6	(13.3)	243.3
Income on financial assets	13.9	13.2	27.0	18.3	22.1
Contribution of companies accounted for using the equity method	**80.7**	**50.2**	**118.6**	**5.0**	**265.4**
Corporate expenses	(61.5)	(54.5)	(117.3)	(116.8)	(104.0)
Development expenses	(0.2)	0.9	(3.6)	(5.9)	(4.5)
Depreciation of other tangible assets	(1.0)	(1.1)	(2.2)	(2.2)	(2.2)
Administrative expenses	**(62.7)**	**(54.7)**	**(123.1)**	**(124.9)**	**(110.7)**
Acquisition and related costs	**(214.7)**	**—**	**(62.4)**	**(1.3)**	**(1.6)**
Proceeds from disposal of investment properties	49.8	1.2	592.5	973.9	342.4
Carrying value of investment properties sold	(51.0)	—	(518.7)	(882.7)	(341.0)
Result on disposal of investment properties	**(1.2)**	**1.2**	**73.8**	**91.2**	**1.4**
Proceeds from disposal of shares	—	—	27.3	25.9	114.4
Carrying value of disposed shares	—	—	(27.3)	(20.9)	(100.7)
Result on disposal of shares	**—**	**—**	**—**	**5.0**	**13.7**
Valuation gains on assets	590.5	1,249.0	1,770.0	2,244.0	2,137.4
Valuation losses on assets	(255.1)	(175.8)	(405.6)	(238.2)	(318.6)
Valuation movements on assets	**335.4**	**1,073.2**	**1,364.4**	**2,005.8**	**1,818.8**
Impairment of goodwill/Negative goodwill	**(0.7)**	**—**	**(9.2)**	**—**	**—**
NET OPERATING RESULTS	**1,050.6**	**1,903.7**	**3,024.6**	**3,595.5**	**3,513.5**
Results from non-consolidated companies	0.2	0.9	0.9	0.4	—
Financial income	*64.8*	*57.9*	*119.5*	*88.8*	*86.3*
Financial expenses	*(185.7)*	*(170.0)*	*(347.5)*	*(343.7)*	*(358.8)*
Net financing costs	(120.9)	(112.1)	(228.0)	(254.9)	(299.5)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	28.9	23.5	21.1	37.0	(183.4)
Fair value adjustments of derivatives and debt	(129.3)	(44.4)	(21.9)	(277.4)	(178.7)
RESULTS BEFORE TAX	**829.5**	**1,771.6**	**2,796.7**	**3,100.6**	**2,921.6**
Income tax expenses	(77.6)	(27.0)	(74.2)	(283.2)	(288.3)
NET RESULT FOR THE PERIOD	**751.9**	**1,744.6**	**2,722.5**	**2,817.4**	**2,633.3**
Net result for the period attributable to:					
The holders of the Stapled Shares(2)	642.6	1,462.6	2,439.5	2,409.0	2,334.0
External non-controlling interests	109.3	282.0	283.0	408.4	299.3
Net result for the period	**751.9**	**1,744.6**	**2,722.5**	**2,817.4**	**2,633.3**

Table 1.0 Statement of Comprehensive Income (in millions)	Half Year Financial Statements URW Group Six Months Ended June 30, 2018 (1)	Half Year Financial Statements UR Group Six Months Ended June 30, 2017	Annual Financial Statements UR Group Year Ended December 31, 2017	Annual Financial Statements UR Group Year Ended December 31, 2016	Annual Financial Statements UR Group Year Ended December 31, 2015
Net result for the period attributable to:					
Unibail-Rodamco SE members	€ 658.4	€1,462.6	€2,439.5	€2,409.0	€2,334.0
WFD Unibail-Rodamco N.V. members	(15.8)	—	—	—	—
Net result for the period attributable to the holders of the Stapled Shares (2)	**642.6**	**1,462.6**	**2,439.5**	**2,409.0**	**2,334.0**
NET RESULT FOR THE PERIOD	**751.9**	**1,744.6**	**2,722.5**	**2,817.4**	**2,633.3**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries	(72.7)	24.8	(16.9)	(130.0)	6.5
Cash flow hedge	—	—	—	0.7	1.3
Revaluation of shares available for sale	—	—	—	(0.4)	—
Other comprehensive income that may be subsequently recycled to profit or loss	**(72.7)**	**24.8**	**(16.9)**	**(129.7)**	**7.8**
Employee benefits – will not be reclassified into profit or loss	—	—	0.2	—	14.8
Fair value of financial assets	(7.2)	—	—	—	—
Other comprehensive income not subsequently recyclable to profit or loss	**(7.2)**	**—**	**0.2**	**—**	**14.8**
OTHER COMPREHENSIVE INCOME	**(79.9)**	**24.8**	**(16.7)**	**(129.7)**	**22.6**
NET COMPREHENSIVE INCOME	**672.0**	**1,769.4**	**2,705.8**	**2,687.7**	**2,655.9**
External non-controlling interests	109.4	282.0	283.1	408.4	299.3
NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)	**562.6**	**1,487.4**	**2,422.7**	**2,279.3**	**2,356.6**

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

(2) For periods other than the six months ended June 30, 2018, Net results for the period (Owners of the parent).

Table 1.1 below shows the URW Group's gross rental income by segment for the six months ended June 30, 2018 (which includes WFD gross rental income for the period from June 1, 2018 to June 30, 2018) and the UR Group's gross rental income by segment for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015.

Table 1.1 **Actual Net Rental Income (in millions)**	**URW Group Six Months Ended June 30, 2018 (1)**	**UR Group Six Months Ended June 30, 2017**	**UR Group Year Ended December 31, 2017**	**2016**	**2015**
Net Rental Income					
— Shopping Centres:					
France	€320.9	€303.2	€ 609.8	€ 580.5	€ 549.1
United States (1)	19.9	—	—	—	—
Central Europe	104.2	83.5	172.4	156.2	148.2
Spain	81.7	79.5	161.0	146.0	147.5
United Kingdom (1)	7.4	—	—	—	—
Nordics	73.3	75.2	145.8	139.9	106.1
Austria	54.0	52.1	103.2	98.6	92.1
Germany	47.3	47.1	92.6	89.9	67.1
Netherlands	29.5	29.4	61.7	61.5	67.0
Total Shopping Centres	738.0	670.0	1,346.4	1,272.6	1,177.0
— Offices					
France	63.8	60.7	123.6	135.7	151.4
Other Countries	8.9	8.9	17.2	17.6	19.0
Total Offices	72.8	69.6	140.8	153.3	170.4
— Conventions & Exhibitions	49.8	54.7	95.5	102.6	105.4
	860.6	**794.3**	**1,582.6**	**1,528.5**	**1,452.8**

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

Table 2.0 sets out a reconciliation of recurring earnings of the URW Group to the earnings per IFRS income statement for the six months ended June 30, 2018 and of recurring earnings of the UR Group to the earnings per IFRS income statement for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015. The URW Group and the UR Group use the EPRA definition of recurring earnings, which is defined as recurring earnings from core operational activities. We exclude from recurring earnings the following non-recurring activities (many of which are non-cash items): valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

Table 2.0 EPRA Recurring Earnings Reconciliation (in millions)	**URW Group Six Months Ended June 30, 2018 (1)**	**UR Group Six Months Ended June 30, 2017**	**UR Group Year Ended December 31,**		
			2017	**2016**	**2015**
Net Result of the period attributable to the holders of the Stapled Shares	€ 642.6	€1,462.6	€2,439.5	€2,409.0	€2,334.0
(i) Changes in value of investment properties, development properties held for investment and other interests	335.4	1,073.2	1,364.4	2,005.8	1,818.8
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(1.2)	1.2	73.8	96.2	84.7
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	—	—	—	—	—
(iv) Tax on profits or losses on disposals	—	—	(12.8)	(2.0)	(14.9)
(v) Negative goodwill / goodwill impairment	(0.7)	—	(9.2)	—	—
(vi) Changes in fair value of financial instruments and associated close-out costs	(100.4)	(20.9)	(0.9)	(240.4)	(362.1)
(vii) Acquisition costs on share deals and non-controlling joint venture interests	(214.7)	—	(62.4)	(1.3)	(1.6)
(viii) Deferred tax in respect of EPRA adjustments	(77.9)	(25.2)	(43.7)	(270.1)	(248.6)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	6.8	8.3	34.1	(62.4)	177.9
(x) External non-controlling interests in respect of the above	(7.7)	(187.9)	(106.0)	(231.0)	(150.6)
EPRA recurring earnings	**702.9**	**614.0**	**1,202.1**	**1,114.2**	**1,030.4**
Coupons on the hybrid securities	(3.8)	—	—	—	—
Adjusted recurring earnings	**699.1**	**614.0**	**1,202.1**	**1,114.2**	**1,030.4**

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

Table 3.0 below sets out summary statement of financial position information of the URW Group and the UR Group, as applicable. The statement of financial position information of the URW Group as of June 30, 2018 has been derived from the URW Group Half Year Financial Statements included elsewhere in this offering memorandum. The statement of financial position information of the UR Group as of December 31, 2017 and 2016 has been derived from the UR Audited Financial Statements included elsewhere in this offering memorandum.

Table 3.0 Statement of Financial Position (in millions)	URW Group As of June 30, 2018	UR Group As of December 31, 2017	 2016
Non-current assets	€62,344.6	€41,650.8	€39,509.3
Investment properties	47,117.7	38,524.3	36,380.9
Working capital (1)	(1,963.5)	(2,106.0)	(2,279.6)
Total assets	65,347.1	43,241.0	40,745.0
Total liabilities	33,798.7	20,547.8	19,725.3
Total shareholders' equity	31,548.4	22,693.2	21,019.7

(1) Current assets less current liabilities.

Table 4.0 below sets out summary cash flow information of the URW Group and the UR Group, as applicable. The cash flow information of the URW Group for the six months ended June 30, 2018 has been derived from the URW Group Half Year Financial Statements included elsewhere in this offering memorandum. The cash flow information of the UR Group for the six months ended June 30, 2017 and for the years ended December 31, 2017, 2016 and 2015 has been derived from the URW Group Half Year Financial Statements and the UR Group Annual Financial Statements included elsewhere in this offering memorandum.

Table 4.0 Cash Flow Statement (in millions)	URW Group Six Months Ended June 30, 2018 (1)	UR Group Six Months Ended June 30, 2017	UR Group Year Ended December 31, 2017	 2016	 2015
Total cash flow from operating activities (2)	€ 710.7	€ 789.9	€ 1,486.5	€ 1,558.0	€ 1,415.6
Total cash flow from investing activities	(4,958.2)	(949.4)	(1,024.9)	(386.9)	(521.4)
Total cash flow from financing activities	4,279.5	1,135.0	(293.4)	(1,083.4)	(1,411.9)

(1) Includes one month of Westfield Corporation's operations (from June 1, 2018 to June 30, 2018). Prior periods include no contribution from Westfield Corporation.

(2) Excluding the impact of the acquisition costs and change in working capital requirement related to the URW Transaction, the total cash flow from operating activities would have been +€875.6 million (a +€85.7 million increase compared to H1-2017).

SELECTED CONSOLIDATED FINANCIAL DATA OF WESTFIELD CORPORATION

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

The Westfield Annual Financial Statements have been prepared in accordance with AAS and IFRS as issued by the IASB, which differ from US GAAP. You should read the following financial information together with the information in "Financial Information Presentation," "Operating and Financial Review of Westfield Corporation," "Risk Factors," and Westfield Corporation's consolidated financial statements and related notes included elsewhere in this offering memorandum.

The following financial information for Westfield Corporation is presented in US dollars, which was Westfield Corporation's reporting currency.

Table 1.0 below presents summary income statement data for Westfield Corporation from the years ended December 31, 2017, 2016 and 2015.

Table 1.0 Income Statement (in millions)	Annual Financial Statements Year Ended December 31, 2017	2016	2015
Revenue			
Property revenue	US$ 630.1	US$ 512.0	US$ 620.3
Property development and management revenue	789.4	610.6	657.1
Total revenue	**1,419.5**	**1,122.6**	**1,277.4**
Share of after tax profits of equity accounted entities			
Property revenue	685.6	675.8	661.7
Property revaluations	279.2	491.2	426.3
Property expenses, outgoings and other costs	(229.9)	(224.4)	(210.0)
Net interest expense	(62.7)	(80.0)	(86.5)
Tax (expense)/benefit	(0.6)	(0.5)	(0.3)
	671.6	**862.1**	**791.2**
Expenses			
Property expenses, outgoings and other costs	(283.1)	(223.2)	(247.6)
Property development and management costs	(651.3)	(484.5)	(496.1)
Overheads	(119.9)	(116.1)	(116.8)
	(1,054.3)	**(823.8)**	**(860.5)**
Currency gain/(loss)	(2.2)	8.6	11.4
Gain/(loss) in respect of capital transactions	(23.6)	1.7	(97.3)
Intangible amortisation and impairment	(22.9)	—	—
Property revaluations	568.2	513.8	205.7
Earnings before interest and tax	**1,556.3**	**1,685.0**	**1,327.9**

Table 1.0 Income Statement (in millions)	Annual Financial Statements Year Ended December 31, 2017	 2016	 2015
Interest income	US$ 13.2	US$ 18.8	US$ 5.3
Financing costs	(136.0)	(60.5)	(103.0)
Tax (expense)/benefit	117.7	(277.2)	1,093.3
Profit/(loss) after tax	**1,551.2**	**1,366.1**	**2,323.5**

Table 2.0 sets out a reconciliation of EBIT of Westfield Corporation to the profit/(loss) after tax for the years ended December 31, 2017, 2016 and 2015.

Table 2.0 EBIT Reconciliation (in millions)	Year Ended December 31, 2017	 2016	 2015
Westfield Corporation profit/(loss) after tax	**US$ 1,551.2**	**US$ 1,366.1**	**US$ 2,323.5**
Less: Westfield Corporation interest income	(13.2)	(18.8)	(5.3)
Add: Westfield Corporation financing costs	136.0	60.5	103.0
Add: Westfield Corporation tax (credit)/ expense	(117.7)	277.2	(1,093.3)
Westfield Corporation EBIT	**1,556.3**	**1,685.0**	**1,327.9**

Table 2.1 below shows Westfield Corporation's Property Revenue and Net Property Income on a proportionate basis for the years ended December 31, 2017, 2016 and 2015.

Table 2.1 Property Revenue and Net Property Income (in millions)	Year Ended December 31, 2017	 2016	 2015
Property Revenue			
Consolidated	US$ 630.1	US$ 512.0	US$ 620.3
Equity accounted	685.6	675.8	661.7
	1,315.7	**1,187.8**	**1,282.0**
Net Property Income			
Consolidated	347.0	288.8	372.7
Equity accounted	455.7	451.4	451.7
	802.7	**740.2**	**824.4**
Flagship and Regional Net Property Income (1)			
Flagship	615.4	546.7	554.0
Regional and Other Property Investments	187.3	193.5	270.4
	802.7	**740.2**	**824.4**

(1) See "Business Description — Properties — Property Portfolio" for details of the properties classified as Flagship and Regional.

Table 3.0 below sets out summary balance sheet information of Westfield Corporation derived from the Westfield Annual Financial Statements included elsewhere in this offering memorandum.

Table 3.0 Balance Sheet (in millions)	Year Ended December 31, 2017	2016	2015
Cash assets	US$ 501.2	US$ 292.1	US$ 1,106.8
Investment properties	9,978.3	8,339.8	7,478.0
Working capital (1)	(667.0)	(1,214.4)	(440.5)
Total assets (2)	21,254.3	18,765.5	17,582.4
Deferred tax liability	1,835.8	1,967.2	1,761.3
Total liabilities	10,375.3	9,155.3	8,282.6
Net assets	10,805.5	9,550.0	9,299.8

(1) Current assets excluding cash less current liabilities.
(2) At December 31, 2017, Westfield Corporation had US$6,071.7 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, 2017, 2016 and 2015 has been derived from the Annual Financial Statements included elsewhere in this offering memorandum.

Table 4.0 Cash Flow Statement (in millions)	Year Ended December 31, 2017	2016	2015
Net cash flow from operating activities	US$ 703.8	US$ 524.0	US$ 853.6
Net cash flow from investing activities	(1,109.1)	(1,570.8)	354.2
Net cash flow from financing activities	598.5	265.8	(407.2)

OPERATING AND FINANCIAL REVIEW OF THE URW GROUP AND THE UR GROUP

You should read the following operating and financial review together with our consolidated 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

Our Business

We are one of the world's premier global developers and operators of Flagship shopping destinations, with a proportionate total portfolio valued at approximately €63.7 billion as of June 30, 2018 (€61.3 billion on a consolidated basis), of which 86% is in retail, 8% is in offices and others, 5% is in Convention and Exhibition venues and 1% is in services. As at June 30, 2018, we owned and operated 102 shopping centres in 13 countries, of which 56 are Flagships, located in the most dynamic cities in Europe and the United States. In 2017, on a combined basis, our shopping centres welcomed over 1.2 billion visits. For the year ended December 31, 2017, on a pro forma basis, we had proportionate net rental income of €2.3 billion. See "Non-IFRS Financial Measures" for a description of our data presented on a "proportionate" basis.

We provide a unique platform for retailers and brand events, and offer an exceptional and constantly renewed experience for customers, and we have the largest development pipeline in the retail industry, at €12.5 billion.

We are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW). A secondary listing has also been established in Australia through CDIs. We operate under a "stapled" structure. Unibail-Rodamco and WFD Unibail-Rodamco each have their own Management Board and Supervisory Board and a common public investor base. In addition, the Senior Management Team advises the Management Boards of each of Unibail-Rodamco and WFD Unibail-Rodamco (see "Management — The Senior Management Team").

As discussed under "Accounting for the URW Transaction," Unibail-Rodamco was determined to be the accounting acquirer of Westfield Corporation, in accordance with IFRS 3. As the earnings impact was deemed immaterial, Westfield Corporation is consolidated from June 1, 2018 rather than from June 7, 2018, the Implementation Date. Thus, the URW Group Half Year Financial Statements consolidate one month of Westfield Corporation's operations and the comparative financial information of the UR Group for the six months ended June 30, 2017 does not include any income statement and cash flow data of Westfield Corporation. Similarly, the UR Group Annual Financial Statements do not include balance sheet, income statement and cash flow data of Westfield Corporation.

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 have affected our historical results.

Rental Income and Operating Expenses and Net Service Charges — We derive the majority of our revenue from leases with retail tenants at our shopping centres. Property revenue from our shopping centres includes minimum guaranteed rents, specialty leasing (e.g., cart and kiosk rentals), service charge expense recoveries and sales based rent (percentage rent based on tenants' sales volumes). Operating expenses and net service charges consist of costs in connection with the ownership and operation of shopping centres 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.

We also receive property revenue from our offices from rents and similar income (e.g. occupancy compensation, key money and parking revenues) and have operating expenses and net service charges consisting of items similar to those incurred for our shopping centres. Gross rental income from our Convention and Exhibition segment includes turnover generated by the rental of exhibition space and the provision of unavoidable associated support services to this space.

Key factors that affect the level of property revenue and property expenses and outgoings include: (i) our ability to negotiate higher minimum guaranteed rents and reimbursements from existing or new tenants; (ii) our ability to lease our properties 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 properties, which changes the size and nature of our property portfolio. We refer to the excess of property revenue over operating expenses and net service charges as "Net Rental Income" (refer also to "Net Rental Income and Like-for-Like Net Rental Income" under "— Key Operational Measures" below).

Valuation movements on assets— Our investment properties include freehold and leasehold land, buildings, leasehold improvements and redevelopment and development projects. In accordance with IFRS (as applicable in the EU), we carry our property investments on our statement of financial position at their fair market values.

Since June 30, 2015, three international appraisal firms, Cushman & Wakefield, Jones Lang Lasalle Incorporated ("JLL") and PwC, have valued URW's Continental European retail, office, convention and exhibition and service portfolios. JLL and Cushman & Wakefield appraise the Continental European retail and office properties of the URW Group. The valuation process has a centralized approach, intended to ensure that, in respect of URW Group's European portfolio, pan-European capital market views are taken into account. UR has allocated properties across the two appraisers by region for comparison and benchmarking purposes. France, being the largest region, is assessed by both firms. PwC assesses Convention and Exhibition venues as well as all of the URW Group's services activities. Assets are appraised twice a year (in June and December), except service companies, which are appraised once a year.

Appraisals of WFD's assets were made as of May 31, 2018, for the purpose of preparing the opening statement of financial position of URW as of June 30, 2018. The URW Group's US portfolio, including projects under development, has been valued by independent appraisers Cushman & Wakefield, Duff & Phelps, Altus and CBRE. The URW Group's UK portfolio, including projects under development, has been valued by independent appraisers Cushman & Wakefield, GVA, Savills and CBRE.

See "— URW Property Portfolio and Net Asset Value as at June 30, 2018" for a description of how our properties were valued as of June 30, 2018, other than WFD's assets which were valued at May 31, 2018.

Independent appraisers determine the fair market value of standing assets based on two main methods: the discounted cash flow ("DCF") method and/or the yield method. The fair market value of development projects is assessed through the residual valuation and/or the DCF methodology. Appraisal methods used by appraisers are compliant with international standards and guidelines as defined by RICS, IVSC and FSIF. Furthermore, the resulting valuations are cross-checked against the initial yield, value per square meter and the fair market values established through actual market transactions.

The yield method involves directly capitalising net income based on market yields estimated by appraisers. This valuation is predominantly used in the United Kingdom.

The DCF method involves calculating the present value of estimated future net cash flows (i.e., property revenues less property expenses 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 and in Continental Europe.

In H1-2018, 98% of URW's portfolio was appraised by independent appraisers (including appraisals made as at May 31, 2018 for the WFD assets).

Investment Properties Under Construction ("IPUC") for which a value could be reliably determined are required to be accounted for at fair value and were assessed by external appraisers. All WFD's projects under development were assessed at fair value as at May 31, 2018, as a result of acquisition accounting, and the value as at June 30, 2018 has been calculated by adding the June 2018 capital expenditures.

Because our investment properties are carried at fair value on our statement of financial position, 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 our long term earnings growth. 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.

Net Property Services and Other Activities Income — We manage certain jointly-owned properties 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 properties we hold, the level of development activity with our joint venture partners and the gross income generated by our properties.

Contribution of companies accounted for using the equity method — A number of our properties are held in joint ventures with various other institutional investors. Depending on the governance rights such joint venture parties hold and the percentage of equity ownership URW has in such joint ventures, the results of these joint ventures may have to be classified as income from companies accounted for using the equity method. This income is composed of the net income of such joint ventures, including the cost of debt and taxes of such entities.

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. 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 risk management policy aims to limit the impact of interest rate fluctuations on our results, while minimizing our overall cost of debt. To achieve those objectives, we use derivatives, mainly caps and swaps, to hedge our interest rate exposure through a macro hedging policy. For details of our hedging profile, see "— Financial Resources — Market risk management" below.

We do not enter into derivative financial instruments for speculative purposes and our hedging policies are approved and monitored by our respective Management Boards. We enter into derivative financial instruments to achieve economic outcomes in line with our treasury policy. However, accounting standards under IFRS (as adopted by the EU) include documentation, designation and effectiveness requirements before a derivative financial instrument can qualify for hedge accounting. The IFRS 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, based upon our methodology, to assess the financial and operational performance of our properties. The key measures are:

Net Rental Income and Like-for-Like Net Rental Income — Net Rental Income measures the rental revenue from our properties less the expenses in operating those shopping centres. Like-for-like Net Rental Income is the equivalent measure excluding properties in the relevant reporting period subject to acquisitions, divestments, transfers to and from our redevelopment pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes in the relevant reporting period resulting in any change to square meters of our properties and currency exchange rate differences in the periods analysed. Our management uses Like-for-Like Net Rental 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 properties. Net Rental Income is also a key measure used by valuation firms in determining the valuation of our properties.

Like-for-Like Net Rental Income does not include any results from Westfield Corporation for any period, including June 1, 2018 to June 30, 2018.

Under IFRS (as adopted by the EU), property investments held in joint venture sub-trusts and associates are accounted under the equity method (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 separately).

In addition to presenting Net Rental Income calculated on the foregoing basis, we also discuss Net Rental 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 our share of net income and net investment are disclosed separately as if they were our revenues and expenses, and our assets and liabilities.

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 most of the properties are under our management, and that, therefore, the drivers of their results are similar, proportionate financial aggregates, such as Net Rental Income, provide a 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 properties and only reflecting their performance as a single item of profit or loss, as IFRS (as adopted by the EU) requires. This allows management to observe and analyze revenue and expense results and trends on a portfolio-wide basis.

Gross Lettable Area (GLA) — this generally measures the amount of space in our shopping centres and offices that we can lease to tenants, expressed in square meters. In Europe and 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.

Gross Market Value — this corresponds to the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arms-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The Gross Market Value includes all transaction costs and all transfer taxes (i.e. it corresponds to the price, accrued by the amount of the transaction costs and transfer taxes).

EPRA Vacancy Rate — this corresponds to URW’s ERV of vacant spaces divided by the ERV of total space (let plus vacant). The vacancy rate in the United States and United Kingdom is calculated as the ERV of vacant units over the sum of existing MGR + ERV of vacant units.

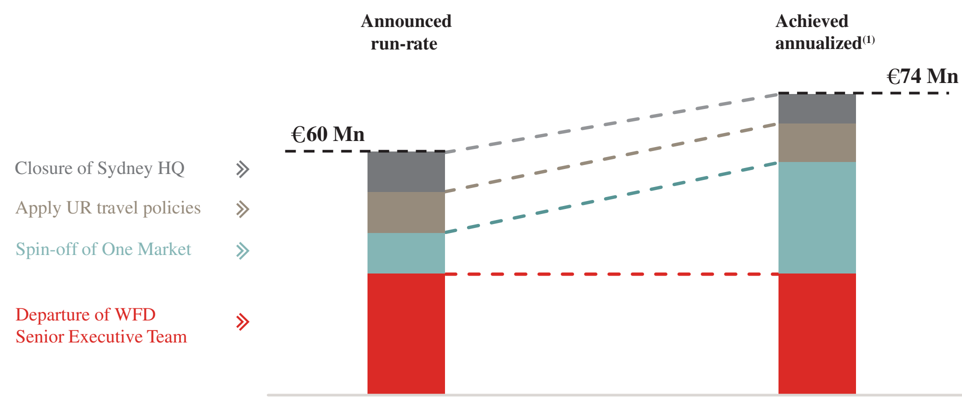
Average Specialty Shop Rent — this measures the average total rent we earn per square foot of space that we lease to specialty shop retailers (excluding anchor tenants) in our US shopping centres during the period. By excluding anchor tenants, which typically own their own space in our United States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

Tenant Sales Growth and Specialty Shop Sales Growth — these measure the period-on-period change in the sales in our shopping centres in Continental Europe and sales of the specialty shops in our shopping centres in the United States and the United Kingdom, respectively. Because these measure the sales of the retailers, they are not measures 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, they are indirect measures of the performance of our business because higher sales at our shopping centres will generally correlate over time with higher demand for retail space in the shopping centres, resulting in higher leased rates and/or higher rents.

EPRA Performance Measures and Historical Westfield Non-IFRS Measures — For additional information regarding EPRA performance measures that we use or the non-IFRS measures that Westfield historically used, see "— EPRA Performance Measures" and "Operating and Financial Review of Westfield Corporation — Overview — Key Operational Measures," respectively.

Synergies

Through June 30, 2018, URW has realised €73.6 million in cost synergies on an annualised basis.



(1) As of June 30, 2018. OneMarket synergies based on Pro Forma 2017 statement of income.

Business Review and 2018 Half-Year Results

Accounting Principles and Scope of Consolidation

Accounting principles

The URW Group's consolidated financial statements as at June 30, 2018 were prepared in accordance with IFRS (as applicable in the EU) as at such date.

URW has applied for the first time IFRS 9 and IFRS 15, neither of which have a significant impact on the URW Group's financial statements as at June 30, 2018.

No other changes were made to the accounting principles with those applied for the preparation of the financial statements as at December 31, 2017.

The performance indicators are compliant with the best practices recommendations published by EPRA[3]. These are reported in a separate subsection at the end of this section.

Scope of consolidation

The principal change in the scope of consolidation since December 31, 2017, was the acquisition of WFD, which has been included since June 1, 2018.

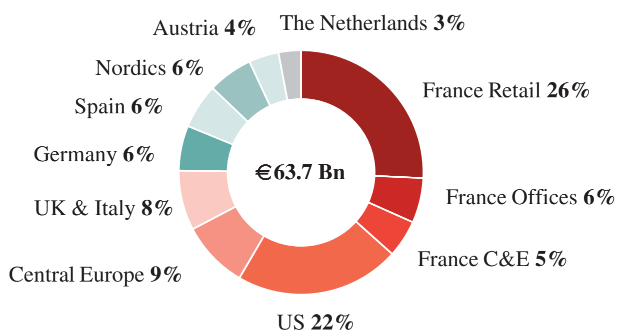
Operational reporting

URW operates in nine regions: France, the United States, Central Europe[4], Spain, the United Kingdom, the Nordics, Austria, Germany and the Netherlands. In addition, the URW Group has significant development projects in two new countries: Italy and Belgium.

As France has substantial activities in all three business lines of the URW Group, this region is itself divided in three segments: Shopping Centres, Offices and Convention and Exhibition. The other regions operate almost exclusively in the Shopping Centre segment.

The chart below shows the split of proportionate GMV per region as at June 30, 2018, including assets accounted for using the equity method.

Proportionate GMV Per Region



Business Review By Segment

URW has been operating as a stapled group since the completion of the URW Transaction on June 7, 2018. However, as the earnings impact was deemed immaterial, the results of WFD have been consolidated from June 1, 2018 rather than from June 7, 2018, so that the opening balance sheet of the URW Group could be prepared at the beginning of the month. The business review by segment presented below has been prepared on the basis of UR's perimeter prior to the URW Transaction. A separate section ("— Westfield Business Review") has been added in order to give investors an overview of WFD's most significant business events during H1-2018. Unless otherwise indicated, all references in this "Business Review By Segment" are to UR's operations on a stand-alone basis for H1-2018.

Shopping Centres

Unless otherwise indicated, all references to footfall, tenant sales, rents, leases signed, vacancy and occupancy cost ratios relate to the period ended June 30, 2018, and comparisons relate to the same period in the prior year.

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[3] EPRA Best Practices Recommendations are available on the EPRA website: www.epra.com.

[4] Central Europe includes Ring-Center, accounted for using the equity method.

Shopping centre activity

Economic environment

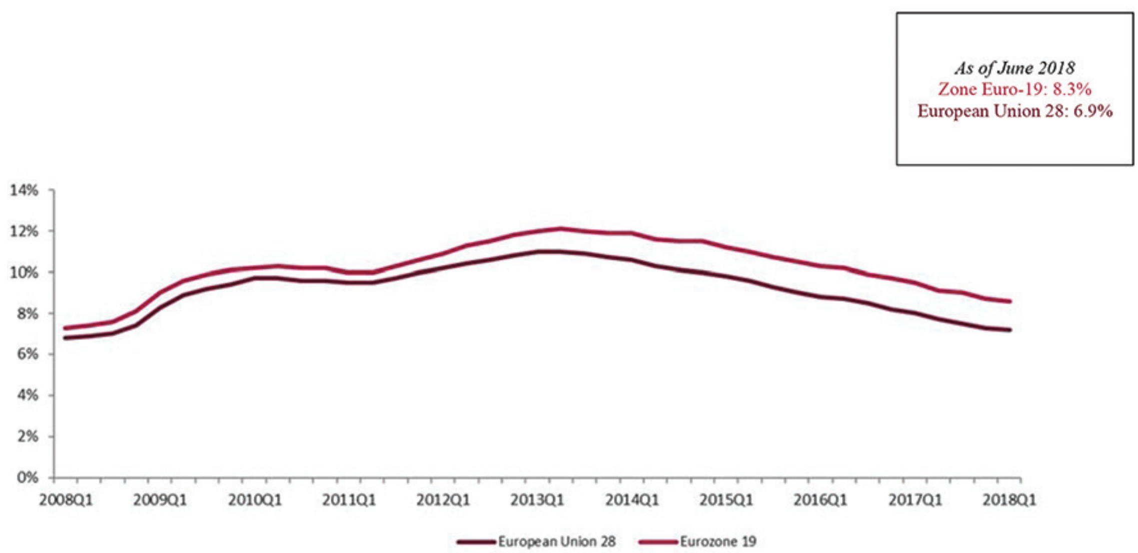
In 2017, the European economy grew at its fastest rate in 10 years. It is expected to moderate slightly in 2018, as monetary stimulus is gradually withdrawn and global trade growth is expected to slow, partly in response to rising trade tensions. GDP growth, both for the European Union and the Eurozone-19, is forecast to reach +2.1% in 2018[5], compared to +2.4% in 2017[6]. The weighted average forecast for 2018 GDP growth in UR regions is +2.3%. Inflation in 2018 is expected to reach +1.9% in the European Union and +1.7% in the Eurozone-19, an increase of +20 basis points (bps) of each compared to 2017.

Growth is propelled by high levels of confidence, increased support from a synchronised global expansion, low financing costs, improving private balance sheets and better labour market conditions. The key external risks to these forecasts relate to trade and other policies of the US administration, retaliatory tariffs and geopolitical tensions. Within Europe, the principal risks relate to the outcome of the Brexit negotiations, withdrawal of quantitative easing by the European Central Bank and the prospect of higher interest rates.

Unemployment levels[7] as at June 2018 decreased to 6.9% in the European Union (-70 bps compared to June 2017) and 8.3% in the Eurozone-19 (-70 bps compared to June 2017). These are the lowest recorded rates since May 2008 for the EU and December 2008 for the Eurozone-19.

Employment in 2018 and 2019 should continue to benefit from the on-going economic expansion. Although unemployment indicators suggest there is still some untapped potential, overall employment growth is expected to slow due to tightening labour markets in some EU countries and fading of short-term fiscal stimuli in others.

Unemployment rates in the European Union and the Eurozone-19 (2008-2018)



5 Source: European Commission, European Economic Forecast, summer 2018 (released in July 2018). https://ec.europa.eu/info/publications/economy-finance/european-economic-forecast-spring-2018_en

6 Source: Eurostat, National Accounts Data http://ec.europa.eu/eurostat/web/national-accounts/data/main-tables

7 Source: Eurostat, June 2018 (released on July 31, 2018). http://ec.europa.eu/eurostat/documents/2995521/9105174/3-31072018-AP-EN/a942605d-7a19-4c0a-8616-c5805a826798

Region / Country	GDP 2018 Forecast	2017 Actual (p=provisional)	Unemployment June 2018
European Union (EU-28)	**2.1%**	**2.4%**	**6.9%**
Eurozone-19	**2.1%**	**2.4%**	**8.3%**
France	1.7%	2.2%p	9.2%
Czech Republic	3.0%	4.3%	2.4%
Poland	4.6%	4.6%	3.7%
Slovakia	4.0%	3.4%	6.9%
Spain	2.8%	3.1%p	15.2%
Sweden	2.4%	2.3%	6.3%
Finland	2.8%	2.8%	7.6%
Denmark	1.6%	2.3%	5.0%
Austria	2.8%	3.0%	4.7%
Germany	1.9%	2.2%	3.4%
Netherlands	2.8%	2.9%p	3.9%

Source: European Economic Forecast, summer 2018
Eurostat, National Accounts Data

Footfall[8]

The number of visits to UR's shopping centres was up by +1.9% or +2.0% excluding the Spanish retail assets sold in July 2018.

In France, footfall grew by +3.7%, outperforming the French national footfall index[9] by +495 bps.

Footfall growth in the Nordics (+3.3%) and Central Europe (+3.3%) was partly offset by a drop in Germany (-1.3%), the Netherlands (-1.0%), Spain (-0.6%) and Austria (-0.1%).

8 Footfall data include shopping centres accounted for using the equity method (Rosny 2, CentrO, Paunsdorf and Metropole Zlicin), but not Jumbo and Zlote Tarasy as they are not managed by UR. Footfall in UR's shopping centres in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the H1-2018 reporting period, shopping centres excluded due to delivery or ongoing works were Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Glòries, Wroclavia, CH Ursynow, Mall of The Netherlands, Pasing Arcaden and Gropius Passagen.

9 Reference is the CNCC index.

Tenant sales[10]

UR's tenant sales increased by +2.6% and by +3.2% for Flagship centres, outperforming the aggregate national sales index[11] by +131 bps and +196 bps, respectively.

Region	Tenant Sales Growth (%) (June 2018)	Performance versus National Sales Index (bps)
France	+3.3	+337
Central Europe	+8.7	+515
Spain	+2.1	+62
Nordics	-0.8	-325
Austria	-1.7	-359
Germany	+0.2	-128
Total	+2.6	+131

- In France, tenant sales increased by +3.3%, outperforming the Institut Français du Libre Service ("IFLS") index by +337 bps and the Conseil National des Centres Commerciaux ("CNCC") index by +477 bps. The main contributors to sales growth were Carré Sénart (+36.7%), Forum des Halles (+16.3%) and Aéroville (+3.2%). These were partially offset by Rosny 2 (-1.5%) and Les Quatre Temps (-0.6%) which were impacted by major transport strikes (36 days in Q2-2018);
- In Central Europe, tenant sales increased by +8.7%, primarily due to Centrum Chodov (+48.5%) and Wilenska (+5.7%). The introduction of the partial Sunday trading ban in Poland in March 2018 has so far had only a limited impact on UR's prime assets in Warsaw (Arkadia (+2.2%) and Galeria Mokotow (+0.9%));
- Spanish tenant sales grew by +2.1% compared to the national sales index at +1.5%. Strong sales increases in La Vaguada (+11.3%) and Bonaire (+5.1%) were partially offset by Parquesur (+0.5%), La Maquinista (stable) and Splau (-1.0%);
- In the Nordics, tenant sales (-0.8%, or +1.7% excluding Tesla) were impacted by the delivery issues experienced by Tesla, which affected the sales in Mall of Scandinavia and Täby Centrum;
- In Austria, tenant sales (-1.7%) were impacted by the bankruptcy of a major retailer;
- In Germany, tenant sales grew by +0.2%. Strong growth in Paunsdorf Center (+2.9%) and CentrO (+1.7%) was partially offset by Pasing Arcaden (-2.1%) and Ruhr Park (-0.2%).

In terms of sectors, sport (+11.4%), food (+9.9%), dining (+6.2%) and health & beauty (+5.2%) posted the highest sales increases, illustrating the importance of UR's approach to offering visitors a differentiated experience while providing a strong convenience offer at the same time. Sales of fashion apparel, the sector with

[10] Tenant sales data include shopping centres accounted for using the equity method (Rosny 2, CentrO, Paunsdorf and Metropole Zlicin), but not Jumbo and Zlote Tarasy as they are not managed by UR. For H1-2018 reporting period, shopping centres excluded due to delivery or ongoing works were Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Glòries, Wroclavia, CH Ursynow and Gropius Passagen. Primark sales are based on estimates.

[11] Based on latest national indices available (year-on-year evolution) as at June 2018: France: IFLS-excluding food; Spain: Instituto Nacional de Estadistica; Central Europe: Česky statisticky urad (Czech Republic), Polska Rada Centrow Handlowych (Poland) (as at May 2018), Eurostat (Slovakia); Austria: Eurostat; the Nordics: HUI Research (Sweden), Danmarks Statistik (Denmark); Germany: Destatis-Genesis, excluding online only operators and fuel sales (Federal Statistical Office). Including online only sales for France, Spain, Austria, the Czech Republic and Slovakia and excluding online only sales for Germany, the Nordics and Poland.

the most GLA within UR (32.1% as at June 30, 2018), were stable at +0.5%, affected by the negative performance of certain retailers. Sales declined in department stores & luxury (-3.6%) and bags, footwear & accessories (-1.0%).

UR's top ten tenants as a percentage of total retail rents for the six months ended June 30, 2018

% of total rents	**15.6%**
Largest tenant	**4.9%**
Inditex	
H&M	
Mango	
Fnac Darty	
Printemps	
Vivarte	
Sephora	
Foot Locker Inc.	
Deichmann	
Media Markt / Saturn	

Leasing

UR signed 641 deals (755 in H1-2017), reflecting longer discussions with tenants, with a Minimum Guaranteed Rent uplift of +10.6% (+14.4% in UR's Flagship[12] assets and +13.5% in H1-2017). Excluding the Spanish assets sold in July 2018, the MGR uplift would have been +11.0% for UR.

The rotation rate amounted to 5.9% in H1-2018, in line with UR's objective of at least 10% in every shopping centre every year.

With a strategy based on differentiation and exclusive retail destinations, UR's leasing teams signed 95 leases[13] with IPRs (vs. 86[14] in H1-2017). The share of the IPRs in UR's rotation reached 15.3%.

Many IPRs have chosen to enter new European markets with stores located in UR's shopping centres in H1-2018, including:

- Hugo Boss opening its first Hugo store in Sweden (Mall of Scandinavia);
- Boggi in France (Parly 2) and Germany (Pasing Arcaden);
- Daniel Wellington in Austria (Donau Zentrum) and Germany (CentrO);
- Snipes in France (Rosny 2);
- Gant in Austria (Donau Zentrum);
- Armani Exchange in Poland (Galeria Mokotow).

12 The Flagship assets historically owned by the UR Group are: Les Quatre Temps, Aéroville, Parly 2, Vélizy 2, Carré Sénart, Rosny 2, Le Forum des Halles, Carrousel du Louvre, CNIT, Confluence, La Part-Dieu, Villeneuve 2, Euralille, Polygone Riviera, La Vaguada, Parquesur, Bonaire, Splau, La Maquinista, Glòries, Donau Zentrum, Shopping City Süd, Centrum Cerny Most, Centrum Chodov, Wroclavia, Galeria Mokotow, Zlote Tarasy, Arkadia, Aupark, Jumbo, Fisketorvet, Mall of Scandinavia, Täby Centrum, Stadshart Amstelveen, Leidsenhage, Ruhr Park, Gropius Passagen, CentrO and Pasing Arcaden.

13 Excluding development pipeline.

14 111 deals signed in total in H1-2017, including 25 deals for pipeline.

In addition, UR's portfolio has been a platform for IPRs to open their first store in a shopping centre in a country in H1-2018, including:

- Hema in Austria (Shopping City Süd);
- Scalpers in the Netherlands (Stadshart Amstelveen);
- Monki in Austria (Donau Zentrum);
- Scotch & Soda in Sweden (Täby Centrum).

Finally, UR continued to strengthen its partnerships by accelerating the expansion of IPRs in H1-2018, such as Lovisa and Calvin Klein Jeans with four new store openings each, and Flying Tiger and Snipes with three stores each.

Brand event activities

Specialty leasing revenues amounted to €12.7 million (+6.1%) in H1-2018, mainly due to a good performance in Central Europe and France.

The specialty leasing teams implemented roadshow events combined with marketing support from impactful brands such as Universal. Major promotional campaigns for the *Jurassic World: Fallen Kingdom* movie took place in three countries:

- Place du Dôme in Les Quatre Temps was set in the colours of the movie. Visitors had a chance to see a life-size T-Rex and take 180° photos that were broadcast in real time on the Digital Dream® screens;
- Mitteldom plaza in CentrO was branded with the Jurassic World theme, welcoming a life-size T-Rex and using the Unexpected Digital Signature;
- Six shopping centres in Spain welcomed the Jurassic World experience, a unique event for VIP customers involving a virtual reality experience.

Innovation

The deployment of Connect, the smartphone application launched in 2016 to communicate directly with all employees working in stores in UR's shopping centres, continued with 45 shopping centres now equipped (compared to 33 as at December 31, 2017). UR is now focusing on developing additional functionalities within the app, e.g. new services for tenants' employees.

UR Link has evolved from a start-up accelerator to an open innovation platform, embracing partnerships not only with start-ups, but also with large corporates and other players. Its mission remains to source innovative solutions, test them through a proof of concept and deploy if the results are conclusive. UR Link initiated four new partnerships in key areas:

- Mobility: with BlaBlaLines, the short-distance car-sharing app of BlaBlaCar, being tested in Rosny 2 and Aéroville;
- Circular economy: with Too Good to Go, a solution to avoid food waste, currently being tested in Euralille, and with Mutum, a solution where peers can lend objects to each other, soon to be tested in the "Click & Services' area of Les Quatre Temps;
- New services: with Neatyy, a marketplace of personal shoppers, now being tested in Parly 2 and Rosny 2.

In addition:

- UR Link was among the ten co-founders of "La Boussole," the French leading initiative launched in April to promote acceleration of start-ups;

- UR operated a stand at Viva Technology, the European leading event for start-ups and innovators, for the third consecutive year.

Marketing and digital

UR's efforts have been focused on pursuing the customer engagement strategy through improved content, stronger loyalty card enrollment and an active CRM strategy.

On the communication and content side, a deal was signed with the Conde Nast Group, publisher of GQ and Vogue among others, to provide exclusive and curated content on the latest fashion, beauty, and design trends. These tailor-made articles will feature on UR's websites, apps, e-mails and social media channels. This program will be tested in France in 2018 and rolled-out in other markets if customer engagement figures prove successful.

On the digital side, UR signed up 1.2 million new customers to its loyalty program, doubling H1-2017 enrollments, reaching a total of 5.3 million members. 95% of these new members came through websites and apps. Strong growth has been achieved through the development of two main channels:

- In-mall Wi-Fi, with ca. 21% of new members (0% in H1-2017), where customers can enjoy a faster connection and bandwidth when enrolling in the centre loyalty program;
- Digital Media, with over 24% of new members (less than 10% in H1-2017), through improved social media campaigns.

In H1-2018, the audience on UR's digital channels increased with:

- 26 million web sessions (22 million in H1-2017);
- 6.5 million app sessions (2.2 million in H1-2017) and 336,000 monthly app users on average (154,000 in H1-2017).

In addition to the growing app audience, UR also recorded strong satisfaction among the app users: a 90% return rate and a grade of 4.5/5 in the app stores.

UR also reached a new milestone of its "engaging the visitor" strategy, with the goal to better target visitors by providing them with a personalized content based on their interests and shops visited:

- 39 million visitors interacted with digital touchpoints (websites and apps) over the last 12 months;
- 63 shopping centres have been equipped with the Salesforce CRM solution as at June 30, 2018 (37 as at December 31, 2017);
- 717 email campaigns launched with 21 million emails sent and an opening rate of 24.1% (vs. 21.9% in H2-2017 and the retail benchmark of 20%) and a click rate of 4.3% (vs. 3.8% in H2-2017 and the retail benchmark of 2.5%).

Net Rental Income

Total consolidated NRI of the shopping centre portfolio amounted to €710.8 million, an increase of +6.1%, mainly due to a strong like-for-like growth of +4.3% and the positive impact of deliveries in Central Europe, France and Spain.

	Net Rental Income (€ in millions)		
Region	**H1-2018**	**H1-2017**	**%**
France	320.9	303.2	5.8%
Central Europe	104.2	83.5	24.7%
Spain	81.7	79.5	2.8%
Nordics	73.3	75.2	-2.5%
Austria	54.0	52.1	3.7%
Germany	47.3	47.1	0.4%
Netherlands	29.5	29.4	0.3%
TOTAL NRI	**710.8**	**670.0**	**6.1%**

The total net change in NRI amounted to +€40.8 million due to:

- +€26.6 million from the delivery of shopping centres or new units, predominantly in Central Europe (mainly Wroclavia, Centrum Chodov and Arkadia), France (mainly the Carré Sénart and Parly 2 extensions and in Les Quatre Temps) and Spain (Glòries) in H2-2017.
- +€0.5 million from the acquisition of additional units, mainly in France and Spain.
- -€1.3 million due to assets moved to the pipeline, mainly in France and the Nordics, partially offset by the Netherlands.
- -€3.3 million due to a negative currency translation effect from Swedish krona.
- -€7.9 million due to disposals of assets, mainly in France (the Channel Outlet Stores and L'Usine Roubaix), the Nordics (Eurostop Arlanda, Arninge Centrum and Eurostop Örebro) and Spain (Barnasud).
- +€26.2 million of like-for-like growth. This +4.3% like-for-like NRI growth exceeded indexation[15] by +300 bps, at the high end of the UR Group's objective of like-for-like NRI growth of between 200 and 300 bps above indexation. Excluding the Spanish assets sold in July 2018, the like-for-like NRI grew by +3.2% in Spain and +4.5% for UR.

	Net Rental Income (€ in millions) Like-for-like		
Region	**H1-2018**	**H1-2017**	**%**
France	271.6	258.0	5.3%
Central Europe	85.7	80.4	6.6%
Spain	78.0	76.9	1.4%
Nordics	76.2	71.6	6.5%
Austria	53.5	51.8	3.4%
Germany	47.3	47.1	0.4%
Netherlands	25.1	25.5	-1.6%
TOTAL NRI Lfl	**637.4**	**611.2**	**4.3%**

15 Indexation is the annual automatic increase of rents based on either a composite index or the consumer price index of the particular country in which the asset is located.

Region	Net Rental Income (H1-2018) Like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	Other	Total
France	1.1%	1.7%	2.5%	5.3%
Central Europe	1.7%	2.6%	2.4%	6.6%
Spain	1.6%	2.1%	-2.2%	1.4%
Nordics	1.9%	1.0%	3.6%	6.5%
Austria	1.7%	1.1%	0.6%	3.4%
Germany	1.1%	0.4%	-1.2%	0.4%
Netherlands	0.8%	2.1%	-4.4%	-1.6%
TOTAL	**1.3%**	**1.7%**	**1.3%**	**4.3%**

The +4.3% like-for-like NRI growth (+5.7% for Flagships) reflects indexation of +1.3% (+0.7% in H1-2017), a good performance in renewals and relettings (+1.7% in H1-2018 vs. +1.9% in H1-2017) and the positive impact of "Other" (+1.3% in H1-2018 vs. +0.8% in H1-2017). The growth in "Other" was due primarily to a decrease in doubtful debtors as receivables were collected, particularly in the Nordics, and an increase in parking income, partially offset by a decrease in SBR. This decrease is mainly due to the Nordics (following very high SBR in 2017 due to the positive impact of the opening of Mall of Scandinavia) and Spain. In the Netherlands, the decrease was attributable primarily to the impact of the reversal of a provision in H1-2017. Across the portfolio, SBR represented 3.0% (€21.6 million) of NRI, vs. 3.7% (€24.7 million) in H1-2017.

Leasing activity in H1-2018

The UR Group signed 641 leases on consolidated standing assets (755 in H1-2017) for €85.5 million of MGR. The average MGR uplift on renewals and relettings was +10.6% (+13.5% in H1-2017), exceeding the UR Group's targets for the period. This uplift in H1-2018 was primarily due to the reversion in France, Germany and Spain, partially offset by the negative uplift in the Nordics and the Netherlands. The MGR uplift in UR's Flagship assets was +14.4% in H1-2018. Excluding the Spanish assets sold in July 2018, the MGR uplift in Spain would have been +15.8%, and +11.0% for UR.

Region	Lettings / re-lettings / renewals excl. Pipeline (H1-2018)				
				MGR uplift	
	Number of leases signed	m²	MGR (€ in millions)	€ in millions	%
France	188	60,012	33.5	4.3	17.4%
Central Europe	123	30,908	14.1	1.2	10.0%
Spain	123	22,416	10.5	1.0	11.4%
Nordics	99	45,634	14.7	-0.3	-2.6%
Austria	45	15,367	6.3	0.6	11.9%
Germany	42	7,236	4.1	0.5	15.6%
Netherlands	21	6,528	2.4	—	-0.1%
TOTAL	**641**	**188,101**	**85.5**	**7.3**	**10.6%**

Lease expiry schedule, Vacancy and Occupancy Cost Ratio

As at June 30, 2018, the total annualised MGR from the UR Group's shopping centre portfolio increased to €1,358.0 million (€1,341.2 million as at December 31, 2017).

The following table shows a breakdown by lease expiry date and at the tenant's next break option, as of June 30, 2018:

Retail	Lease expiry schedule			
	MGR (€ in millions) at date of next break option	As a % of total	MGR (€ in millions) at expiry date	As a % of total
Expired	30.2	2.2%	30.2	2.2%
2018	85.4	6.3%	54.8	4.0%
2019	296.0	21.8%	114.5	8.4%
2020	285.4	21.0%	130.6	9.6%
2021	239.7	17.7%	121.9	9.0%
2022	145.3	10.7%	174.7	12.9%
2023	90.0	6.6%	140.3	10.3%
2024	42.6	3.1%	85.8	6.3%
2025	45.1	3.3%	119.0	8.8%
2026	21.0	1.5%	88.7	6.5%
2027	16.2	1.2%	94.5	7.0%
2028	14.0	1.0%	50.4	3.7%
Beyond	47.0	3.5%	152.6	11.2%
TOTAL	**1,358.0**	**100%**	**1,358.0**	**100%**

The ERV of vacant space in operation on the total portfolio decreased to €36.9 million as at June 30, 2018 (from €37.8 million as at December 31, 2017).

The EPRA vacancy rate decreased to 2.3% as at June 30, 2018 (2.4% as at December 31, 2017). The decrease is mainly due to the Netherlands, the Nordics (lettings in Täby Centrum, Solna and Nacka) and France (lettings in Le Forum des Halles, Aéroville and Carré Sénart). The increase of vacancy in Central Europe, Austria and Germany was due primarily to the eviction of a number of tenants and bankruptcies.

Region	Vacancy (June 30, 2018)		% December 31, 2017
	€million	%	
France	18.8	2.6%	2.8%
Central Europe	1.4	0.7%	0.4%
Spain	2.0	0.9%	1.0%
Nordics	5.7	3.6%	4.2%
Austria	2.2	1.9%	1.0%
Germany	3.7	3.3%	2.6%
Netherlands	3.1	5.6%	6.5%
TOTAL(1)	**36.9**	**2.3%**	**2.4%**

(1) Excluding development pipeline.

The OCR for UR was 15.2% as at June 30, 2018 (15.1% as at December 31, 2017).

Region	OCR H1-2018	OCR 2017
France	15.5%	15.4%
Central Europe	16.7%	16.4%
Spain	13.1%	13.1%
Nordics	15.2%	15.4%
Austria	17.0%	16.7%
Germany	13.6%	13.6%
Netherlands (1)	—	—
TOTAL	**15.2%**	**15.1%**

(1) Tenant sales not available for the Netherlands.

Average rent/m² and Appraisers' view on NRI Growth

The table below contains quantitative data used by UR's appraisers, and disclosed in "— URW Property Portfolio and Net Asset Value as at June 30, 2018 — Additional Valuation parameters — IFRS 13," provided pursuant to IFRS 13.

Shopping Centres - June 30, 2018		Rent in € per sqm (a)	CAGR of NRI (b)
France	Max	882	9.1%
	Min	160	1.2%
	Weighted average	516	4.2%
Central Europe	Max	587	3.0%
	Min	210	2.2%
	Weighted average	392	2.5%
Spain	Max	814	3.8%
	Min	122	1.6%
	Weighted average	330	3.1%
Nordics	Max	462	4.9%
	Min	191	2.1%
	Weighted average	373	3.1%
Germany	Max	481	3.7%
	Min	244	2.1%
	Weighted average	311	3.0%
Austria	Max	396	2.9%
	Min	375	2.5%
	Weighted average	385	2.7%
Netherlands	Max	413	3.7%
	Min	172	2.8%
	Weighted average	273	3.0%
Unibail-Rodamco	**Max**	**882**	**9.1%**
	Min	**122**	**1.2%**
	Weighted average	**408**	**3.4%**

(a) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m².
(b) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Offices

Office property market in H1-2018

Unless otherwise indicated, all references to take-up, vacancy, investment transaction, rents and leasing relate to the six-month period ended June 30, 2018, and comparisons relate to the same period in the prior year.

Take-up

With take-up of 1.3 million[16] m² in H1-2018, +23% vs. the 10-year average, demand in the Paris region remained at its highest level since 2007.

There was a particularly strong increase in transactions over 5,000 m², totaling 519,000[17] m² in H1-2018, up by +18% from H1-2017. Five transactions over 20,000 m² were signed, comprising 207,000 m² in total. The small and medium-size segment remained strong as well, totaling 756,000 m², an increase of +7% from H1-2017.

Take-up in the Paris Central Business District (CBD) was 221,000 m² in H1-2018, +21% above the 10-year average. The La Défense market saw a take-up of 73,300 m² (-4%).

Available supply

The available supply in the Paris region declined by -9% from December 2017, to 3.1 million m² at June 30, 2018, of which 15.3% was new or refurbished as new buildings.

The vacancy rate in the Paris region decreased further to 5.7%[17] at June 30, 2018 (6.5% as at December 31, 2017).

The differences remain significant between sub-markets, the vacancy rate being around 2.2% in the Paris CBD and 5.0% in La Défense.

Rental values

Rental values remained at a high level in the Paris Region, especially in the Paris CBD, where prime rents stood at around €800/m².

In La Défense, prime rents were stable due to the lack of lettings of new or refurbished offices (representing only 4% of available supply). The highest rent (€530/m²) was recorded in the refurbished Carré Michelet.

The average level of incentives for new office lettings above 1,000 m² in the Greater Paris Region decreased marginally to 21% (approximately 1% less than in H2-2017).

Investment market

The total volume of transactions in the Paris region was €8.1[18] billion, up +75%. The volume was driven by large transactions, with deals above €100 million accounting for 74% of total investments.

16 Source: Immostat.
17 Source: BNP Paribas Real Estate.
18 Source: Cushman & Wakefield and Immostat, Q2-2018.

Demand remains underpinned by domestic players, mainly investment funds. Paris was the main target of investors and represented more than half of the transactions.

In the Paris CBD, two transactions over €300 million each (Coeur Marais and Marché Saint-Honoré) were recorded, confirming the level of prime office yields at 3.00-3.25% in H1-2018. Prime office yields in La Défense were stable vs. H2-2017 at around 4.00-4.25% in H1-2018 (no prime transactions occurred in La Défense during H1-2018).

Office division activity in H1-2018

Consolidated NRI amounted to €72.8 million in H1-2018, a +4.6% increase from H1-2017 due primarily to good leasing activity, partially offset by the impact of disposals made in 2017.

	Net Rental Income (€ in millions)		
Region	**H1-2018**	**H1-2017**	**%**
France	63.8	60.7	5.2%
Nordics	6.1	6.2	-2.2%
Other countries	2.9	2.7	6.6%
TOTAL NRI	**72.8**	**69.6**	**4.6%**

The increase of +€3.2 million breaks down as follows:

- +€1.8 million mainly due to indemnities received from tenants in Le Sextant;
- -€0.2 million due to currency effects in Sweden and other minor effects;
- -€7.0 million mainly due to the disposal of So Ouest Plaza in October 2017 and the Arlanda hotel in the Nordics in August 2017;
- The like-for-like NRI growth was +€8.6 million (+14.4%) mainly due to good leasing performance, indemnities received in France and less vacancy costs.

	Net Rental Income (€ in millions) Like-for-like		
Region	**H1-2018**	**H1-2017**	**%**
France	58.9	51.6	14.2%
Nordics	6.4	5.5	17.4%
Other countries	2.7	2.5	11.3%
TOTAL NRI Lfl	**68.1**	**59.5**	**14.4%**

In H1-2018, 18,528 weighted square meters ("wm²") were leased in standing assets, including 9,808 wm² in France.

In addition, the lease agreement with Nestlé for the entire 43,293 wm² Shift building was signed.

The expiry schedule of the leases of the office portfolio (termination option and expiry date) as of June 30, 2018 is shown below:

	Lease expiry schedule			
Office	**MGR (€ in millions) at date of next break option**	**As a % of total**	**MGR (€ in millions) at expiry date**	**As a % of total**
Expired	1.2	0.7%	1.2	0.7%
2018	7.2	4.3%	5.1	3.0%
2019	34.8	20.8%	21.8	13.0%
2020	12.7	7.6%	5.8	3.5%
2021	11.9	7.1%	4.5	2.7%
2022	9.2	5.5%	6.4	3.8%
2023	9.7	5.8%	15.8	9.4%
2024	2.1	1.3%	5.1	3.0%
2025	41.3	24.6%	11.9	7.1%
2026	5.0	3.0%	8.7	5.2%
2027	5.0	3.0%	27.0	16.1%
2028	17.4	10.4%	38.3	22.9%
Beyond	10.1	6.0%	16.1	9.6%
TOTAL	167.6	100%	167.6	100%

ERV of vacant office space in operation amounted to €8.2 million as at June 30, 2018, corresponding to a financial vacancy of 4.6%, stable compared to December 31, 2017, of which €5.4 million or 3.5% (3.3% at year-end 2017) was in France. The slight increase in France is mainly due to the acquisition of offices in the Rosny 2 co-ownership and to newly vacant units in Les Villages.

Convention and Exhibition

The activity is exclusively located in France and consists of a real estate venues and services company (Viparis).

Viparis is owned jointly with the Chamber of Commerce and Industry of Paris Île-de-France (CCIR) and is fully consolidated by URW.

The Convention and Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year.

H1-2018 has been characterized by the following shows:

Annual shows:

- The 55th edition of the International Agriculture show (“SIA”) attracted 672,600 visitors, +8.7% vs. 2017;
- The January 2018 edition of Maison & Objet welcomed 89,500 visitors, + 4% vs. January 2017;
- The 3rd edition of Vivatech attracted over 100,000 visitors (+47% vs. 2017) of more than 125 nationalities.

Biennial shows:

- The 26th edition of Eurosatory, the Land and Airland Defence and Security Exhibition, attracted 57,000 visitors. With 1,802 exhibitors, +15% compared to 2016, it maintained its position as the leading international exhibition in its field.

Triennial show:

- One of the world's leading shows, the International Exhibition for Equipment and Techniques for Construction and Materials Industries ("INTERMAT") attracted more than 173,000 visitors, including 30% from outside France from 160 countries.

Following the opening of the Paris Convention Centre in H2-2017, several large corporate events took place during H1-2018, including the Google Cloud Summit, with 2,500 participants, and the International Microsoft Tech Summit.

In the congresses segment, the Paris Convention Centre hosted the annual EASL (the European Association for Study of the Liver) congress, which attracted ca. 10,000 delegates and 250 media representatives from all over the world. The ISMRM (International Society for Magnetic Resonance in Medicine) congress welcomed 7,000 professionals, +20% vs. the 2017 edition in Hawaii.

In total, 407 events were held in Viparis venues during H1-2018, which included 146 shows, 45 congresses and 216 corporate events.

Viparis's EBITDA came to €78.5 million in H1-2018, an increase of +€9.6 million (+13.9%) compared to H1-2016. Adjusted for the impact of the triennial Intermat exhibition, the growth was +2.6%, mainly explained by the revenue growth in the congress segment (+19.8%).

The second phase (2017-2019) of renovation works on the Porte de Versailles site continued, with the construction of the new Pavilion 6 and two new hotels (Novotel & Mama Shelter) scheduled to open in H2-2019.

The NRI from hotels amounted to €3.5 million for H1-2018, compared to €7.6 million in H1-2017, mainly due to the closure in August 2017 of the Pullman Montparnasse hotel for renovation works.

Westfield Business Review

This section provides an overview of the most significant business events for WFD during H1-2018. While the URW Group's consolidated accounts reflect WFD's activity only from June 1, 2018, in this section references are to events over the entire six-month period ended June 30, 2018, and comparisons relate to the same period in the prior year.

United States

Economic environment

At a macroeconomic level, key US indicators appear healthy. The economy is expected to grow by an average of +3.1% (real GDP) in 2018 and 2019 and is likely to see wage growth and higher producer prices, signaling firming inflation.[19] The economy is at or near full employment, thought to be around 4.6% in the United States.[20] The unemployment rate as at July has moved to 3.9% and is expected to remain low through 2019[21]. However, the US 10-year Treasury yield has risen +50 bps in 2018, with the Federal Reserve raising rates twice and two more increases expected in 2018. In addition, political uncertainty, including potential trade disruption due to tariffs, could impact the economy and constitutes the key risk to the outlook. Luxury sales were strong in H1-2018, up +13.1% per square foot (psf) on a rolling 12-month basis and +20.8% for the six months to June 30.

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19 The Conference Board, "The Conference Board Economic Forecast for the U.S. Economy," July 11, 2018.
20 Congressional Budget Office estimate of long-term NAIRU.
21 The Balance, "US Economic Outlook: For 2018 and Beyond," July 11, 2018.

Tenant Sales[22]

Tenant sales in the US portfolio grew by +2.5%, and +3.6% for the Flagship centres, in H1-2018.[23] Specialty tenant sales psf increased by +4.9%[24] to June 30, 2018, on a trailing 12-month basis, of which +5.7% in Flagship centres. For the six months to June 30, 2018, specialty sales psf showed an improving trend: +7.7% overall, and +8.4% in Flagships.

Although not yet comparable, the recent deliveries performed strongly, with H1-2018 tenant sales[25] growth of +109% at Westfield Century City, +28% at Westfield UTC and +22% at Westfield World Trade Center. Despite on-going works, Westfield Valley Fair saw sales growth of +8% in H1-2018.

Leasing activity, Occupancy and Comparable Net Operating Income (NOI)[26]

WFD signed 341 new leases in H1-2018 (394 in H1-2017), a decrease primarily due to the impact of a high number of development related signings in H1-2017 (94 in H1-2018 vs. 43 in H1-2018).

Notable retailers to sign a new commitment for stores to open at the URW Group's centres in the United States in H1-2018 include:

- Hermès in Westfield UTC;
- Seaquest Interactive Aquariums (a new concept of interactive sea-life immersion) in Westfield Sunrise and Westfield Trumbull;
- James Perse (designer clothing, bags and furniture) in Westfield UTC;
- 85° C Bakery Café in Westfield Century City, Westfield Fashion Square and Westfield UTC;
- Stance in Westfield Century City and Westfield UTC;
- Sugar Factory ("the most Instagrammed restaurant in America"[27]) in Westfield Century City;
- The Hampton Social in Westfield Old Orchard;
- Rosa Cha and John John (first US market entry for these lifestyle fashion brands, with 308 stores in Brazil) in Westfield Century City;
- Ted Baker London and John Varvatos deals in Westfield San Francisco Centre;
- Adidas, for a flagship store at Westfield Century City;
- Warby Parker at Westfield Garden State Plaza.

The average rental spread was +6.9%, of which +7.6%[28] for the Flagship assets. The average rent[29] for shops under 20,000 sq. ft (ca. 1,858m^2) grew by +4.2% to US\$84.91 psf (ca. €781/m^2), and by +4.1% for the Flagship centres to US\$105.64 psf (ca. €971/m^2).

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22 Sales growth and specialty tenant sales growth per square foot is for centres in operation and excludes new brownfield deliveries, acquired assets and assets under heavy refurbishment (in line with the UR methodology), such as Westfield Century City, Westfield UTC and Westfield Valley Fair.

23 Sales data is year-to-date through June 2018. Tenant sales data reflects specialties and mini-majors (tenants >10,000 sq. ft (ca. 929 m^2), but not anchors).

24 Calculated on the basis of sales psf for specialty tenants, being stores with <10,000 sq. ft (ca. 929 m^2).

25 For mini-majors and specialty tenants.

26 Comparable NOI is based on NOI before management fees, termination/settlement income and straight-line adjustments, and excluding one-offs. For comparability, recent project deliveries or centres undergoing significant development works are excluded.

27 Business Insider, October 30, 2017.

28 For the US portfolio, the rental spread reflects the average increase in total rent inclusive of base rent and common area maintenance charges.

29 Comprising base rent and share of common area maintenance charges.

As at June 30, occupancy[30] stood at 94.3%, a decrease of +140 bps since December 31, 2017. For the Flagship centres, occupancy was 95.5% (-130 bps).[31] Occupancy in the period was particularly impacted by bankruptcies including of Claire's, A'Gaci, Charming Charlie and The Walking Company, as well as the closure of Best Buy and Pirch at Westfield Garden State Plaza. Several department store redevelopments are planned for 2019/2020 to enhance centres which have seen a rise in vacancy, such as Westfield Annapolis, or to further strengthen high performing assets such as Westfield Garden State Plaza.

Comparable NOI growth in the United States was down -3.0%, of which -2.6% in the Flagship assets. The decrease was due primarily to the increase in vacancy and the absorption by WFD of the common area maintenance charge for that vacant space. However, several Flagship centres such as Westfield Century City, Westfield UTC and Westfield World Trade Center are not included in the comparable NOI. Reflecting the contribution of these projects, total NOI in the United States was up +6.1% in H1-2018.[32]

Occupancy costs as a percent of sales for specialty tenants declined by -20 bps in H1-2018 to 14.5% within the Flagship assets and declined by -30 bps to 13.8%[33] in the Regional portfolio, as compared to December 31, 2017.

United Kingdom

Economic environment

The economy continued to show positive growth in H1-2018, albeit more slowly than the prior year. Overall GDP growth is expected to reach 1.4% in 2018 (1.8% in 2017). The unemployment rate as at June 2018 stands at its lowest level since 1975 at 4.0%, -0.4% lower than June 2017. The key variable for the forecasts is the on-going Brexit process. It is unclear under what conditions the United Kingdom will leave the European Union in March 2019. Political uncertainty also remains elevated.

Footfall

Footfall was up +3.7% in H1-2018, driven by the opening of the extension of Westfield London in March 2018 (+5.3%), while Westfield Stratford City was also up (+2.8%), largely due to increased traffic to events at the London Stadium and Queen Elizabeth Olympic Park.

Tenant Sales

Overall tenant sales in the UK centres were down by -0.5% in H1-2018, slightly better than the market, partly due to Zara closing its store at Westfield Stratford City to create a state-of-the-art flagship store of almost 50,000 sq. ft, integrating a suite of online and digital tools to create a seamless physical and digital experience for its customers. The VISA UK consumer spending index was down by -0.7% in H1-2018.[34] For specialty tenants, sales psf decreased by -1.8% in H1-2018. Strong growth in jewelry (+7.8%) in H1-2018 was offset by a decline in general retail (-11.5%) and leisure (-3.1%). While overall sales at Westfield London grew +2.2% in H1-2018, specialty sales psf fell -3.4% as a result of the opening of the first phase of the new extension in March 2018 with larger stores. For the trailing 12 months to June 2018, specialty sales psf were up +0.2%.

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30 Vacancy based on unleased space on a square foot basis, excluding development space, and including temporary leasing.

31 Financial vacancy (reflecting the base rent and common area maintenance charge of vacant space as a percentage of that amount plus the current actual rent and common area charges) at June 30, 2018 was 9.3% in the Flagship centres and 12.0% in the Regional portfolio.

32 NOI before management fees and excluding one-off items such as termination/settlement income and straight-line adjustments but inclusive of all centres.

33 Calculated for tenants with <20,000 sq. ft (ca. 1,858 m^2) of space. Occupancy cost is based on total rent, including common area maintenance charges.

34 Based on spending on all Visa debit, credit, prepaid cards. Source: Hammerson HY-2018 results.

Leasing activity, Occupancy and Comparable NOI

WFD signed 49 leases in H1-2018 (70 in H1-2017), a decrease primarily due to the timing of the leasing cycle at Westfield Stratford City. In addition, a further 47 development leases were signed in the period in relation to Westfield London.

The average MGR uplift was +17.0%. The average rent for shops under 20,000 sq. ft (ca. 1,858 m^2) decreased by -0.6%, compared to June 2017, to UK£ 119.25 psf (ca. €1,448/m^2), primarily due to the opening of larger units in the Westfield London extension.

Occupancy stood at 97.7% as at June 30, 2018, a decrease of -70 bps from December 31, 2017, primarily driven by tenant relocations in Westfield London.[35]

Comparable NOI in the United Kingdom grew by +6.7% in H1-2018.[36]

Despite a sizeable number of UK retailers entering into a Company Voluntary Arrangement (CVA) procedure during H1-2018, only three stores within Westfield London and Westfield Stratford City saw an impact on rent (UK£ 1.1 million in total, on an annual basis) as a result, with a further nine stores seeing no impact, out of a total of 790 stores in the two centres.

Occupancy costs as a percent of sales for specialty tenants increased by +160 bps to 20.1% in H1-2018.[37]

Since the opening of the extension of Westfield London in March 2018, a variety of new premium retailers, including John Lewis, Primark, Putt-Shack, West Elm, Stradivarius, Ichiba (the largest Japanese food hall in Europe) and Flying Tiger, have opened stores.

Brand Events and Marketing

Brand event activities

Brand ventures, media and specialty leasing revenues increased by more than 20% in H1-2018, primarily driven by increased media revenue from the internalisation and roll out of a digital media screen network in 2017 in the United States. In total, the roll-out has now been extended to 17 centres, including 14 out of the 15 Flagships.

Significant events in H1-2018 included:

- Louis Vuitton showcased rare and celebrated objects from the Louis Vuitton archive at Westfield Century City;
- Kim Kardashian West had her first-ever KKW Beauty pop-up shop at Westfield Century City selling cosmetics, beauty, and skincare products;
- The new Westfield Square screens at Westfield London were used to promote Samsonite and a launch campaign for Adidas, among others;

35 Vacancy based on unleased space on a square foot basis, excluding development space. Financial vacancy (reflecting the base rent of vacant space as a percentage of the ERV) in the United Kingdom was 4% as at June 30, 2018.

36 Excluding Westfield London, which was impacted by the development project. Comparable NOI is based on NOI before management fees and excluding one-off items such as termination/settlement income and straight-line adjustments.

37 Calculated for tenants with <20,000 sq. ft (ca. 1,858 m^2) of space. Occupancy costs reflect base rent plus business rates, service charge costs and insurance costs as a percent of sales.

- At Westfield Stratford City, the North gallery was transformed into a Samsung Studio;
- The UK centres also hosted The Void, a multi-sensory Star Wars experience.

Marketing and digital

As a result of on-going promotion of centre events and a continuous social media presence, the number of digital subscribers in H1-2018 rose to 1.5 million in the United States (+49%) and to 1.5 million in the United Kingdom (+36%). In the United Kingdom, WFD had 50,000 Instagram followers and 2.8 million Wi-Fi users at June 30, 2018, an increase since H1-2017 of +16.5% and +7.6%, respectively.

Other key marketing highlights for in H1-2018 include:

- Nine awards were received at the 2018 International Council of Shopping Centers (ICSC) leasing convention, including six gold medals at the MAXI Awards, which recognize innovative shopping centre events, programmes or technologies;
- At Westfield London, WFD completed a Food / Health & Wellness campaign featuring Joe Wicks and Miss Piggy, which was activated in the centre through a Joe Wicks pop-up café and health and wellness classes.

Extension, renovation and brownfield projects

Key projects in H1-2018 included:

- Westfield Century City: Since opening in October 2017, the redeveloped centre is already seeing tenant sales[38] growth of +42% through June 30, 2018 compared to H1-2015 (prior to the project). Key food destinations, Eataly and Javier's, are performing very well with Eataly opening their rooftop terrace in late March 2018. Other key openings included Din Tai Fung (10,800 sq. ft) and St. Marc (8,000 sq. ft), in March and April 2018, respectively. As a result of the project, space dedicated to fashion has decreased by -17% at June 30, 2018, while the total space for dining, leisure and health and beauty has increased by +11%. A total of 26 further stores will open by December 2018, including the 20,000 sq. ft Anthropologie and a large format H&M store.
- Westfield UTC: The extension project opened in November 2017, and the H1-2018 figures already show substantial growth with tenant sales[39] through June 30, 2018 growing by +26% compared to H1-2015 (prior to the project). The new Nordstrom has been particularly successful. Future openings will enhance the food offering, with a new 9,900 sq. ft Din Tai Fung opening in Q3-2018 and the 8,900 sq. ft Javier's opening in Q4-2018. Overall, the food offering at UTC has expanded from 17% to 25% of total space. In addition, a large format H&M store will also open.
- Westfield Garden State Plaza: a complete large scale renovation project, including upgrade of all IT and digital infrastructure, will be inaugurated in Q3-2018. The JC Penney department store was acquired by WFD to be redeveloped to enable the further expansion of offers in the luxury, youth and fast moving fashion sectors.
- Westfield Valley Fair: Construction is progressing well on the extension and renovation project. The ShowPlace ICON Theatre is expected to open in Q4-2018, in line with the completion of the extensive refurbishment of the existing part of the centre. Despite on-going works, the centre continues to perform well with H1-2018 tenant sales up by +8%. Several key food related signings have been made, including the 14,500 sq. ft Del Frisco's Double Eagle Steak House and the 3,000 sq. ft Shake Shack.
- Westfield World Trade Center: New brands opened in the Oculus (Phase 1), including Ugg and Casper, which are performing well. Planned larger scale events are being developed to activate the Oculus

[38] For mini-majors and specialty tenants.

[39] For mini-majors and specialty tenants.

floor, to help drive awareness and dwell time. The delayed opening of the important 1-line connection to WTC will occur in Q3 2018 further increasing customer flow to important sections of the asset.

- Westfield London: Since the opening of the extension on March 20, 2018, footfall for the centre has grown +11% compared to the same period in 2017. Overall, 92% of the extension is let. John Lewis is trading in line with expectations and the 70,000 sq. ft Primark opened as planned at the end of June. The food and leisure offering has also been enhanced with the opening of Ichiba, the largest Japanese food hall in Europe, and the new leisure concepts Putt-Shack and All Star Lanes. The extension has also created a new homeware hub, with new retailers including West Elm, Bo Concept, Raft, DFS, Heal's and the soon to open Habitat.

Integration

To manage the integration process, URW has set up an Integration Management Office ("IMO"), led by the Group Chief Resources Officer and the Group Chief Financial Officer with the support of McKinsey & Company. The integration is being managed through dedicated workstreams, involving representatives from both organisations. Before the closing of the URW Transaction, the IMO focused on two main objectives: ensuring business continuity upon completion of the URW Transaction, and defining the fundamentals of the future organisation of the URW Group, including governance principles and key decision-making processes. Following the completion of the URW Transaction, the IMO has deployed dedicated efforts to lead the integration of the US and the UK businesses with UR, aiming at defining a new operating model based on the strengths of both organisations, and enabling the synergies and expected benefits of the transaction.

Since the closing of the URW Transaction on June 7, 2018, significant progress has been made to integrate UR and WFD:

- Nomination of Senior Management Team and corporate roles;
- New governance systems put in place;
- New corporate identity and branding created;
- Organisation and target operating model identified;
- Talent retention plan implemented;
- Cultural diagnostic initiated.

The objectives for H2-2018 are focused on three main areas:

- Operating: establishing the operating management function in the United States and the United Kingdom, preparing a 5-year business plan for all assets, preparing the roll-out of the Westfield brand in Continental Europe, integrating digital, brand ventures and international leasing, and reviewing major developments;
- Capital: an in-depth portfolio review, progress on disposal plans, realising planned synergies, and active debt management;
- Organisation: integrating IT and other corporate functions, implementing the organisational model, and the ramp down of the Sydney headquarters.

Comparison of the URW Group for the Six Months Ended June 30, 2018 to the UR Group for the Six Months Ended June 30, 2017

The results of the URW Group presented below are based on the consolidated statement of comprehensive income prepared according to IFRS (as applicable in the EU), under which certain property investments held in joint ventures are accounted for using the equity method. These results include WFD's results since June 1, 2018.

Unless otherwise indicated, all references below relate to the period ended June 30, 2018, and comparisons relate to the same period in the prior year.

Gross Rental Income

The Gross Rental Income (GRI) of URW amounted to €989.4 million in H1-2018 (vs. €908.2 million in H1-2017), an increase of +8.9%. This growth results mainly from the acquisition of WFD (+€49.1 million, corresponding to one month of GRI[40], which includes the US common area maintenance charges billed to tenants) and from the growth in the retail segment of UR (+4.3%), due to deliveries and a strong like-for-like growth, partially offset by the negative impact of disposals.

	Gross Rental Income (€ in millions)		
Region	**H1-2018**	**H1-2017**	**%**
France	346.4	336.1	3.1%
Central Europe	105.1	84.6	24.2%
Spain	90.6	87.9	3.1%
Nordics	77.2	82.9	-6.9%
Austria	55.9	53.5	4.5%
Germany	50.3	49.9	0.8%
Netherlands	34.4	33.5	2.6%
Sub-Total UR – Retail	**759.9**	**728.4**	**4.3%**
Office UR	75.4	73.5	2.5%
C&E UR	99.1	96.2	3.1%
Hotels UR	5.9	10.1	-41.6%
Sub-Total UR	**940.3**	**908.2**	**3.5%**
United States	38.5(1)	—	—
United Kingdom	10.6(1)	—	—
Sub-Total WFD	**49.1**	**—**	**—**
TOTAL URW	**989.4**	**908.2**	**8.9%**

(1) Includes WFD gross rental income for the period from June 1, 2018 to June 30, 2018.

40 As a result of WFD's joint ventures, a significant portion of its activities are reflected in "Share of the result of companies accounted for using the equity method."

Net Rental Income

The NRI of URW amounted to €860.6 million in H1-2018 (€794.3 million in H1-2017), an increase of +8.3%. This growth is a result of the growth in the retail segment of UR (+6.1%), due to deliveries and a strong like-for-like growth, partially offset by the negative impact of disposals, and of the acquisition of WFD (+€27.3 million, corresponding to one month of NRI).

	Net Rental Income (€ in millions)		
Region	**H1-2018**	**H1-2017**	**%**
France	320.9	303.2	5.8%
Central Europe	104.2	83.5	24.7%
Spain	81.7	79.5	2.8%
Nordics	73.3	75.2	-2.5%
Austria	54.0	52.1	3.7%
Germany	47.3	47.1	0.4%
Netherlands	29.5	29.4	0.3%
Sub-Total UR – Retail	**710.8**	**670.0**	**6.1%**
Office UR	72.8	69.6	4.6%
C&E UR	46.3	47.1	-1.7%
Hotels UR	3.5	7.6	-54.1%
Sub-Total UR	**833.4**	**794.3**	**4.9%**
United States	19.9(1)	—	—
United Kingdom	7.4(1)	—	—
Sub-Total WFD	**27.3**	**—**	**—**
TOTAL URW	**860.6**	**794.3**	**8.3%**

(1) Includes WFD gross rental income for the period from June 1, 2018 to June 30, 2018.

Net property development and project management income was €5.1 million in H1-2018, as a result of URW's design, development and construction activity.

Net property services and other activities income from property services companies in France, US, UK, Spain and Germany was €48.1 million in H1-2018 (€39.4 million in H1-2017), an increase of +€8.7 million mainly due to the increase in the C&E services activity and the impact of the acquisition of WFD.

Contribution of companies accounted for using the equity method

The Contribution of companies accounted for using the equity method[41] amounted to €80.7 million in H1-2018 (€50.2 million in H1-2017), an increase of €30.5 million, of which €28.7 million due to the acquisition of WFD, which operates a significant number of assets through joint ventures. The contribution of these joint ventures are for the month of June, and do not include valuation movements (following the market valuation of all of WFD's assets as at May 31, 2018).

	Contribution of companies accounted for using the equity method (€ in millions)						
Region	**H1-2018 Recurring activities**	**H1-2018 Non-recurring activities**	**H1-2018 Total**	**H1-2017 Recurring activities**	**H1-2017 Non-recurring activities**	**H1-2017 Total**	**Change**
France	4.1	2.4	6.6	4.0	4.6	8.6	-2.1
Central Europe	26.4	1.9	28.3	22.8	0.3	23.2	5.2
Spain	0.1	1.0	1.1	0.1	0.1	0.2	0.9
Germany	14.4	1.5	15.9	14.6	3.5	18.1	-2.2
Netherlands	—	—	—	—	0.1	0.1	0.1
Sub-Total UR – Retail	45.1	6.8	51.9	41.6	8.6	50.1	1.8
Offices UR	—	—	—	—	—	—	—
C&E UR	0.1	—	0.1	0.3	-0.2	0.1	n.m
Sub-Total UR	45.2	6.8	52.0	41.9	8.3	50.2	1.8
United States	23.2	—	23.2	—	—	—	23.2
United Kingdom	5.5	—	5.5	—	—	—	5.5
Sub-Total WFD	28.7	—	28.7	—	—	—	28.7
TOTAL URW	73.9	6.8	80.7	41.9	8.3	50.2	30.6

Administrative expenses amounted to -€62.7 million in H1-2018 (-€54.7 million in H1-2017), an increase mainly due to the acquisition of WFD. As a percentage of NRI from shopping centres and offices, administrative expenses were 7.7% (7.5%).

Acquisition and related costs amounted to -€214.7 million in H1-2018, of which -€105.3 million was incurred by UR (financial and legal advisory fees, including VAT) and -€108.7 million by WFD (redundancy and other employee related costs as well as the costs associated with the accelerated vesting of the WFD employee share plan). In H1-2017, UR and WFD collectively booked as expenses -€68.0 million of WFD related transaction costs. No acquisition and related costs had been booked in H1-2017 by UR.

In addition, -€80.9 million of financial advisory and legal fees paid by WFD were included in the opening statement of financial position of WFD as at May 31, 2018.

Lastly, UR paid -€94.7 million to hedge the U.S. dollar cash component of its offer for WFD, of which -€47.3 million was registered in 2017 in "Fair value adjustments of derivatives and debt" in its 2017 financial accounts and -€47.4 million was accounted for in the purchase consideration in H1-2018. The fair value gain on the hedge was +€159.6 million and was accounted for in the purchase consideration in H1-2018. The net gain in cash resulting from the FX hedge was +€64.9 million.

Consequently, the aggregate amount of expenses in 2017 and H1-2018 associated with the URW Transaction were -€457.6 million, or -€392.7 million after taking into account the cash gain on the FX hedge.

[41] Contribution of companies accounted for using the equity method represents URW's share of the Net recurring result for the period of all entities accounted for using the equity method and interests received on loans granted to companies accounted for using the equity method.

Result on disposal of investment properties was -€1.2 million in H1-2018 (€1.2 million in H1-2017) resulting mainly from minor adjustments from previous year disposals.

Valuation movements on assets amounted to +€335.4 million in H1-2018 (+€1,073.2 million in H1-2017) and break down as follows:

	Valuation movements on assets (€ in millions)		
Region	**H1-2018**	**H1-2017**	**Change**
France	31.5	397.4	-365.8
Central Europe	119.0	136.0	-17.0
Spain	22.0	128.0	-106.1
Nordics	16.3	45.7	-29.4
Austria	18.5	22.5	-4.0
Germany	19.3	17.4	1.9
Netherlands	-43.6	-10.3	-33.2
Sub-Total UR – Retail	**183.0**	**736.6**	**-553.6**
Office UR	181.5	246.3	-64.8
C&E UR	-27.9	91.5	-119.4
Services UR	-1.2	-1.2	-0.0
Sub-Total UR	**335.4**	**1,073.2**	**-737.9**
TOTAL URW	**335.4**	**1,073.2**	**-737.9**

Financing result

Net financing costs (recurring) totalled -€120.9 million in H1-2018 (after deduction of capitalised financial expenses of €11.0 million allocated to projects under construction) (-€112.1 million in H1-2017). This increase (€8.8 million) includes -€16.5 million related to the net financing costs of WFD's debt in June 2018, partially offset by lower financial expenses[42] on UR's stand-alone perimeter.

The URW Group's average cost of debt in H1-2018 was 1.5% and includes one month of financial expenses of WFD as well as the cost of the senior debt issued to finance the acquisition of WFD. URW's financing policy is described in the section "— Financial Resources." On a stand-alone basis, UR's cost of debt for the period was 1.3%, down from 1.4% from H1-2017.

Non-recurring financial result amounted to -€100.4 million in H1-2018 (-€20.9 million in H1-2017), which breaks down as follows:

- +€28.9 million mark-to-market of the ORNANE issued in 2014 and 2015;
- -€129.3 million mainly due to the mark-to-market of derivatives, exchange rate losses resulting from the revaluation of bank accounts and debt issued in foreign currencies, and revaluation of preference shares. URW recognises the change in value of its derivatives directly in the income statement.

Income tax expenses are due to the URW Group's activities in countries where specific tax regimes for property companies do not exist and from activities in France not eligible for the SIIC regime, mainly in the Convention and Exhibition business. They amounted to -€77.6 million in H1-2018 (-€27.0 million in H1-2017).

Income tax allocated to the recurring net result amounted to +€0.3 million in H1-2018 (-€1.8 million in H1-2017), largely due to the positive impact of the reversal of a provision related to tax litigation decided in favour of UR. Non-recurring income tax expenses amounted to -€77.9 million in H1-2018 (-€25.2 million in H1-2017), an increase mainly due to the positive impact of a decrease of deferred tax liabilities in H1-2017.

42 The coupon on the hybrid securities will be deducted directly from shareholder's equity.

External non-controlling interests amounted to €109.3 million in H1-2018 (€282.0 million in H1-2017). The recurring external non-controlling interests amounted to €101.6 million in H1-2018 (€94.1 million in H1-2017) and mainly relate to French shopping centres (€56.4 million, mainly Les Quatre Temps, Parly 2 and Le Forum des Halles), to the stake of CCIR in Viparis (€25.9 million) and to UR Germany and Ruhr Park (€16.4 million). The non-recurring non-controlling interests amounted to €7.7 million in H1-2018, down from €187.9 million in H1-2017, due primarily to lower valuation movements in H1-2018.

Net result for the period attributable to the holders of the Stapled Shares was a profit of €642.6 million for H1-2018. This figure breaks down as follows:

- €702.9 million of recurring net result in H1-2018 (+14.5% over H1-2017) as a result of strong NRI growth and the acquisition of WFD;
- -€60.3 million of non-recurring result in H1-2018 (€848.6 million in H1-2017) as a result of lower valuation movements, acquisition and related costs for the URW Transaction, the mark-to-market of financial instruments and an increase in non-recurring taxes.

The average number of shares[43] and bonds redeemable in shares[44] ("ORAs") outstanding during H1-2018 was 106,268,095, compared to 99,632,796 in H1-2017. The increase is mainly due to the capital increase of 38,319,974 Unibail-Rodamco shares issued for the acquisition of WFD (with an impact of +6,351,377 on the average number of shares in H1-2018), stock options exercised in 2017 and H1-2018 and the issuance of performance shares in 2017 and H1-2018.

EPRA Recurring Earnings per Share for H1-2018 came to €6.61 compared to €6.16 for H1-2017, representing an increase of +7.3%.

Adjusted Recurring Earnings[45] per Share for H1-2018 came to €6.58 compared to €6.16 for H1-2017, representing an increase of +6.8%.

Consolidated statement of cash flows

Unless otherwise indicated, all references below relate to the period ended June 30, 2018, and comparisons relate to the same period in the prior year.

Cash flow from operating activities

The total cash flow from operating activities was +€710.7 million in H1-2018 (+€789.9 million in H1-2017), mainly due to the acquisition and other related costs (net negative impact of -€106.0 million principally resulting from the URW Transaction) and to the change in working capital requirement (net negative impact of -€57.2 million year-on-year, including -€58.9 million resulting from the URW Transaction).

Excluding the impact of the acquisition costs and change in working capital requirement related to the URW Transaction, the total cash flow from operations would have been €875.6 million in H1-2018 (a +€85.7 million increase compared to H1-2017).

[43] Until completion of the URW Transaction: UR's shares; as of completion of the URW Transaction: Stapled Shares.

[44] The ORAs have been accounted for as equity.

[45] Under IFRS, the hybrid securities are accounted for as shareholders' equity. The Adjusted Recurring Earnings are calculated based on the Recurring net result for the period attributable to the holders of the Stapled Shares minus the coupon on the hybrid securities (from June 1, 2018).

Cash flow from investment activities

The cash flow from investment activities increased to -€4,958.2 million in H1-2018 (-€949.4 million in H1-2017), mainly as a result of the cash component of the acquisition of WFD.

Cash flow from financing activities

The total cash flow from financing activities amounted to +€4,279.5 million in H1-2018 (+€1,135.0 million in H1-2017), an increase related to the financing of the acquisition of WFD (hybrid securities €1,989.3 million and €3,000 million of senior debt).

UR Business Review and 2017 Results

Accounting Principles and Scope of Consolidation

Accounting principles

Unibail-Rodamco's consolidated financial statements as at December 31, 2017 were prepared in accordance with IFRS (as applicable in the EU) as at such date.

No changes were made to the accounting principles applied for the year ended December 31, 2016.

The performance indicators are compliant with the best practices recommendations published by the EPRA[46]. These are reported in a separate subsection at the end of this section.

Scope of consolidation

The principal changes in the scope of consolidation since December 31, 2016 were:

- On October 2, the disposal of the So Ouest Plaza office building;
- On October 23, the creation of a joint venture with Commerz Real pursuant to which the UR Group acquired 50% of the shopping centre Metropole Zlicin, located in Prague, with a GLA of approximately 56,000 m^2. This asset is accounted for using the equity method;
- On November 8, the disposal of Barnasud;
- On December 22, the disposal of the Channel Outlet Store and L'Usine Roubaix;
- On December 29, the acquisition of a 45% stake in the companies holding the shopping centre Polygone Riviera. As at December 31, 2017, the UR Group owned a 95% interest in this asset; and
- The disposal of a number of non-core assets in Sweden, including Eurostop Arlanda, Arninge Centrum and Eurostop Örebro.

As at December 31, 2017, 307 companies were fully consolidated, six companies were consolidated under "joint operation" (as defined by IFRS 11) and 23 companies were accounted for using the equity method.[47]

Operational reporting

As of December 31, 2017, the UR Group was operationally organised in seven regions: France, Central Europe[48], Spain, the Nordics, Austria, Germany and the Netherlands.

46 EPRA Best Practices Recommendations are available on the EPRA website: www.epra.com.

47 Mainly the Rosny 2 shopping centre in France, the Zlote Tarasy complex in Poland, the Metropole Zlicin shopping centre in the Czech Republic and the CentrO, Gropius Passagen, Paunsdorf Center and Ring-Center shopping centres in Germany.

48 Central Europe includes Ring-Center, accounted for using the equity method.

As France has substantial activities in all three business-lines of the UR Group, this region is itself divided in three segments: Shopping Centres, Offices and Convention and Exhibition. The other regions operate almost exclusively in the Shopping Centre segment.

Business Review By Segment

Shopping Centres

Shopping centre activity in 2017

Footfall[49]

The number of visits to Unibail-Rodamco's shopping centres through December 31, 2017, was up by +0.9% compared to the same period in 2016.

In France, footfall grew by +1.1% through November 30, 2017, outperforming the French national footfall index[50] by +270 bps. Footfall in the UR Group's Parisian[51] shopping centres increased by +1.7% during the same period.

Footfall growth in Germany (+1.7%), Central Europe (+1.3%), the Nordics (+2.9%) and Austria (+1.7%) was partly offset by a drop in footfall in Spain (-0.6%), outperforming the Spanish national footfall index by +30 bps. Footfall in the UR Group's Dutch shopping centres was almost flat (-0.2%) despite the impact of the vacancy of certain of the former V&D department stores for most of 2017 following their closure in 2016[52].

Tenant sales[53]

Through November 30, 2017, Unibail-Rodamco's tenant sales in all regions increased by +3.9% compared to the same period in the prior year, +181 bps better than the aggregate national sales index[54]. The continuous

49 Footfall data include shopping centres accounted for using the equity method (Rosny 2, CentrO and Paunsdorf Center) but not Jumbo, Zlote Tarasy and Metropole Zlicin, as they are not managed by the UR Group. Footfall in Unibail-Rodamco's shopping centres in portfolio of shopping centres in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the 2017 reporting period, shopping centres excluded due to delivery or ongoing works were Carré Sénart and Carré Sénart Shopping Park, Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Parly 2, Glòries, Bonaire, Centrum Chodov, Wroclavia, CH Ursynow, Mall of The Netherlands and Gropius Passagen. Footfall data for Galeria Mokotow, Fisketorvet, Pasing Arcaden, Höfe am Brühl and Palais Vest are excluded due to footfall counter issues.

50 Reference is the CNCC index.

51 Les Quatre Temps, CNIT, Le Forum des Halles and Carrousel du Louvre.

52 Closing of the V&D department stores in Amstelveen, Zoetermeer and Almere in H1 -2016.

53 Tenant sales data include shopping centres accounted for using the equity method (Rosny 2, CentrO and Paunsdorf Center) but not Jumbo, Zlote Tarasy and Metropole Zlicin, as they are not managed by the UR Group. For 2017, shopping centres excluded due to delivery or ongoing works were Carré Sénart and Carré Sénart Shopping Park, Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Parly 2, Glòries, Bonaire, Centrum Chodov, Wroclavia, CH Ursynow and Gropius Passagen. Primark sales are based on estimates.

54 Based on latest national indices available (year-on-year evolution) as at November 2017: France: Institut Français du Libre Service (IFLS)-excluding food; Spain: Instituto Nacional de Estadistica; Central Europe: Česky statisticky urad (Czech Republic), Polska Rada Centrow Handlowych (Poland) (as at October 2017), Eurostat (Slovakia); Austria: Eurostat; the Nordics: HUI Research (Sweden), Danmarks Statistik (Denmark); Germany: Destatis-Genesis, excluding online only operators and fuel sales (Federal Statistical Office). Including online only sales for France, Spain, Austria, the Czech Republic and Slovakia and excluding online only sales for Germany, the Nordics and Poland.

trend of tenant sales increasing at a higher pace than footfall reflects the steady increase of conversion rates since 2013[55].

Region	Tenant Sales Growth (%) (Through Nov. 30, 2017)	Performance versus National Sales Index (bps)
France	+4.6	+413
Central Europe	+5.9	+162
Spain	+1.8	-90
Nordics	+5.3	+303
Austria	+1.7	-80
Germany	+2.3	-125
Total	+3.9	+181

- In France, tenant sales increased by +4.6% through November 2017, outperforming the IFLS index by +413 bps and the CNCC index by +570 bps. Main contributors to sales growth are Forum des Halles (+20.4%), Polygone Riviera (+12.1%) and Vélizy 2 (+6.7%). This was partially offset by So Ouest (-3.3%) and Aéroville (-0.5%), due primarily to the closing of Marks & Spencer in these shopping centres in September 2017.
- In Central Europe, tenant sales increased by +5.9%, outperforming the national sales index by +162 bps. All assets delivered positive sales growth.
- Spanish tenant sales growth (+1.8%) was affected by the Catalonian political situation, although sales in all of the UR Group's assets in Catalonia remained positive, demonstrating their resilience. Tenant sales growth in the UR Group's assets located in the secondary cities were strong, with Vallsur (+14.5%), Los Arcos (+6.4%), El Faro (+5.1%) and Bahia Sur (+2.3%).
- In the Nordics, overall sales increased by +5.3%, outperforming the national sales index by +303 bps. The success of Mall of Scandinavia (+14.2%) was a strong driver; however partially at the expense of sales growth in Solna (-1.8%). Täby Centrum and Nacka Forum recorded positive tenant sales growth also.
- In Germany, tenant sales grew by +2.3%. Strong tenant sales growth in Ruhr Park (+5.7%), Paunsdorf Center (+5.4%), Minto (+4.2%), Höfe am Brühl (+4.1%) and Palais Vest (+3.7%) was partially offset by CentrO (-1.0%), mainly due to re-letting operations (stores closed during their fitting out).

In terms of sectors, sport (+13.4%), dining (+6.4%), health & beauty (+6.1%) and entertainment (+3.2%) posted the highest sales increases, illustrating the importance of the UR Group's approach to offering visitors a differentiating experience. Sales of fashion apparel, the sector with the most GLA (29.2% as at December 31, 2017) within the UR Group, increased by +2.9%. Negative sales growth was recorded in gifts (-1.3%) and department stores & luxury (-0.7%).

Tenant sales in the UR Group's shopping centres increased by +3.7% through December 31, 2017, compared to the same period in 2016.

55 Constant perimeter from 2013 to 2017 (49 shopping centres). Conversion rate: percentage of visitors who have made at least one purchase in the shopping centre.

Unibail-Rodamco's top ten tenants as a percentage of total retail rents for the year ended December 31, 2017

% of total rents	**15.5%**
Largest tenant	**4.7%**
Inditex	
H&M	
Mango	
Fnac Darty	
Printemps	
Vivarte	
Sephora	
Media Markt / Saturn	
Go Sport	
UGC	

Leasing

In 2017, the UR Group signed 1,350 deals (compared to 1,479 deals in 2016) with a Minimum Guaranteed Rent uplift of +14.7% (+16.8% in the UR Group's Flagship[56] assets). The rotation rate in 2017 amounted to 11%, above the UR Group's target of +10%.

With a strategy based on differentiation and exclusive retail destinations, leasing teams signed 223 leases with IPRs, an increase of +13.8% compared to the 196 deals signed in 2016. The share of the IPRs in the UR Group's rotation reached 16.7% in 2017.

Many IPRs have chosen to enter new European markets with stores located in the UR Group's shopping centres including:

- Jo Malone, in the Czech Republic (Centrum Chodov);
- Daniel Wellington, in Poland (Galeria Mokotow) and the Czech Republic (Centrum Chodov);
- Lacoste, in Sweden (Täby Centrum);
- Rituals, in Slovakia (Aupark);
- Bialetti, in Austria (Donau Zentrum);
- Nespresso, first new boutique store concept in Europe in Poland (Galeria Mokotow);
- O'Learys, in the Netherlands (Mall of The Netherlands).

In addition, the UR Group's portfolio has been a platform for IPRs to open their first store in a shopping centre in a country, including:

- Uniqlo in Spain (Glòries);
- COS in the Czech Republic (Centrum Chodov);
- NYX in Germany (CentrO);
- Aesop in France (Parly 2);

[56] The UR Group's Flagship assets at December 31, 2017 were: Les Quatre Temps, Aéroville, Parly 2, Vélizy 2, Carré Sénart, Rosny 2, Le Forum des Halles, Carrousel du Louvre, CNIT, Confluence, La Part-Dieu, Villeneuve 2, Euralille, Polygone Riviera, La Vaguada, Parquesur, Bonaire, Splau, La Maquinista, Glòries, Donau Zentrum, Shopping City Süd, Centrum Cerny Most, Centrum Chodov, Wroclavia, Galeria Mokotow, Zlote Tarasy, Arkadia, Aupark, Jumbo, Fisketorvet, Mall of Scandinavia, Täby Centrum, Stadshart Amstelveen, Leidsenhage, Ruhr Park, Gropius Passagen, CentrO and Pasing Arcaden.

- Five Guys and Wagamama in Spain (Parquesur);
- Asics in the Netherlands (Mall of The Netherlands);
- Joe & The Juice in the Netherlands (Amstelveen).

Finally, the UR Group continued to strengthen its partnerships by accelerating the expansion of IPRs, such as Flying Tiger with 14 new store openings, O bag with ten new stores, and L'Occitane, Armani Exchange and Snipes with seven new stores each.

Brand event activities

Specialty leasing revenues amounted to €25.7 million in 2017, an increase of +13.9% compared to 2016.

The UR Group accelerated the deployment of new spectacular large digital screens throughout Europe, leading to an increase in advertising revenues by 24.5% (+€1.7 million) compared to 2016.

In 2017, revenues from pop-up stores and roadshows increased by +15.9% (+€1.8 million) compared to 2016, primarily due to several cross-border deals with health & beauty brands such as Solaris and Chanel. The UR Group also reinforced partnerships through roadshows organised with several electronics brands such as Samsung and Huawei.

Extension, renovation and brownfield projects

2017 was a very active year with five deliveries (99% let at opening), highlighting yet again the importance of the UR Group's development pipeline to fuel NRI growth.

- The grand opening of the fully let Centrum Chodov extension on October 10, 2017 drew more than 70,000 visitors. Following a 3-year construction phase, Centrum Chodov is now the largest shopping centre in the Czech Republic with 101,600 m^2 GLA and 301 units[57]. The tenant mix includes new market entries, such as Zara Home, Oysho and Converse. It also hosts the largest and most modern multiplex in the country, an 18-screen Cinema City with three VIP screens and a 4DX auditorium[58]. On November 7, Centrum Chodov received the "Best of Realty 2017" award as the best shopping centre project from The Association for Real Estate Market Development.
- Wroclavia opened on October 17, 2017 in Wroclaw and has attracted over 3.1 million visits as at December 31, 2017. The 81,000 m^2 mixed-use project (65,000 m^2 dedicated to retail) has 177 shops, restaurants and entertainment units. The tenant mix includes retailers such as Sfera, Blue Frog, La Mallorquina, Vapiano, Uterqüe and Steve Madden.
- The grand opening of the Carré Sénart extension took place on October 25, 2017. With an extra 31,310 m^2 (151,800 m^2 in total, including the shopping park), the shopping centre now includes a Galeries Lafayette department store and 68 new shops, including iconic brands such as Uniqlo, NYX, Armani Exchange, Superdry, Hema, Rituals, and Sostrene Grene. Since the opening, a +20% increase in average daily footfall compared to 2016 was recorded. Since late October, Carré Sénart is now open on Sundays.
- The grand opening of the completely renovated Glòries occurred on November 9, 2017. It hosts 130 shops over 67,000 m^2 (+10,501 m^2) including a 3,000 m^2 Fresh! as well as the first Uniqlo in a shopping centre in Spain, the newest and largest Mango concept in Spain, the largest H&M in a shopping centre in Spain and the first H&M Home in Barcelona.

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57 Cushman & Wakefield; GLA grading excluding retail parks, self-standing shops with furniture/home/garden offer even when they are connected and owned by the shopping centre.

58 Cinema technology augmented with environmental effects such as seat motion, wind, rain, lights, and scents, designed to create a more immersive experience for the viewer.

- On November 29, 2017, Parly 2 inaugurated the new 3,500 m^2 GLA "Pont Neuf" extension which creates a loop that facilitates the customer journey. It offers 16 new stores including Uniqlo, Armani Exchange, New Balance, Bensimon, Marlette[59], Rituals and Aesop. In addition, Monoprix (extended on a 6,000 m^2 sales surface) and BHV opened completely renewed anchor stores.

Destinations and innovation

The roll-out of destination concepts continued in 2017, including:

- The Dining Experience™: two new projects were opened in October in Poland, in Wroclavia and Arkadia;
- The Designer Gallery™: a fourth Designer Gallery opened in Centrum Chodov on October 11, 2017;
- The Family Experience: a third Family Experience was launched in Centrum Cerny Most on October 30, 2017.

The 4 Star label has been awarded to Wroclavia, Parly 2, Bonaire, Centrum Chodov and Glòries this year. These additions bring to 31 the total number of 4 Star labeled shopping centres in the UR Group.

The deployment of Connect, the smartphone application launched in 2016 to communicate directly with all employees working in stores in the UR Group's shopping centres, continued in 2017 with 33 shopping centres now equipped (compared to six as at December 31, 2016).

The third season of UR Link, the UR Group's start-up accelerator, was focused around three main themes: develop more sustainable and social places, create new destinations and services, and better know and engage the UR Group's visitors. Selected start-ups included Phenix (waste management in shopping centres), Combo Solutions (simulating the carbon impact of the construction and operations of new buildings) and Jam (development of a chatbot to communicate with Millennials in Le Forum des Halles).

Unibail-Rodamco's efforts to collaborate with start-ups were recognised in 2017: the UR Group was nominated as one of the three finalists for the prestigious "David avec Goliath" prize, and selected by "La French Tech" in its 2017 Barometer.

Marketing and digital

The UR Group strengthened its media and events efforts in 2017, initiating its first personalized email campaigns by leveraging its new data and CRM capabilities.

The Unexpected Shopping advertising strategy was amplified with "Unexpected Smile," a Europe-wide advertising movie released in October in 33 of the UR Group's assets. The campaign's objective was to reinforce the image of Unibail-Rodamco's shopping centres by inviting viewers to discover the amazing experiences they offer. Over 5.5 million views were recorded on social networks all over Europe.

The UR Group continued to leverage its exclusive partnership with Niantic Inc. and The Pokémon Company with "spawning moments" in August, including never-seen-before "Pokémon creatures" in Europe. The footfall increased by +9% over three weekends in August, compared to 2016[60]. The first worldwide "Pokémon Go Safari Zone" events were held in Les Quatre Temps, La Maquinista, CentrO, Fisketorvet, Centrum Cerny Most and Mall of Scandinavia. This had a major impact and increased footfall:

- +60%[61] in Fisketorvet (best day in 2017);

59 Winner of the "Grand Prize of the Young Retail Entrepreneurs" in 2014, the contest created by the UR Group in 2007 to support the creation of new businesses.

60 On a perimeter of 36 shopping centres.

61 Vs. same Saturday in 2016.

- +36% in Centrum Cerny Most (best footfall ever);
- +33% in Mall of Scandinavia;
- +22% in La Maquinista (third best day ever);
- +21% in Les Quatre Temps;
- +19% in CentrO.

These events also had a positive impact on customer recruitment and sales, as 56% of the participants who answered a post-event survey in Mall of Scandinavia and Fisketorvet declared having never visited the centre before and 93% said that they had made at least one purchase during the day.

On the digital side, Unibail-Rodamco signed up almost +1.8 million new customers to its loyalty program in 2017 to reach a total of 4.2 million members. 85% of these new members came through digital channels (web and apps) compared to 37% in 2016.

In 2017, the audience on the UR Group's digital channels also showed a favourable increase with:

- 53 million web sessions;
- 235,000 app users on average per month (vs. 120,000 in 2016) with a peak reached in December (400,000 users, three times more than in December 2016).

The UR Group also continued the roll out and improvements of its digital services:

- New map in mobile apps introduced in Q4 2017 for all shopping centres;
- "Find my car" rolled out, now in 16 shopping centres (vs. four as at December 31, 2016).

2017 was also marked by the roll-out of Salesforce, the B2C CRM tool that will be at the heart of Unibail-Rodamco's "visitor farming" strategy in 2018:

- 55% of the portfolio (37 centres around Europe) equipped with the Salesforce CRM capability;
- 237 email campaigns launched, with 7 million emails sent and an opening rate of 21.9% (vs. the retail benchmark of 20%) and click rates of 3.8% (vs. the retail benchmark of 2.5%).

Net Rental Income

As at December 31, 2017, the UR Group owned 79 retail assets, of which 67 are shopping centres. 57 of these host six million or more visits per annum and represent 97% of the UR Group's retail portfolio[62] GMV. Unless otherwise indicated, all references to rents, contributions from affiliates and leases signed relate to the period ended December 31, 2017, and comparisons relate to the full year 2016.

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[62] On standing assets, including value of equity in the companies accounted for using the equity method.

Total consolidated NRI of the shopping centre portfolio amounted to €1,346.4 million, an increase of +5.8%, mainly due to a strong like-for-like growth of +4.3% and the positive impact of deliveries in Spain, France and Central Europe.

Region	Net Rental Income 2017	2016	%
	(€ in millions)		
France	609.8	580.5	5.0%
Central Europe	172.4	156.2	10.4%
Spain	161.0	146.0	10.3%
Nordics	145.8	139.9	4.2%
Austria	103.2	98.6	4.6%
Germany	92.6	89.9	2.9%
Netherlands	61.7	61.5	0.2%
TOTAL NRI	**1,346.4**	**1,272.6**	**5.8%**

The total net change in NRI amounted to +€73.8 million due to:

- +€34.1 million from the delivery of shopping centres or new units, mainly in Spain (Glòries and Bonaire), France (mainly Le Forum des Halles, Carré Sénart and Parly 2) and Central Europe (mainly Centrum Chodov and Wroclavia).
- +€2.6 million from the acquisition of additional units, mainly in France.
- -€2.5 million due to a negative currency translation effect from SEK.
- -€3.3 million due to assets moved to the pipeline, mainly in France and the Netherlands (Mall of The Netherlands project).
- -€7.2 million due to disposals of assets, mainly the Nordics (Eurostop Arlanda, Arninge Centrum and Eurostop Örebro in 2017), in Spain (Sant Cugat in December 2016 and Barnasud in November 2017) and Central Europe (Europark in April 2016).
- +€50.1 million of like-for-like growth. The +4.3% like-for-like NRI growth exceeded indexation[63] by +360 bps, above the URW Group's objective of like-for-like NRI growth of between 200 and 300 bps above indexation.

Region	Net Rental Income Like-for-like 2017	2016	%
	(€ in millions)		
France	528.3	509.2	3.7%
Central Europe	153.2	147.0	4.2%
Spain	142.9	136.6	4.6%
Nordics	140.5	130.6	7.6%
Austria	102.4	98.6	3.9%
Germany	92.5	89.6	3.2%
Netherlands	51.2	49.3	3.8%
TOTAL NRI Lfl	**1,211.1**	**1,161.0**	**4.3%**

63 Indexation is the annual automatic increase of rents based on either a composite index or the consumer price index of a particular country in which the asset is located.

Region	Net Rental Income (2017) Like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	Other (a)	Total
France	0.2%	1.4%	2.1%	3.7%
Central Europe	1.2%	2.8%	0.2%	4.2%
Spain	0.4%	3.9%	0.3%	4.6%
Nordics	1.9%	2.4%	3.3%	7.6%
Austria	1.0%	2.6%	0.3%	3.9%
Germany	1.0%	2.4%	-0.1%	3.2%
Netherlands	0.4%	-3.9%	7.4%	3.8%
TOTAL	0.7%	1.9%	1.7%	4.3%

(a) Other income net of operating expenses

The +4.3% like-for-like NRI growth reflects indexation of +0.7% (+0.3% in 2016), the solid performance in renewals and relettings (+1.9% vs. +2.2% in 2016) and the positive impact of "Other" (+1.7% vs. +0.9% in 2016). The growth in "Other" was due primarily to a SBR increase (primarily in the Nordics and France), indemnities received from departing tenants in France and a reversal of provisions related to litigation in the Netherlands.

Across the portfolio, SBR represented 3.0% (€40.5 million) of NRI, vs. 2.6% (€33.0 million) in 2016. This increase is mainly due to the success of Mall of Scandinavia and Fisketorvet in the Nordics.

Contribution of affiliates

The total recurring contribution of affiliates[64] for the shopping centre portfolio amounted to €84.0 million, compared to €66.7 million in 2016.

Region	Contribution of affiliates (€ in millions)		
	2017 Recurring activities	2016 Recurring activities	Change
France	8.1	7.0	1.1
Central Europe	46.6	30.7	15.9
Spain	0.2	0.5	-0.3
Germany	29.1	28.5	0.6
TOTAL	84.0	66.7	17.3

The total net increase of +€17.3 million is mainly due to:

- In France, a good performance in Rosny 2;
- In Central Europe, the UR Group reimbursed in January 2017 a participating loan held by funds managed by CBRE Global Investors, resulting in a positive impact on the Contribution of affiliates for the region; the acquisition of Metropole Zlicin also had a positive impact;
- In Spain, the decrease is due to the full consolidation of Benidorm since June 2016; and

64 Contribution of affiliates represents UR's share of the Net recurring result for the period of all entities accounted for using the equity method and interests received on loans granted to companies accounted for using the equity method.

- In Germany, the good performance in Paunsdorf Center was offset by the impact of higher vacancy in CentrO during reletting periods and the refurbishment of Gropius Passagen.

Leasing activity in 2017

The UR Group signed 1,350 leases on consolidated standing assets (1,479 in 2016) for €159.7 million of MGR. The average MGR uplift on renewals and relettings was +14.7% (+17.4% in 2016), exceeding the UR Group's targets for the period. The uplift in 2017 was the result of the reversion in Spain, Austria and France, partially offset by a lower MGR uplift in Germany, Central Europe and the Nordics and the negative uplift in the Netherlands. In 2016, the UR Group's MGR uplift was particularly high, primarily due to exceptionally strong leasing in France (in the Le Forum des Halles standing part, Parly 2 and Les Quatre Temps).

	Lettings / re-lettings / renewals excl. Pipeline (2017)				
				MGR uplift	
Region	**Number of leases signed**	**m²**	**MGR (€ in millions)**	**€ in millions**	**%**
France	332	106,642	55.3	7.0	19.0%
Central Europe	302	47,161	28.8	2.7	11.7%
Spain	264	52,532	28.9	5.1	23.9%
Nordics	178	54,327	19.3	0.2	1.4%
Austria	108	22,226	12.7	2.0	20.7%
Germany	75	10,288	4.8	0.4	12.4%
Netherlands	91	42,219	10.0	-0.4	-5.1%
TOTAL	1,350	335,394	159.7	17.1	14.7%

Lease expiry schedule, Vacancy and Occupancy Cost Ratio

As at December 31, 2017, the total annualised MGR from Unibail-Rodamco's shopping centre portfolio increased to €1,341.2 million (€1,279.6 million as at December 31, 2016).

The following table shows a breakdown by lease expiry date and at the tenant's next break option, as of December 31, 2017:

	Lease expiry schedule			
Retail	**MGR (€ in millions) at date of next break option**	**As a % of total**	**MGR (€ in millions) at expiry date**	**As a % of total**
Expired	38.4	2.9%	38.4	2.9%
2018	242.6	18.1%	88.4	6.6%
2019	272.4	20.3%	109.2	8.1%
2020	281.1	21.0%	134.2	10.0%
2021	135.1	10.1%	120.9	9.0%
2022	138.8	10.4%	181.3	13.5%
2023	66.8	5.0%	120.8	9.0%
2024	38.5	2.9%	83.7	6.2%
2025	40.6	3.0%	117.4	8.8%
2026	20.9	1.6%	85.7	6.4%
2027	17.9	1.3%	90.6	6.8%
2028	4.9	0.4%	23.6	1.8%
Beyond	43.1	3.2%	146.8	10.9%
TOTAL	1,341.2	100%	1,341.2	100%

The ERV of vacant space in operation on the total portfolio increased to €37.8 million (from €35.2 million as at December 31, 2016).

The EPRA vacancy rate increased to 2.4% as at December 31, 2017 (2.3% as at December 31, 2016) and includes 0.2% of strategic vacancy. The increase of vacancy in the Netherlands is due mainly to the strategic vacancy in Stadshart Amstelveen, and in the Nordics to departures in Täby Centrum.

	Vacancy		
	December 31, 2017		December 31, 2016
Region	€million	%	%
France	20.0	2.8%	2.8%
Central Europe	0.7	0.4%	0.1%
Spain	2.2	1.0%	1.0%
Nordics	6.8	4.2%	3.3%
Austria	1.1	1.0%	1.2%
Germany	2.8	2.6%	2.2%
Netherlands	4.1	6.5%	6.0%
TOTAL(1)	37.8	2.4%	2.3%

(1) Excluding development pipeline.

The OCR for the UR Group increased to 15.1% as at December 31, 2017, compared to 14.7% as at December 31, 2016.

	OCR	
Region	December 31, 2017	December 31, 2016
France	15.4%	15.4%
Central Europe	16.4%	15.9%
Spain	13.1%	12.2%
Nordics	15.4%	13.8%
Austria	16.7%	15.9%
Germany	13.6%	13.7%
Netherlands (1)	—	—
TOTAL	15.1%	14.7%

(1) Tenant sales not available for the Netherlands.

Average rent/m² and Appraisers' view on NRI Growth

The table below contains quantitative data used by the UR Group's appraisers, and disclosed in " — URW Property Portfolio and Net Asset Value as at June 30, 2018 — Additional Valuation parameters — IFRS 13," provided pursuant to IFRS 13 in order to provide readers with incremental data on the UR Group's consolidated assets.

Shopping Centres - December 31, 2017		**Rent in € per sqm (a)**	**CAGR of NRI (b)**
	Max	901	11.8%
France	Min	122	1.6%
	Weighted average	537	4.2%
	Max	583	3.2%
Central Europe	Min	205	2.3%
	Weighted average	416	2.5%
	Max	813	3.7%
Spain	Min	117	2.3%
	Weighted average	320	3.3%
	Max	488	5.3%
Nordics	Min	201	2.9%
	Weighted average	387	3.3%
	Max	471	4.1%
Germany	Min	252	2.4%
	Weighted average	310	3.3%
	Max	395	3.0%
Austria	Min	377	2.7%
	Weighted average	386	2.9%
	Max	406	4.7%
Netherlands	Min	124	2.8%
	Weighted average	256	3.3%
	Max	**901**	**11.8%**
UR Group	**Min**	**117**	**1.6%**
	Weighted average	**406**	**3.5%**

(a) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m².
(b) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Overview of German operations[65]

Under IFRS (as applicable in the EU), the performance of the UR Group's German portfolio is reported partly in consolidated NRI and partly in the line "Contribution of affiliates."

To provide a better understanding of the operational performance of the UR Group's German assets, the following paragraph describes a number of key performance indicators[66] on a pro rata and fully owned basis:

- The total GMV of the German portfolio (fully or partly owned) amounted to €5.4 billion as at December 31, 2017 (€5.0 billion as at December 31, 2016);

[65] Includes Office assets, representing 0.7% of total GMV-group share. Excludes Ring-Center.
[66] These operating data are for 100% of the assets for the years 2016 and 2017, and therefore cannot be reconciled with the UR Group's financial statements and key performance indicators.

- The Pipeline amounted to €1.3 billion as at December 31, 2017 (€1.2 billion as at December 31, 2016);
- The GLA managed amounted to 1.4 million m^2 and includes 0.8 million m^2 of owned assets;
- NRI amounted to €202.2 million, an increase of +€1.9 million compared to 2016;
- On a like-for-like basis, NRI grew by +1.8% (with indexation of +0.8%);
- 140 leases were signed for standing assets (154 in 2016), with an average MGR uplift of +2.8%;
- EPRA vacancy rate as at December 31, 2017 was 4.0% compared to 4.9% as at December 31, 2016, mainly driven by a decrease in CentrO thanks to several successful relettings;
- OCR for tenants as at December 31, 2017 was 15.5%, compared to 15.1% as at December 31, 2016.

Offices

Office property market in 2017

Take-up

With 2.6 million[67] m^2 of office space let in 2017, take-up in the Paris region was at the highest since 2007. This is mostly due to transactions in the Western crescent and to those over 5,000 m^2. 88 transactions[68] above 5,000 m^2 were recorded in 2017 (65 in 2016) and accounted for 1.1 million m^2 (+23% vs. 2016). 67% concerned new or refurbished as new buildings.

Nearly 1.1 million[69] m^2 were rented in Paris in 2017, stable compared to 2016. Take-up in the Paris CBD was 481,000 m^2 (+8% vs. 2016).

The La Défense market saw transactions in line with the 10-year average, with 177,000 m^2 rented out in 2017. No significant transactions were recorded, mainly due to the lack of large and prime premises delivered in 2017. No change is expected for 2018.

Available supply[70]

The available supply in the Paris region as at December 31, 2017, remained stable at around 3.4 million m^2, of which 15% of new or refurbished as new buildings.

The vacancy rate in the Paris region has decreased steadily since 2014 and reached 6.5% at year-end 2017 (compared to 6.8% at year-end 2016).

The differences remain significant from sector to sector with, for example, a vacancy rate of around 2.9% in Paris CBD and a steep drop in La Défense from 8.2% as at December 31, 2016, to 7.3%. For other sectors such as Peri-Défense and the Northern Rim, vacancy rates remain over 15%.

Rental values

Rental values increased in the Paris Region throughout 2017, especially in Paris CBD, where recorded rents have exceeded €800 / m^2, up to €850 / m^2 on the Champs-Elysées (Paris 8).

In La Défense, there was no new or refurbished as new supply. Consequently, the highest rent did not exceed €520 / m^2 (Cœur Défense).

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67 Source: Immostat.
68 Source: BNP Paribas Real Estate.
69 Source: BNP Paribas Real Estate.
70 Source: BNP Paribas Real Estate.

Despite a favourable market context, the Paris region lease incentives stayed high in 2017 with significant variations depending on volume and quality of the immediately available supply in the different sectors.

Investment market

The total volume of transactions closed in the Paris region during 2017 amounted to €16.4 billion[71] (stable compared to 2016). This volume was driven by €11.8 billion of transactions in H2, compared to €4.6 billion in H1.

45 large transactions (over €100 million) were recorded in 2017, compared to 46 in 2016. The largest were:

- Cœur Défense (approximately €1.7 billion) and Tour Hekla (approximately €575 million) in La Défense;
- So Ouest Plaza in Levallois;
- Tours Duo and Parc Avenue in Paris 13;
- 92 Gambetta in Paris 20;
- In & Out in Boulogne-Billancourt and West Plaza in Colombes.

As in 2016, with some exceptions, French investors, primarily investment funds, insurance companies and SCPIs, drove the market in 2017.

Strong demand, ample availability of financing and the limited supply of high quality office buildings continued to compress yields for prime office assets in La Défense, where prime yields fell by about 50 bps to around 4.00-4.25%, as illustrated by the sale of Tour Hekla. In Paris CBD, prime yields were stable vs. 2016 at around 3.00-3.25%.

Office division activity in 2017

Unibail-Rodamco's consolidated NRI from its offices portfolio amounted to €140.8 million, a -8.1% decrease compared to 2016 due primarily to the disposals in 2016 and 2017.

Region	Net Rental Income 2017	Net Rental Income 2016	%
	(€ in millions)		
France	123.6	135.7	-9.0%
Nordics	12.4	12.9	-4.2%
Other countries	4.9	4.6	5.1%
TOTAL NRI	**140.8**	**153.2**	**-8.1%**

The decrease of -€12.5 million breaks down as follows:

- +€1.7 million mainly due to the delivery in March 2016 of Village 3;
- -€0.4 million due to currency effects in Sweden and other minor effects;
- -€6.8 million mainly due to the transfer of Shift (formerly "Issy Guynemer") to the pipeline;
- -€22.1 million mainly due to disposals of 2-8 Ancelle in March 2016, So Ouest offices in July 2016, 70-80 Wilson and Nouvel Air in October 2016 and So Ouest Plaza in October 2017;

71 Source: Cushman & Wakefield.

- The like-for-like NRI growth was +€15.1 million (+13.5%) mainly due to good leasing performance in France and the full year impact of the Deloitte lease in Majunga (commenced in April 2016).

Region	Net Rental Income Like-for-like		
	2017	2016	%
	(€ in millions)		
France	111.0	95.8	15.9%
Nordics	11.7	11.4	2.7%
Other countries	4.6	5.0	-6.7%
TOTAL NRI Lfl	127.3	112.2	13.5%

A record 97,144 wm² were leased in standing assets, including 72,266 wm² in France. Lease agreements were signed with AEW, Paul Hastings, Arsene and Dior in Capital 8, with In'Li in Tour Ariane, with Orange in Les Villages 4 and 6, as well as the renewals of SNCF in CNIT and Marsh in Tour Ariane.

In addition, the UR Group has entered into exclusive negotiations with Nestlé to prelet the entire 44,566 m² Shift building, to be concluded during Q1-2018, more than one year prior to delivery.

The expiry schedule of the leases of the office portfolio (termination option and expiry date) as of December 31, 2017 is shown below:

Office	Lease expiry schedule			
	MGR (€ in millions) at date of next break option	As a % of total	MGR (€ in millions) at expiry date	As a % of total
Expired	1.8	1.1%	1.8	1.1%
2018	15.1	8.9%	10.5	6.2%
2019	37.6	22.2%	23.0	13.5%
2020	11.1	6.5%	4.2	2.5%
2021	9.6	5.7%	2.5	1.5%
2022	10.1	5.9%	6.8	4.0%
2023	8.6	5.0%	15.2	9.0%
2024	0.6	0.3%	5.9	3.5%
2025	40.8	24.1%	11.8	6.9%
2026	5.6	3.3%	8.4	5.0%
2027	1.3	0.8%	21.8	12.9%
2028	17.4	10.2%	37.8	22.3%
Beyond	10.1	5.9%	19.9	11.8%
TOTAL	**169.7**	**100%**	**169.7**	**100%**

ERV of vacant office space in operation amounted to €8.4 million as at December 31, 2017, corresponding to a financial vacancy of 4.6% (13.1% as at year-end 2016), including €5.2 million and 3.3% (13.4% at year-end 2016) in France. This decrease is mainly due to the lettings of vacant areas in Capital 8 and Les Villages. The remaining vacancy as at year-end 2017 is mainly in Les Villages and Tour Ariane.

Convention and Exhibition

The activity is exclusively located in the Paris region and consists of a real estate venues and services company (Viparis).

Viparis is owned jointly with the CCIR and is fully consolidated by Unibail-Rodamco.

The Convention and Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year.

2017 has been characterized by the following shows:

Annual shows:

- The International Agriculture's show ("SIA") attracted 619,000 visitors, +1.3% vs. 2016;
- The 2017 edition of the "Foire de Paris" attracted 525,800 visitors, +1.5% vs. 2016;
- The 2nd edition of Vivatech held in Paris Expo Porte de Versailles attracted over 60,000 visitors (+33% vs. 2016), 500 international speakers and over 6,000 start-ups and exhibitors from over 50 countries.

Biennial shows:

- The 52nd edition of the "Le Bourget International Air Show" (SIAE) was a record-breaking event with almost 2,400 exhibitors from 48 countries and US$150 billion of new orders announced;
- The "Paris International Agri-Business Show" (SIMA) welcomed 1,770 exhibitors from 42 countries. It attracted approximately 232,000 visits (-3.0% vs. 2015), including 23% from outside of France;
- Le "Mondial du Bâtiment," one of the world's leading construction shows welcomed 319,200 visitors (20% were international) in November.

In March, Samsung chose the Carrousel du Louvre to host the worldwide presentation of its new TV range "The Frame."

EuroPCR, the official congress of the European Association of Percutaneous Cardiovascular Interventions (EAPCI), is the world's leading annual congress in its field. Held in May in Paris, in Palais des Congrès, this event drew more than 12,000 participants.

"IFOS," the international congress of the International Federation of Oto-Rhino-Laryngological Societies, was held in Paris in June, in Paris Expo Porte de Versailles. Last hosted in Paris in 1961, this rotating congress drew more than 8,000 specialists, double the number of participants of the previous edition in Seoul in 2013.

In October, the Palais des Congrès de Paris welcomed the Google Cloud Summit with 2,500 delegates.

The new Paris Convention Centre was opened on November 22 and welcomed its first congress in December: the 30th Rheumatology congress with 5,000 participants.

In total, 725 events were held in the Viparis venues during 2017, which included 258 shows, 105 congresses and 362 corporate events.

Viparis's EBITDA came to €134.4 million, flat compared to 2015 adjusted for the impact of the triennial Intermat exhibition. Growth in the turnover of the corporate events[72] (+13.6%) and congresses (+19.4%) segments was offset by the decline in the exhibition segment and the negative impact of the security costs post the 2015 terrorist attacks. The EBITDA decreased by -€8.7 million (-6.1%) compared to the reported EBITDA (€143.1 million) for 2015.

At the end of 2017, signed and pre-booked events in Viparis venues amounted to 92% of its expected 2018 rental income, slightly above usual levels of between 85% and 90%.

72 Excluding CNIT, currently not operated due to the EOLE works.

The NRI from hotels amounted to €11.6 million for the period, compared to €13.0 million in 2016, as a result of the closure in August 2017 of the Pullman Montparnasse hotel for renovation works.

Comparison of the Results of the UR Group for the Year Ended December 31, 2017 to the Results of the UR Group for the Year Ended December 31, 2016

The results of the UR Group presented below are based on the consolidated statement of comprehensive income prepared according to IFRS (as applicable in the EU), under which certain property investments held in joint-ventures are accounted for using the equity method.

Unless otherwise indicated, all references below relate to the year ended December 31, 2017, and comparisons relate to the year ended December 31, 2016.

Gross rental income

The Gross Rental Income (GRI) of UR amounted to €1,822.3 million in 2017 (vs. €1,770.3 million in 2016), an increase of +2.9%. This growth results mainly from:

- The delivery of shopping centres or new units, mainly in Spain (Glòries and Bonaire), France (mainly Le Forum des Halles, Carré Sénart and Parly 2) and Central Europe (mainly Centrum Chodov and Wroclavia);
- A strong like-for-like growth in the retail segment;
- A decrease in the office segment (-9.1%), due to disposals of 2-8 Ancelle, So Ouest offices, 70-80 Wilson and Nouvel Air in 2016 and So Ouest Plaza in 2017;
- A slight decrease in the C&E segment due to the seasonality of this activity, with less shows in odd years than even years.

Region	Gross Rental Income		
	2017	2016	%
	(€ in millions)		
France	682.1	651.2	4.7%
Central Europe	179.0	159.6	12.2%
Spain	178.0	163.3	9.0%
Nordics	159.1	158.4	0.4%
Austria	109.1	102.1	6.9%
Germany	99.7	96.6	3.2%
Netherlands	70.2	73.3	-4.2%
Subtotal UR - Retail	**1,477.1**	**1,404.6**	**5.2%**
Offices UR	147.8	162.6	-9.1%
C&E UR	181.7	186.0	-2.3%
Hotels UR	15.7	17.2	-8.7%
Total UR	**1,822.3**	**1,770.3**	**2.9%**

Net rental income

The Net Rental Income (NRI) of UR amounted to €1,582.6 million in 2017 (vs. €1,528.5 million in 2016), an increase of +3.5%. This growth is a result of the growth in the retail segment (+5.8%), due to deliveries and a strong like-for-like growth, partially offset by the negative impact of disposals in the office segment.

Region	Net Rental Income		
	2017	2016	%
	(€ in millions)		
France	609.8	580.5	5.0%
Central Europe	172.4	156.2	10.4%
Spain	161.0	146.0	10.3%
Nordics	145.8	139.9	4.2%
Austria	103.2	98.6	4.7%
Germany	92.6	89.9	3.0%
Netherlands	61.7	61.5	0.4%
Subtotal UR - Retail	**1,346.4**	**1,272.6**	**5.8%**
Offices UR	140.8	153.3	-8.2%
C&E UR	83.9	89.6	-6.4%
Hotels UR	11.6	13.0	-10.8%
Total UR	**1,582.6**	**1,528.5**	**3.5%**

Corporate expenses amounted to -€117.3 million in 2017, compared to -€116.8 million in 2016. As a percentage of NRI from shopping centres and offices, corporate expenses were 7.9% in 2017 (vs. 8.2% in 2016). As a percentage of GMV of shopping centres and offices, corporate expenses stood at 0.30% in 2017 (vs. 0.32% in 2016).

Development expenses incurred for feasibility studies of projects and potential acquisitions amounted to -€3.6 million in recurring expenses in 2017 (-€5.9 million in 2016).

Acquisition and related costs amounted to -€62.4 million in 2017 (vs. -€1.3 million in 2016) and were related to the Westfield acquisition announcement (financial and legal advisory fees, including VAT).

In addition, UR paid -€47.3 million in H2-2017 to hedge the USD cash component of its offer for Westfield, which amount was registered in “Fair value adjustments of derivatives and debt”.

Net other income, resulting from property services companies in France, Spain and Germany, was €79.8 million in 2017, compared to €86.2 million in 2016, a decrease of -€6.4 million, mainly due to C&E on site property services, partially offset by a better net income in Germany.

Result on disposal of investment properties and shares was €73.8 million in 2017, compared to €96.2 million in 2016 (€91.2 million from disposal of investment properties and €5.0 million from disposal of shares), which breaks down as follows:

Region	Result on disposal (€ in millions)		
	2017	**2016**	**Change**
France	15.1	6.1	9.0
Central Europe	—	3.1	-3.1
Spain	-0.6	20.8	-21.4
Nordics	0.1	-0.5	0.6
Austria	—	—	—
Germany	—	—	—
Netherlands	1.9	0.1	1.8
Subtotal UR - Retail	**16.6**	**29.6**	**-13.0**
Offices UR	57.2	66.6	-9.4
C&E UR	—	—	—
Hotels UR	—	—	—
Total UR	**73.8**	**96.2**	**-22.4**

Valuation movements on assets amounted to +€1,364.4 million in 2017 (vs. +€2,005.8 million in 2016) and break down as follows:

Region	Valuation movements on assets (€ in millions)		
	2017	**2016**	**Change**
France	513.3	520.2	-6.9
Central Europe	296.2	410.9	-114.7
Spain	141.2	370.1	-228.9
Nordics	132.0	161.7	-29.7
Austria	79.4	141.0	-61.6
Germany	58.1	124.4	-66.3
Netherlands	-53.1	1.3	-54.4
Subtotal UR - Retail	**1,167.1**	**1,729.6**	**-562.5**
Offices UR	342.5	234.8	107.7
C&E UR	-142.8	43.8	-186.6
Services UR	-2.4	-2.4	—
Total UR	**1,364.4**	**2,005.8**	**-641.4**

Impairment of goodwill / Negative goodwill amounted -€9.2 million in 2017 (vs. no impairment of goodwill / negative goodwill in 2016) and is related to the C&E segment.

Result from non-consolidated companies of +€0.9 million in 2017 (vs. +€ 0.4 million in 2016) is related to one-off items resulting mainly from litigation.

Net financing costs (recurring) totalled -€228.0 million in 2017 (after deduction of capitalised financial expenses of €18.7 million allocated to projects under construction). This represents a -€26.9 million decrease compared to 2016.

The UR Group's average cost of debt[73] decreased to 1.4% in 2017 (vs. 1.6% in 2016).

Non-recurring financial result amounted to -€0.9 million in 2017, which breaks down as follows:

- +€21.1 million fair value adjustment of the ORNANEs issued in 2012, 2014 and 2015;
- -€21.3 million of fair value adjustments of derivatives and debt, which breaks down as follows:
  - -€90.1 million due to the marking-to-market of derivatives, including the impact of the marking-to-market of the euro/US$ swaptions related to the Westfield acquisition. Unibail-Rodamco recognises the change in value of its derivatives directly in the income statement;
  - +€70.3 million of currency impact mainly resulting from the revaluation of bank accounts and debt issued in foreign currencies. The offsetting cost of the cross currency swap was recorded in the mark-to-market of derivatives as these transactions were fully hedged;
  - -€1.5 million of other minor items.
- -€0.7 million of debt discounting.

Contribution of companies accounted for using the equity method

The Contribution of companies accounted for using the equity method[74] amounted to €118.6 million in 2017 (vs. €5.0 million in 2016) and breaks down as follows:

- Share of the result of companies amounted to €91.6 million in 2017 (vs. -€13.3 million in 2016);
- Income on financial assets amounted to €27.0 million in 2017(vs. €18.3 million in 2016).

The breakdown per segment is as follows:

	Contribution of companies accounted for using the equity method (€ in millions)						
Region	**2017 Recurring activities**	**2017 Non-recurring activities**	**2017 Total**	**2016 Recurring activities**	**2016 Non-recurring activities**	**2016 Total**	**Change**
France	8.1	5.7	13.9	7.0	8.8	15.7	-1.8
Central Europe	46.6	28.3	74.9	30.7	-74.2	-43.5	118.4
Spain	0.2	-0.1	0.1	0.5	-0.1	0.5	-0.4
Germany	29.1	1.5	30.6	28.5	3.9	32.4	-1.8
Subtotal UR - Retail	**84.0**	**35.5**	**119.5**	**66.7**	**-61.7**	**5.0**	**114.4**
Offices UR	—	—	—	—	—	—	—
C&E UR	0.5	-1.4	-0.9	0.7	-0.7	-0.1	-0.8
Subtotal UR	**84.5**	**34.1**	**118.6**	**67.4**	**-62.4**	**5.0**	**113.6**

Income tax expenses are due to the UR Group's activities in countries where specific tax regimes for property companies[75] do not exist and from activities in France not eligible for the SIIC regime, mainly in the

[73] Average cost of debt equals (x) the sum of (i) the recurring financial expenses (excluding those on financial leases and related to partners' current accounts) and (ii) the capitalised financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact), divided by (y) the average net debt over the period.

[74] Contribution of companies accounted for using the equity method represents UR's share of the Net recurring result for the period of all entities accounted for using the equity method and interests received on loans granted to companies accounted for using the equity method.

[75] In France: SIIC.

Convention and Exhibition business. Income tax expenses amounted to -€74.2 million in 2017 (vs. -€283.2 million in 2016), which breaks down as follows:

- Income tax allocated to the recurring net result amounted to -€17.7 million in 2017 compared to -€11.1 million in 2016;
- Non-recurring income tax expenses amounted to -€56.5 million in 2017 (-€272.1 million in 2016), reflecting mainly the increase in deferred tax liabilities as a result of the revaluation of the UR Group's real estate assets. This amount also includes the benefit of the +€30.6 million refund claimed from the French tax authorities for the 3% tax levied on cash dividends paid by French companies between 2012 and 2016.

Non-controlling interests (NCI) amounted to €283.0 million in 2017 (vs. €408.4 million in 2016), which breaks down as follows:

- Recurring NCI amounted to €176.9 million compared to €177.4 million in 2016. NCI mainly relate to French shopping centres (€94.3 million, mainly Les Quatre Temps, Parly 2 and Le Forum des Halles), to the stake of CCIR in Viparis (€42.8 million) and to Unibail-Rodamco Germany and Ruhr-park (€33.3 million).
- Non-recurring NCI amounted to €106.0 million in 2017, down from €231.0 million in 2016, due primarily to lower valuation movements in 2017.

Net result—owners of the parent was a profit of €2,439.5 million in 2017 (vs. €2,409.0 million in 2016). This figure breaks down as follows:

- €1,202.1 million of recurring net result in 2017 (+7.9% compared to 2016) as a result of strong NRI growth and lower interest expenses, partially offset by the impact of disposals in 2016 and 2017 and higher taxes;
- €1,237.4 million of non-recurring result[76] in 2017 (compared to €1,294.8 million in 2016).

The average number of shares and ORAs[77] outstanding during 2017 was 99,752,597, compared to 99,160,738 in 2016. The increase is mainly due to stock options exercised in 2016 and 2017 and to the issuance of performance shares in 2016 and 2017, partially offset by the cancellation of 34,870 shares repurchased in 2017.

Recurring Earnings per Share (recurring EPS) for 2017 came to €12.05 compared to €11.24 for 2016, representing an increase of +7.2%.

Consolidated Statement of Cash Flows

Unless otherwise indicated, all references below relate to the period ended December 31, 2017, and comparisons relate to the same period in the prior year.

Cash flow from operating activities

The total cash flow from operating activities amounted to €1,486.5 million in 2017 (vs. €1,558.0 million in 2016), a decrease mainly due to the change in working capital requirement (net negative impact of -€46.2 million year-on-year).

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76 Includes valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or reversal of negative goodwill and other non-recurring items.

77 It has been assumed here that the ORAs have a 100% equity component.

Cash flow from investment activities

The cash flow from investment activities amounted to -€1,024.9 million in 2017 (vs. -€386.9 million in 2016), an increase mainly due to the increase of property financing and the higher level of disposals in 2016 compared to 2017.

Cash flow from financing activities

The total cash flow from financing activities amounted to -€293.4 million in 2017 (vs. -€1,083.4 million in 2016), a decrease mainly due to the higher volume of repayments of borrowings in 2016 compared to 2017.

Comparison of the Results of the UR Group for the Year Ended December 31, 2016 to the Results of the UR Group for the Year Ended December 31, 2015

The results of the UR Group presented below are based on the Consolidated statement of comprehensive income prepared according to IFRS (as applicable in the EU), under which certain property investments held in joint-ventures are accounted for using the equity method.

Unless otherwise indicated, all references below relate to the period ended December 31, 2016, and comparisons relate to the year 2015.

Gross Rental Income

The Gross Rental Income (GRI) of UR amounted to €1,770.3 million in 2016 (vs. €1,685.0 million in 2015), an increase of +5.1%. This growth results mainly from:

- The delivery of shopping centres or new units, mainly in Sweden (Mall of Scandinavia and Täby Centrum), in France (Polygone Riviera and Le Forum des Halles) and in Germany (Minto);
- Changes in consolidation: in Germany, Ruhr Park has been fully consolidated since July 24, 2015, following the acquisition of an additional stake and the related change of control;
- Acquisitions of additional units, mainly in France;
- A good like-for-like growth in the retail segment;
- A decrease in the office segment mainly due to disposals, primarily the 2-8 Ancelle, So Ouest offices, 70-80 Wilson and Nouvel Air in 2016; and
- A slight decrease in C&E of UR.

	Gross Rental Income (€ in millions)		
Region	**2016**	**2015**	**%**
France	651.2	606.4	7.4%
Central Europe	159.6	153.6	3.9%
Spain	163.3	164.0	-0.4%
Nordics	158.4	126.4	25.3%
Austria	102.1	99.7	2.4%
Germany	96.6	73.2	32.0%
Netherlands	73.3	76.2	-3.8%
Subtotal UR - Retail	**1,404.6**	**1,299.5**	**8.1%**
Offices UR	162.6	179.4	-9.4%
C&E UR	186.0	188.0	-1.1%
Hotels UR	17.2	18.1	-5.0%
Total UR	**1,770.3**	**1,685.0**	**5.1%**

Net Rental Income

The Net Rental Income (NRI) of UR amounted to €1,528.5 million in 2016 (vs. €1,452.8 million in 2015), an increase of +5.2%. This growth is a result of the strong growth in the retail segment (+8.1%), due to deliveries and a +3.4% like-for-like growth, partially offset by the negative impact of disposals in the office segment.

	Net Rental Income (€ in millions)		
Region	**2016**	**2015**	**%**
France	580.5	549.1	5.7%
Central Europe	156.2	148.2	5.4%
Spain	146.0	147.5	-1.0%
Nordics	139.9	106.1	31.9%
Austria	98.6	92.1	7.1%
Germany	89.9	67.1	34.1%
Netherlands	61.5	67.0	-8.1%
Subtotal UR - Retail	**1,272.6**	**1,177.0**	**8.1%**
Offices UR	153.3	170.4	-10.0%
C&E UR	89.6	91.2	-1.8%
Hotels UR	13.0	14.2	-8.5%
Total UR	**1,528.5**	**1,452.8**	**5.2%**

Corporate expenses amounted to -€116.8 million in 2016, compared to -€104.0 million in 2015, an increase of +€12.8 million mainly due to the impact of: (i) less recharges to the pipeline due to deliveries of projects in 2015; (ii) higher staff costs, including some one-off charges; and (iii) increased IT spending to modernize and upgrade the UR Group's information systems. As a percentage of NRI from shopping centres and offices, corporate expenses were 8.2% in 2016 (vs. 7.9% in 2015). As a percentage of GMV of shopping centres and offices, corporate expenses stood at 0.32% in 2016 (vs. 0.31% in 2015).

Development expenses incurred for feasibility studies of projects and potential acquisitions amounted to -€5.9 million in 2016 in recurring expenses (-€4.5 million in 2015).

Acquisition and related costs amounted to -€1.3 million in 2016 (vs. -€1.6 million in 2015).

Net other income, resulting from property services companies in France, Spain and Germany, was +€86.2 million in 2016, compared to €73.7 million in 2015, an increase of +€12.5 million, mainly due to C&E on site property services.

Result on disposal of investment properties and shares was €96.2 million in 2016 (€91.2 million from disposal of investment properties and €5.0 million from disposal of shares), compared to €15.1 million in 2015 (€1.4 million from disposal of investment properties and €13.7 million from disposal of shares), which breaks down as follows:

	Result on disposal (€ in millions)		
Region	**2016**	**2015**	**Change**
France	6.1	6.9	-0.8
Central Europe	3.1	—	3.1
Spain	20.8	-3.0	23.8
Nordics	-0.5	2.2	-2.7
Austria	—	—	—
Germany	—	3.1	-3.1
Netherlands	0.1	0.5	-0.4
Subtotal UR - Retail	**29.6**	**9.6**	**20.0**
Offices UR	66.6	4.4	62.2
C&E UR	—	1.1	-1.1
Hotels UR	—	—	—
Total UR	**96.2**	**15.1**	**81.1**

Valuation movements on assets amounted to +€2,005.8 million in 2016 (+€1,818.8 million in 2015) and break down as follows:

	Valuation movements on assets (€ in millions)		
Region	**2016**	**2015**	**Change**
France	520.2	307.7	212.5
Central Europe	410.9	266.9	144.0
Spain	370.1	385.5	-15.4
Nordics	161.6	354.0	-192.4
Austria	141.0	138.7	2.3
Germany	124.4	38.4	86.0
Netherlands	1.3	7.4	-6.1
Subtotal UR - Retail	**1,729.7**	**1,498.7**	**231.0**
Offices UR	234.8	238.5	-3.7
C&E UR	43.7	84.0	-40.3
Services UR	-2.4	-2.4	—
Total UR	**2,005.8**	**1,818.8**	**187.0**

Result from non-consolidated companies of +€0.4 million in 2016 is related to dividend received from non-consolidated companies.

Recurring financial result totalled -€254.9 million in 2016 (after deduction of capitalised financial expenses of €14.9 million allocated to projects under construction). This represents a €44.6 million decrease compared to 2015 (-€299.5 million).

The UR Group's average cost of debt[78] decreased to 1.6% for 2016 (vs. 2.2%).

Non-recurring financial result amounted to -€240.4 million in 2016, which breaks down as follows:

- +€37.0 million of fair value adjustment of the ORNANEs issued in 2012, 2014 and 2015;
- -€276.8 million related to fair value adjustments of derivatives and debt, including:
    - -€205.1 million due to the marking-to-market of derivatives and the restructuring of hedges in H2-2016. Unibail-Rodamco recognises the change in value of caps and swaps directly in the income statement;
    - -€74.3 million resulting mainly from the premium and costs paid on the partial buy back of outstanding bonds for a total nominal amount of €847 million in April and November 2016;
    - +€4.2 million of currency impact mainly resulting from the revaluation of bank accounts and debt issued in foreign currencies. The offsetting cost of the cross currency swap was recorded in the mark-to-market of derivatives as these transactions were fully hedged;
    - -€1.6 million of other minor items;
- -€0.6 million of debt discounting.

Profit on disposal of associates amounted to €69.6 million in 2015 following the disposals of the UR Group's 50% stake in Comexposium in France and 75% stake in Arkady Pankrac (Prague).

Contribution of companies accounted for using the equity method

The Contribution of companies accounted for using the equity method[79] amounted to €5.0 million in 2016 (vs. €265.4 million in 2015) and breaks down as follows:

- Share of the result of companies amounted to -€13.3 million in 2016 (vs. €243.3 million in 2015);
- Income on financial assets amounted to €18.3 million in 2016 (vs. €22.1 million in 2015).

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78 Average cost of debt equals (x) the sum of (i) the recurring financial expenses (excluding the ones on financial leases and the ones related to partners' current accounts) and (ii) the capitalised financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact), divided by (y) the average net debt over the period.

79 Contribution of companies accounted for using the equity method represents UR's share of the Net recurring result for the period of all entities accounted for using the equity method and interests received on loans granted to companies accounted for using the equity method.

The breakdown per segment is as follows:

Region	2016 Recurring activities	2016 Non-recurring activities	2016 Total	2015 Recurring activities	2015 Non-recurring activities	2015 Total	Change
	Contribution of companies accounted for using the equity method (€ in millions)						
France	7.0	8.8	15.7	9.0	-2.9	6.1	9.6
Central Europe	30.7	-74.2	-43.5	36.0	102.3	138.3	-181.8
Spain	0.5	-0.1	0.5	1.1	-2.1	-1.0	1.5
Germany	28.5	3.9	32.4	32.9	82.7	115.6	-83.2
Netherlands	—	—	—	—	—	—	—
Subtotal UR - Retail	66.7	-61.7	5.0	79.0	180.0	259.1	-254.1
Offices UR	—	—	—	—	—	—	—
C&E UR	0.7	-0.7	-0.1	8.5	-2.1	6.3	-6.4
Subtotal UR	67.4	-62.4	5.0	87.5	177.9	265.4	-260.5

Income tax expenses are due to the UR Group's activities in countries where specific tax regimes for property companies[80] do not exist and from activities in France not eligible for the SIIC regime, mainly in the Convention and Exhibition business. Income tax expenses amounted to -€283.2 million in 2016 (-€288.3 million in 2015) and break down as follows:

- Income tax allocated to the recurring net result amounted to -€11.1 million in 2016 compared to -€24.8 million in 2015. The difference mainly comes from the recognition, in 2016, of tax losses carried forward in France for non-SIIC activities;
- Non-recurring income tax expenses amounted to -€272.1 million in 2016 (vs. -€263.5 million in 2015), due mainly to the increase of deferred tax liabilities as a result of the revaluation of the UR Group's real estate assets. This amount also includes the 3% tax levied on cash dividends paid by French companies. In 2016, the UR Group paid -€2.5 million of tax on the dividend paid in March and July 2016 for the fiscal year ended December 31, 2015.

Non-controlling interests (NCI) amounted to €408.4 million in 2016 (vs. €299.3 million in 2015), which breaks down as follows:

- Recurring NCI amounted to €177.4 million in 2016 compared to €148.7 million in 2015. This increase is due mainly to partners in France (€17.3 million) and in the UR Group's German operations (€10.3 million). Minority interests in France held by third parties relate to shopping centres (€86.0 million, mainly Les Quatre Temps, Parly 2 and Forum des Halles) and the stake of CCIR in Viparis (€58.9 million);
- Non-recurring NCI amounted to €231.0 million in 2016, up from €150.6 million in 2015, due primarily to valuation movements.

Net result—owners of the parent was a profit of €2,409.0 million in 2016 (vs. €2,334.0 million in 2015). This figure breaks down as follows:

- €1,114.2 million of recurring net result in 2016 (+8.1% compared to 2015) as a result of strong NRI growth and lower interest expenses and taxes, partially offset by the impact of disposals made in 2015 and in 2016;
- €1,294.8 million of non-recurring result[81] in 2016 (compared to €1,303.6 million in 2015).

[80] In France: SIIC.

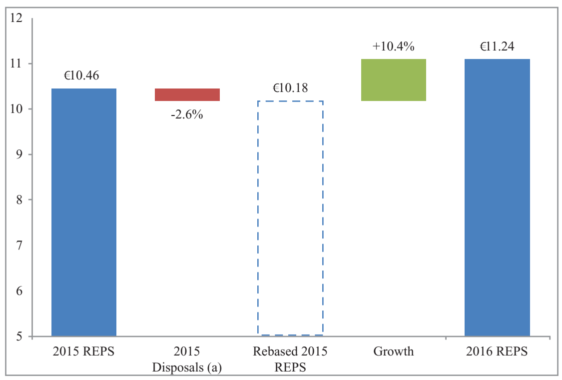
[81] Includes valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or reversal of negative goodwill and other non-recurring items.

The average number of shares and ORAs[82] outstanding during 2016 was 99,160,738, compared to 98,496,508 in 2015. The increase is mainly due to stock options exercised in 2015 and 2016 (impact of +601,885 on the average number of shares in 2016 vs. 2015) and to the issuance of performance shares in 2015 and 2016 (impact of +31,604).

Recurring Earnings per Share (recurring EPS) came to €11.24 in 2016. This represents an increase of +10.4% from the recurring EPS for 2015, rebased for the disposals in 2015, of €10.18.

This increase, above the +8% to +10% guidance provided in early 2016, is primarily due to the robust rental growth of the shopping centres and the strong decrease in the average cost of debt. In addition, the UR Group benefited from the positive effect of the recognition of tax losses carried forward.

The evolution of the Recurring Earnings Per Share 2016



(a) Impact on the recurring earnings per share of the disposals of Arkady Pankrac shopping centre (Prague), Nicetoile (Nice) (revenues received in 2015 related to the recovery of service charges not included in the 2014 impact), Nova Lund (Lund), the sale of (i) a stake in Unibail-Rodamco Germany to CPPIB, (ii) the 50% stake in Comexposium, (iii) a small non-core retail asset in Spain and (iv) a non-core office building in France.

Reported recurring EPS for 2016 came to €11.24 compared to €10.46 for 2015, representing an increase of +7.5%.

Consolidated Statement of Cash Flows

Unless otherwise indicated, all references below relate to the period ended December 31, 2016, and comparisons relate to the period ended December 31, 2015.

Cash flow from operating activities

The total cash flow from operating activities amounted to €1,558.0 million in 2016 (vs. €1,415.6 million in 2015), an increase mainly due to deliveries of shopping centres or new units during the year: Mall of Scandinavia and Täby Centrum in Sweden, Polygone Riviera and Le Forum des Halles in France and Minto in Germany.

Cash flow from investment activities

The cash flow from investment activities amounted to -€386.9 million in 2016 (-€521.4 million in 2015), a decrease mainly due to the higher level of disposals in 2016 compared to 2015, and to the acquisition of additional stakes in Unibail-Rodamco Germany GmbH and Ruhr Park shopping centre in 2015.

82 It has been assumed here that the ORAs have a 100% equity component.

Cash flow from financing activities

The total cash flow from financing activities amounted to -€1,083.4 million in 2016 (-€1,411.9 million in 2015), a decrease mainly due to the successful tender offer in 2015 for -€741 million of ORNANE issued in 2012.

URW and UR Investments and Divestments

2018 Half-Year

In H1-2018, URW invested €429.2 million, group share, in capital expenditures on assets and in construction, extension and refurbishment projects, compared to €636.2 million in H1-2017 for UR only. These investments included €12.5 million invested in US and UK assets during the month of June.

Total capital expenditures

The total investments breaks down as follows:

in € Mn	H1-2018		H1-2017		2017	
	100%	Group Share	100%	Group Share	100%	Group Share
Shopping Centres	370.6	339.2	565.4	528.1	1,101.1	1,020.8
Offices & Others	66.5	66.3	56.0	55.8	114.7	114.4
Convention & Exhibition	38.3	23.7	72.0	52.3	139.5	88.3
Services	—	—	—	—	—	—
Total Capital Expenditure	**475.3**	**429.2**	**693.5**	**636.2**	**1,355.3**	**1,223.4**

Shopping centres

URW invested €339.2 million[83] in its shopping centre portfolio in H1-2018:

- New acquisitions amounted to €0.5 million, excluding the URW Transaction;
- €236.8 million was invested in construction, extension and refurbishment projects, including mainly the Vélizy 2, Mall of The Netherlands, Überseequartier and Gaîté Montparnasse projects (see also section *"Development projects"*);
- Replacement Capex[84] amounted to €37.1 million;
- Financial, eviction and other costs were capitalised for €7.0 million, €40.0 million and €17.8 million, respectively.

Offices and others

URW invested €66.3 million in its office portfolio in H1-2018:

- New acquisitions amounted to €6.7 million, mainly in Tour Rosny;
- €49.7 million was invested in works and minor acquisitions, mainly in France for the Trinity project in La Défense and for the Versailles Chantiers project (see also section "— URW Development Projects as at June 30, 2018");
- Replacement Capex amounted to €1.7 million;
- Financial and other costs capitalised amounted to €8.2 million.

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83 Total capitalised amount in asset value URW Group share.

84 These amounts do not include Replacement Capex spent as part of the TIC of extension and/or renovation projects and on which the URW Group's standard Return On Investment (ROI) is expected.

Convention and Exhibition

URW invested €23.7 million in its Viparis sites in H1-2018:

- €19.5 million was invested for works, mainly in Porte de Versailles;
- Replacement Capex amounted to €2.7 million;
- Financial and other costs capitalised amounted to €1.5 million.

The second phase (2017-2019) of renovation works on the Porte de Versailles site continued, with the construction of the new Pavilion 6 and two new hotels (Novotel and Mama Shelter) scheduled to open in H2-2019.

2017

In 2017, Unibail-Rodamco invested €1,223.4 million, group share, in acquisitions of assets and in construction, extension and refurbishment projects, compared to €1,136.1 million in 2016. The UR Group also invested €146.0 million in acquisition of shares in two assets, in Prague and Cagnes-sur-Mer[85]. The UR Group divested a total amount of €709.9 million at an average premium of +15.0% above the last unaffected appraisal value.

Shopping centres

Unibail-Rodamco invested €1,020.8 million[86] in its shopping centre portfolio in 2017:

- New acquisitions amounted to €57.0 million, mainly units in Parquesur, La Valentine, Le Forum des Halles and Mall of The Netherlands;
- €744.2 million was invested in construction, extension and refurbishment projects, including the Carré Sénart, Parly 2, Glòries, Centrum Chodov, Wroclavia and Überseequartier projects.
- Replacement Capex[87] amounted to €93.2 million;
- Financial, eviction and other costs were capitalised for €11.4 million, €83.7 million and €31.3 million, respectively.

The UR Group disposed of a number of non-core assets, including:

- In September, two Swedish assets, Eurostop Arlanda and Arninge Centrum. The total GLA disposed of was almost 64,000 m^2, including approximately 17,500 m^2 of hotel and office space;
- In October, Eurostop Örebro (GLA of 15,300 m^2);
- In November, Barnasud (GLA of 35,800 m^2);
- In December, two outlet centres located in France: the Channel Outlet Store and L'Usine Roubaix.

Collectively, the UR Group disposed retail assets for a total NDP of €250.8 million at an average premium of +12.3% above the last unaffected appraisal value.

On October 23, the UR Group formed a joint venture with Commerz Real and acquired 50% of the shopping centre Metropole Zlicin for a Total Acquisition Cost of €110 million. Metropole Zlicin, located in Prague, has a GLA of approximately 56,000 m^2. This asset is accounted for using the equity method.

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85 Payment for the acquisition of the 50% stake in Polygone Riviera was made on Jan. 4, 2018.
86 Total capitalised amount in asset value UR Group share.
87 These amounts do not include Replacement Capex spent as part of the TIC of extension and/or renovation projects and on which the UR Group's standard Return On Investment (ROI) is expected.

On December 29, the UR Group acquired a 45% stake in the companies holding the shopping centre Polygone Riviera from its joint venture partner. As at December 31, 2017, the UR Group owned a 95% interest in this asset. On January 4, 2018, the UR Group acquired the remaining 5% stake in the asset.

Offices

Unibail-Rodamco invested €114.4 million[88] in its office portfolio in 2017:

- €100.8 million was invested in works and minor acquisitions, mainly in France for the Trinity project in La Défense and for the Versailles Chantiers project;
- Replacement Capex amounted to €1.4 million;
- Financial and other costs capitalised amounted to €12.2 million.

On October 2, 2017, further to the agreement (promesse de vente) entered into in February 2017, Unibail-Rodamco disposed of the 36,600 m^2 So Ouest Plaza building, located in Levallois-Perret, to an institutional investor represented by BNP Paribas Real Estate Investment Services.

Collectively, the UR Group disposed for a total NDP of €459.1 million of office assets, at an average premium of +16.6% above the last unaffected appraisal value.

Further to its annual Business Plan review, the UR Group has identified ca. €3 billion of assets to be disposed of in the next several years.

Convention and Exhibition

Unibail-Rodamco invested €88.2 million[89] in its Viparis sites in 2017:

- €56.9 million was invested for works, mainly in Porte de Versailles.
- Financial and other costs capitalised amounted to €31.3 million.

The first phase of renovation works (2015-2017) on the Porte de Versailles site was completed with the grand opening of the 72,000 m^2 Hall 7 on November 22, to create the new Paris Convention Centre, including a 5,200-seat plenary room. It is the largest in Europe and can accommodate the biggest national and international events with space for 35,000 participants. The construction of Phase 2 began in H2-2017 with the demolition of Pavilions 6 and 8 and the construction of a new Pavilion 6.

URW Development Projects as at June 30, 2018

As at June 30, 2018, the URW Expected Cost of its development project pipeline amounted to €12.5 billion, with a total of 2.4 million m^2 of GLA[90] to be redeveloped or added to the URW Group's standing assets. The URW Group retains significant flexibility on its development portfolio (68% of the URW Expected Cost).

URW Development projects portfolio overview

The URW Group's development portfolio, with the addition of the WFD projects in the United Kingdom, the United States and Italy at year-end 2017, was estimated to be €13.0 billion.

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88 Total capitalised amount in asset value UR Group share.
89 Total capitalised amount in asset value UR Group share.
90 GLA equals Gross Lettable Area at 100% of projects.

The evolution of the redevelopment pipeline to €12.5 billion[91] as at June 30, 2018, is due to :

- The reassessment of WFD projects under UR's methodology, the use of value at completion instead of costs at today's value, variances of costs on UR projects and certain disposals (-€0.4 billion);
- The completion and delivery of Westfield London Phase 2 (-€0.3 billion);
- The addition of the Metropole Zlicin and Villeneuve 2 extensions (+€0.2 billion).

The first phase of the 77,046 m² extension of Westfield London opened in March 2018 six months ahead of schedule. This opening signals the start of phased openings of over 100 new flagship stores, kiosks, cafés, restaurants and leisure outlets in 2018, taking Westfield London to over 450 stores[92] and 240,000 m² of GLA upon completion, making it the largest shopping centre in Europe. This extension was 92% let as at June 30, 2018.

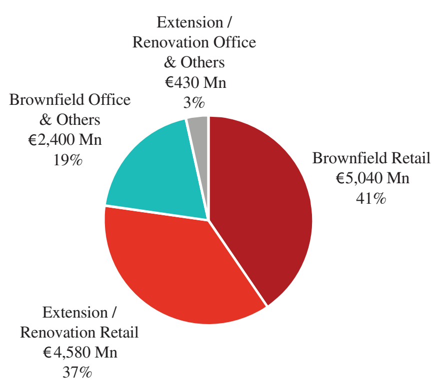
In addition to the WFD projects, two new extension and renovation projects were added in the "controlled" category:

- The 22,651 m² GLA Metropole Zlicin extension and renovation project, with a 100% Expected Cost of €120 million; and
- The 18,125 m² GLA extension of Villeneuve 2, with a 100% Expected Cost of €150 million.

The pipeline categories are as follows:

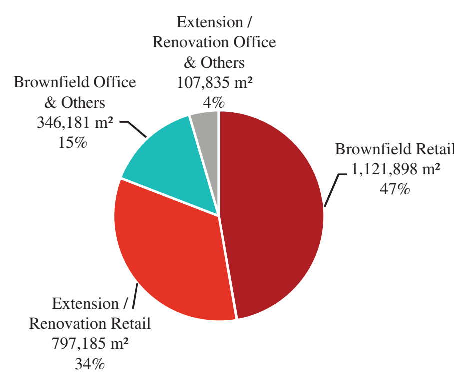
URW Development pipeline by category

URW Expected Cost
(€12,450 million)



(1) Including Residential units.

GLA
(2,373,098 m²)



(1) Including Residential units.

The €9.6 billion Retail pipeline is split between brownfield projects (52%) and extensions and renovations (48%). The URW Group currently expects to add to its existing portfolio and redevelop or refurbish 1.9 million m² of retail GLA, representing ca. 20% of the URW Group's existing retail GLA. Out of the Retail pipeline, €1.9 billion (20%) are committed.

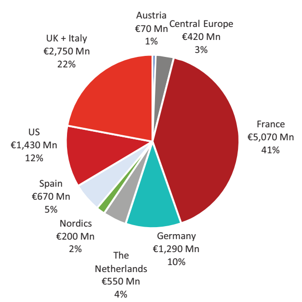
91 This includes the URW Group's share of projects fully consolidated and projects accounted for using the equity method.

92 Including kiosks.

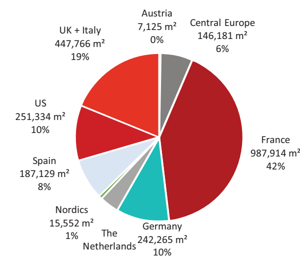
Development projects in the Office & Others sector amount to €2.8 billion. Brownfield projects represent 85% and correspond to approximately 346,000 m^2 of new GLA, of which 37% are expected to be delivered after 2022. The remainder will be invested in the redevelopment or refurbishment of almost 108,000 m² GLA of existing assets. Out of the €2.8 billion Office & Others pipeline, €880 million (31%) are committed.

URW Development pipeline by region

URW Expected Cost
(€12,450 million)



GLA
(2,373,098 m²)

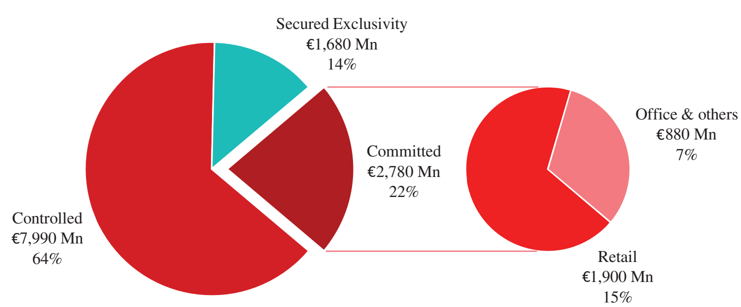


The major WFD development projects included in the URW pipeline are in:

- Italy: the Westfield Milano retail brownfield project of 184,854 m² GLA in a joint venture (URW share: 75%);
- The United Kingdom: the Croydon 162,116 m² GLA brownfield retail project in a 50/50 joint venture with Hammerson, benefiting from the commitment by London authorities for major infrastructure upgrades in Croydon; and Cherry Park, a residential project at Westfield Stratford City of 79,852 m² GLA and 1,200 apartments;
- The United States: with many extension, restructuring and renovation projects of existing shopping centres, including the 45,309 m² extension of Westfield Valley Fair.

A secured and flexible development pipeline

URW Development pipeline by project phase



The €2.8 billion "committed" development pipeline now includes the Carré Sénart leisure extension following the start of construction works and the following projects in the United States:

- The renovation of Westfield Garden State Plaza;

- The 45,309 m^2 GLA extension of Westfield Valley Fair;
- Westfield World Trade Center's Tower 3 and North Temporary Access (NTA) with an additional 7,164 m^2 GLA;
- Residential units at Westfield UTC with 26,845 m^2 GLA (300 apartments).

€1.2 billion has already been spent for committed projects, €1.1 billion for controlled and €0.1 billion for secured exclusivity projects. For committed projects, €1.6 billion is still to be invested over the next 3 years, of which €0.9 billion has been contracted.

Variances in UR development pipeline projects in H1-2018

Since December 31, 2017, there have been changes in the URW Expected Cost and in the delivery dates of some of the UR projects, in particular:

- The 3 Pays development was delayed by 15 months due to modifications on the accessibility scheme, required for the filing of administrative authorisations;
- The Überseequartier project was delayed by 12 months and its URW Expected Cost increased due to changes to include larger leisure and Food & Beverage component and to enlarge and upgrade the residential component and due to the impact of the booming German construction market on the first tenders;
- The Vélizy 2 retail extension was delayed by 10 months mainly due to project changes aiming to improve the parking accessibility during construction works;
- The Vélizy 2 leisure extension's URW Expected Cost increased following a project change;
- The NEO development was delayed by eight months due to delays in urban planning;
- The Garbera extension was delayed by seven months due to delays in urban planning;
- The Gaîté Montparnasse redevelopment was delayed by five months due to the discovery of asbestos and removal works, as well as foundation issues;
- The URW Expected Cost of the Shift project increased as UR signed a lease contract requiring additional construction works.

Deliveries expected in the next 12 months

Five projects representing a URW Expected Cost of ca. €280 million are scheduled to be delivered in H2-2018 and H1-2019:

- The complete refurbishment of Villeneuve 2 in August 2018;
- The renovation of Garden State Plaza in September 2018;
- The 16,147 m^2 GLA Versailles Chantiers brownfield office project in December 2018;
- The 3,909 m^2 GLA Carré Sénart leisure extension in February 2019;
- The 19,704 m^2 GLA Vélizy 2 leisure extension in March 2019.

The average pre-letting[93] of the retail and office deliveries stands at 77% and 34%, respectively.

[93] GLA signed, all agreed to be signed and financials agreed.

Projects overview

Development Projects (1)	Business	Country	City	Type	URW Ownership	100% GLA (m^2)	100% Expected Cost (€Mn)	URW Expected Cost (€Mn)	Yield on cost (2)	Opening date (3)	Project Valuation (4)
WESTFIELD GARDEN STATE PLAZA RENOVATION	Shopping Centre	US	New York region	Extension / Renovation	50%	0 m^2	110			H2 2018	Fair value
VERSAILLES CHANTIERS	Office & others	France	Paris region	Greenfield / Brownfield	100%	16,147 m^2	60			H2 2018	Fair value
VELIZY 2 LEISURE EXTENSION	Shopping Centre	France	Paris region	Extension / Renovation	100%	19,704 m^2	140			H1 2019	Fair value
WESTFIELD UTC RESIDENTIAL	Office & others	US	San Diego	Greenfield / Brownfield	50%	26,845 m^2	140			H2 2019	Fair value
WESTFIELD VALLEY FAIR	Shopping Centre	US	San Jose	Extension / Renovation	50%	45,309 m^2	920			H2 2019	Fair value
GROPIUS	Shopping Centre	Germany	Berlin	Extension / Renovation	10%	471 m^2	130			H2 2019	Fair value
TRINITY	Office & others	France	Paris	Greenfield / Brownfield	100%	48,939 m^2	320			H2 2019	Fair value
SHIFT	Office & others	France	Paris region	Redevelopment / Extension	100%	46,709 m^2	210			H2 2019	Fair value
MALL OF THE NETHERLANDS *	Shopping Centre	The Netherlands	The Hague region	Redevelopment / Extension	100%	87,833 m^2	550			H1 2020	At cost
LA PART-DIEU EXTENSION	Shopping Centre	France	Lyon	Extension / Renovation	100%	30,208 m^2	360			H1 2020	At cost
WTC PHASE 2 (5)	Shopping Centre	US	New York	Extension / Renovation	100%	7,164 m^2	120			H1 2020	Fair value
GAITE MONTPARNASSE RETAIL *	Shopping Centre	France	Paris	Redevelopment / Extension	100%	28,881 m^2	160			H2 2020	At cost
GAITE MONTPARNASSE OTHERS *	Office & others	France	Paris	Redevelopment / Extension	100%	61,126 m^2	220			H2 2020	At cost
OTHERS						7,608 m^2	60				
Total Committed Projects								**2,780**	**6.7%**		
WESTFIELD TOPANGA RENOVATION	Shopping Centre	US	Los Angeles region	Extension / Renovation	55%	0 m^2	50			H2 2019	Fair value
BENIDORM	Shopping Centre	Spain	Benidorm	Greenfield / Brownfield	100% (6)	58,887 m^2	210			H2 2020	At cost
VAL TOLOSA	Shopping Centre	France	Toulouse region	Greenfield / Brownfield	60% (6)	65,308 m^2	290			H1 2021	At cost
GARBERA EXTENSION	Shopping Centre	Spain	San Sebastián	Extension / Renovation	100%	19,598 m^2	120			H2 2021	At cost
WESTFIELD MILANO	Shopping Centre	Italy	Milan	Greenfield / Brownfield	75%	184,854 m^2	1,500			H2 2021	Fair value
SISTERS	Office & others	France	Paris	Greenfield / Brownfield	100%	89,259 m^2	640			H1 2022	At cost
VELIZY 2 RETAIL EXTENSION	Shopping Centre	France	Paris region	Extension / Renovation	100%	20,111 m^2	200			H2 2022	At cost
ÜBERSEEQUARTIER	Shopping Centre	Germany	Hamburg	Greenfield / Brownfield	100%	217,332 m^2	1,220			H2 2022	At cost
VILLENEUVE 2 EXTENSION	Shopping Centre	France	Lille region	Extension / Renovation	100%	18,125 m^2	150			H2 2022	At cost
CROYDON *	Shopping Centre	UK	London region	Greenfield / Brownfield	50%	162,116 m^2	1,550			2023	Fair value
3 PAYS	Shopping Centre	France	Hésingue	Greenfield / Brownfield	100%	86,600 m^2	420			H1 2023	At cost
TRIANGLE	Office & others	France	Paris	Greenfield / Brownfield	100%	85,140 m^2	560			H2 2023	At cost
NEO	Shopping Centre	France	Brussels	Greenfield / Brownfield	86%	125,352 m^2	670			H2 2023	At cost
METROPOLE ZLICIN EXTENSION	Shopping Centre	Czech Rep.	Prague	Extension / Renovation	50%	22,651 m^2	120			Post 2023	At cost
BUBNY	Shopping Centre	Czech Rep.	Prague	Greenfield / Brownfield	65%	55,114 m^2	240			Post 2023	At cost
CHERRY PARK	Office & others	UK	London	Greenfield / Brownfield	100%	79,852 m^2	750			Post 2023	Fair value

Development Projects (1)	Business	Country	City	Type	URW Ownership	100% GLA (m²)	100% Expected Cost (€Mn)	URW Expected Cost (€Mn)	Yield on cost (2)	Opening date (3)	Project Valuation (4)
MAQUINEXT	Shopping Centre	Spain	Barcelona	Extension / Renovation	51%	37,616 m²	190			Post 2023	At cost
OTHER						267,331 m²	1,180				
Total Controlled Projects								**7,990**	**7-8% target**		
WESTFIELD GARDEN STATE PLAZA RESTRUCTURING *	Shopping Centre	US	New York region	Extension / Renovation	50%	11,111 m²	110			H1 2020	Fair value
WESTFIELD OAKRIDGE RESTRUCTURING *	Shopping Centre	US	San Jose	Extension / Renovation	55%	15,144 m²	50			H1 2020	Fair value
WESTFIELD MONTGOMERY RESTRUCTURING PHASE 1 *	Shopping Centre	US	Washington region	Extension / Renovation	50%	35,024 m²	250			H1 2021	Fair value
WESTFIELD MISSION VALLEY *	Shopping Centre	US	San Diego	Extension / Renovation	42%	29,723 m²	120			H1 2021	Fair value
WESTFIELD TOPANGA RESTRUCTURING *	Shopping Centre	US	Los Angeles region	Extension / Renovation	55%	14,911 m²	220			H1 2021	Fair value
WESTFIELD UTC PHASE 3	Shopping Centre	US	San Diego	Extension / Renovation	50%	11,893 m²	160			H2 2021	Fair value
SCS WEST EXTENSION	Shopping Centre	Austria	Vienna	Extension / Renovation	100%	7,125 m²	70			H2 2022	At cost
WESTFIELD VALENCIA RESTRUCTURING *	Shopping Centre	US	Valencia	Extension / Renovation	50%	18,185 m²	90			H2 2022	Fair value
WESTFIELD MONTGOMERY RESTRUCTURING PHASE 2 *	Shopping Centre	US	Washington region	Extension / Renovation	50%	12,235 m²	140			Post 2023	Fair value
FISKETORVET EXTENSION	Shopping Centre	Denmark	Copenhagen	Extension / Renovation	100%	15,552 m²	200			Post 2023	At cost
VITAM	Shopping Centre	France	Neydens	Extension / Renovation	80%	69,621 m²	350			Post 2023	At cost
OTHER						110,386 m²	730				
Total Secured Exclusivity Projects								**1,680**	**7-8% target**		
URW TOTAL PIPELINE								**12,450**	**7-8% target**		

(1) Figures subject to change according to the maturity of projects.
(2) Stabilized expected net rental income divided by URW Expected Cost.
(3) In the case of staged phases in a project, the date corresponds to the opening of the last phase.
(4) For the purpose of preparing the opening balance sheet of URW, all WFD projects were assessed at fair value as at May 31, 2018.
(5) Including Tower 3 and NTA and excluding Tower 2 which has not started yet.
(6) % ownership after exercise of option rights.
* Units acquired for the project are included in the Expected Cost at their acquisition cost.

URW Property Portfolio and Net Asset Value as at June 30, 2018

URW's EPRA Triple Net Asset Value amounted to €204.20 per Stapled Share as at June 30, 2018, an increase of +1.8%, or +€3.70, from €200.50 per share as at December 31, 2017. This increase of +€3.70 is the result of: (i) the value creation of +€12.54 per share representing the sum of: (a) the Recurring Earnings Per Share of +€6.61, (b) the revaluation of property and intangible assets and capital gains on disposals of +€2.66 per share, (c) foreign exchange movements and other items for -€2.13 per share, (d) the change of transfer taxes and deferred tax adjustments of +€7.05 per share, and (e) the dilutive effect of the instruments giving access to the URW Group's shares of -€1.65 per share; (ii) the impact of the payment of the entire dividend for 2017 of -€10.80 per share; and (iii) the positive impact of the mark-to-market of debt and financial instruments of +€1.96 per share.

The Going Concern NAV (GMV based) came to €227.10 per Stapled Share as at June 30, 2018, up by +3.6%, or +€7.90, compared to €219.20 per share as at December 31, 2017.

The URW Group's EPRA NAV per Stapled Share increased by +2.4% to €216.10 as at June 30, 2018, compared to €211.00 per share as at December 31, 2017.

URW Property Portfolio

The total URW asset portfolio[94] amounted to €61.3 billion as at June 30, 2018. The proportionate GMV[95] was €63.7 billion (€44.4 billion for UR and €19.4 billion for WFD).

Continental Europe

The URW Group's asset portfolio[96] amounted to €43,938 million as at June 30, 2018, compared to €43,057 million as at December 31, 2017. On a like-for-like basis, the GMV of the URW Group's portfolio increased by +0.6%, or +€235 million, net of investments.

Demand for real estate in H1-2018 remained at robust levels. Investment volumes in European commercial real estate[97] amounted to €75.6 billion in H1-2018, a decrease of -5% vs. the same period in 2017.

Retail

Retail investment volumes in Europe totaled €18.7 billion. Shopping centre transactions accounted for 41% of the total.

Retail yields stabilized at historic lows. The spreads to bonds remained historically wide. Given low yields, investors are moving up the risk curve. As a result, the length of due diligence periods is increasing. Stock is anticipated to be brought to the market as a consequence of M&A activity. Due to the limited number of transactions for prime assets in H1-2018, appraisers maintained the exit capitalisation rates for prime assets stable.

UR's shopping centre portfolio GMV increased by +0.7% or +€211 million on a like-for-like basis compared to December 31, 2017. The growth was driven by the rental impact (+0.9%), partly offset by a negative yield impact (-0.3%). The value of the URW Group's Central Europe shopping centre portfolio experienced the highest increase with +2.9% on a like-for-like basis, of which +1.7% driven by the rental impact. The like-for-like GMV growth of the URW Group's Spanish, German, Austrian, Nordics and French shopping centres was +0.9%, +0.9%, +0.8%, +0.5% and +0.3%, respectively, while the Netherlands saw a like-for-like GMV decline of -4.0%.

Shopping centres attracting ten million or more visits per annum experienced a like-for-like growth in GMV of +1.3%.

Offices

The value of UR's office portfolio increased by +2.2% on a like-for-like basis, primarily as a result of yield compression (+2.1%) driven by reference transactions in the Paris region, where the URW Group's portfolio saw like-for-like GMV growth of +2.3%, of which +2.7% due to the yield impact.

94 Including transfer taxes and transaction costs. Doesn't include goodwill and intangible assets for WFD (currently being valued).

95 The sum of the GMV for the assets fully consolidated, the ownership at share of the GMV of assets accounted for using the equity method and the equity values for the assets not controlled (Zlote Tarasy, Ring-Center and Gropius Passagen).

96 Including transfer taxes and transaction costs.

97 Source: JLL, estimates.

Convention and Exhibition

The Convention and Exhibition portfolio value decreased by -1.7% on a like-for-like basis as a result of an increase in the weighted average cost of capital.

Westfield's Portfolio

The WFD asset portfolio amounted to €17,364 million[98] as at June 30, 2018, and represented 28% of URW's total portfolio.

United States (US)

Investment volumes in US retail saw another year-over-year ("YoY") decrease, with total sales reported by Real Capital Analytics of US$26.3 billion in H1-2018 (excluding the impact of the URW Transaction). This represents a -22% YoY decrease and a -9% YoY decline in single-asset transaction activity. For shopping centres, the decline in deal volume was -33%.

Given the bifurcation of the retail real estate market, capitalisation rates vary vastly based on the quality of the shopping centres. They average as low as 3.5% for prime and super prime shopping centres, but can exceed 20% for centres struggling with vacancy and other performance issues. Investors are concerned by the challenges facing certain shopping centres in a changing retail environment, in which some department stores and retailers continue to battle to attract sufficient footfall and sales as a result of changing consumer preferences and growth of online retail. The situation has led to an increased number of bankruptcies, especially for heavily leveraged retailers.

Prime and super prime quality malls simply have not transacted, which is likely a function of owners holding on to these assets for the long term, as they are best equipped to thrive in a changing retail environment. Capitalisation rates for such centres are holding steady as they are still in high demand. The outlook for prime and super prime assets remains stable. Vacancies from former department stores are seen as an opportunity for "A" grade malls, allowing landlords to replace struggling anchors with better income streams from large-format retailers, attractive leisure concepts or in-line tenants.

On the other end of the spectrum, despite strong fundamentals for the US economy, funds being raised to invest in lower quality shopping centres and the emerging belief that capitalisation rates may have stabilized for many of the lower quality retail asset classes, transaction volume remained low due to very limited availability of financing for lower quality malls and concerns about future interest rates. In the near term, mall investors are expected to closely track the impact of risks of anchor performance and interest rates on regional malls pricing.

United Kingdom (UK)

Investment volumes in UK real estate[99] amounted to €30.3 billion in H1-2018, an increase of +7% vs. the same period in 2017. Retail investment volumes accounted for 14% of total volumes, of which shopping centres represented 14% or €607 million.

The UK economy is still impacted by uncertainties around Brexit. Despite lacklustre growth of +0.1% in Q1-2018, the unemployment rate remained at 4.2%, one of the lowest levels in 40 years. The number of UK shopping centre transactions was limited, as investors are more selective in terms of asset quality. The best assets are still considered highly attractive, although their scarcity means there are a limited number of transactions. Meanwhile, secondary asset valuations are under pressure, leading to a bifurcation in the shopping centre market.

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98 Including transfer taxes and transaction costs.

99 Source: JLL, estimates.

Yields have expanded by +25 to +50 bps in this category. The outlook for super prime assets is stable, based on continued occupier demand for and the limited impact of Company Voluntary Arrangements on such shopping centres.

Asset portfolio valuation (including transfer taxes) (a)	June 30, 2018		Like-for-like change net of investment - H1-2018 (b)		Dec. 31, 2017	
	€ Mn	%	€Mn	%	€ Mn	%
Shopping centres	35,942	59%	211	0.7%	35,408	82%
Offices	4,461	7%	74	2.2%	4,171	10%
Convention & Exhibition	3,121	5%	50	-1.7%	3,063	7%
Services	415	1%	—	0.0%	415	1%
Subtotal UR	**43,938**	**72%**	**235**	**0.6%**	**43,057**	**100%**
Shopping centres	16,779	27%				
Offices & Others	584	1%				
Services		0%				
Subtotal WFD	**17,364**	**28%**				
Total URW	**61,302**	**100%**				

(a) Based on a full scope of consolidation, including transfer taxes and transaction costs (see "—URW Group share and proportionate figures for the property portfolio" for URW Group share and proportionate figures).

The portfolio valuation includes:

- The acquisition of WFD for a total fair value (in GMV) of €17,346 million as at May 31, 2018;
- The appraised or at cost value of the entire property portfolio, when fully consolidated or under joint operation;
- The equity value of UR's investments in assets accounted for using the equity method. The equity value of UR's share investments in assets accounted for using the equity method amounted to €1,969 million as at June 30, 2018, compared to €1,913 million as at December 31, 2017.

The equity value of WFD's share investments in assets accounted for using the equity method amounted to €8,078 million as at June 30, 2018. The total equity value of URW's share investments in assets accounted for using the equity method amounted to €10,047 million as at June 30, 2018.

The valuations take into account the negative cash flows related to rents paid on concessions or leaseholds, which are accounted for as financial debt on the consolidated statement of financial position. The portfolio does not include goodwill and intangibles for WFD, nor financial assets such as the €584 million of cash and cash equivalents on the URW Group's statement of financial position as at June 30, 2018.

(b) Excluding currency effect, investment properties under construction, assets accounted for using the equity method and changes in the scope (including acquisitions, disposals and deliveries of new projects) during H1-2018. Changes in scope consist mainly of:

- Acquisition of office units in Tour Rosny;
- Acquisition of retail units in Leidsenhage for the Mall of The Netherlands project and in La Part-Dieu.

The like-for-like change in the portfolio valuation is calculated excluding changes described above.

UR Valuation as at Dec. 31, 2017 (€ Mn)	**43,057**	
Like-for-like revaluation	235	
Revaluation of non like-for-like assets	237	(a)
Revaluation of shares	56	(b)
Capex / Acquisitions	454	
Disposals	0	(c)
Constant Currency Effect	100	(d)
UR Valuation as at June 30, 2018 (€ Mn)	**43,938**	**1**
Acquisition of the Westfield portfolio on June 1, 2018	17,346	(e)
Revaluation of shares	39	(b)
Capex / Acquisitions / Disposals	43	(f)
Constant Currency Effect	21	(g)
WFD Valuation as at June 30, 2018 (€ Mn)	**17,364**	**2**
URW Valuation as at June 30, 2018 (€ Mn)	**61,302**	**1+2**

(a) Non like-for-like assets include IPUC valued at cost or at fair value, projects such as the cinema in Parly 2, the Vélizy 2 extension, the DEX & IMAX project in Carré Sénart, the two hotel projects in Porte de Versailles and the Shift, Versailles Chantiers and Trinity offices.
(b) Revaluation of the shares in companies holding the assets accounted for using the equity method.
(c) Value as at December 31, 2017.
(d) Currency impact of -€100 million mainly in the Nordics, before offsets from foreign currency loans and hedging programs.
(e) Fair value of WFD's portfolio as at May 31, 2018.
(f) Capex spent in June 2018, net of disposals.
(g) Currency impact of +€21 million in the United States and the United Kingdom, before offsets from foreign currency loans and hedging programs.

Appraisers

Since June 30, 2015, three international appraisal firms, Cushman & Wakefield, JLL and PwC, have valued our Continental European retail, office, Convention and Exhibition and service portfolios. These appointments followed the expiry of the previous appraisal mandates on December 31, 2014. Cushman & Wakefield, JLL and PwC were selected following a tender process with 12 different appraisal firms, ensuring the nomination of the best appraisers in their respective geographies.

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

Appraisals of WFD's assets were made as of May 31, 2018, for the purpose of preparing the opening balance sheet of URW as of June 30, 2018. Other than the changes listed in the table above, no changes have been recorded in the value of the WFD portfolio since May 31, 2018.

The URW Group's US portfolio, including projects under development, has been valued by independent appraisers Cushman & Wakefield, Duff & Phelps, Altus and CBRE.

The URW Group's UK portfolio, including projects under development, has been valued by independent appraisers Cushman & Wakefield, GVA, Savills and CBRE.

The Westfield Milano development project has been valued by JLL.

Appraiser	Property location	% of total portfolio
Cushman & Wakefield	France / The Netherlands / Central Europe / UK / US	53%
JLL	France / Germany / Nordics / Spain / Austria / Italy	26%
Altus	US	6%
Duff & Phelps	US	5%
PwC	France / Germany	4%
Other appraisers	Central Europe / Spain / US / UK	3%
	At cost, under sale agreement or internal.	2%
		100%

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

Valuation methodology

Independent appraisers determine the fair market value of standing assets based on two main methods: the discounted cash flow ("DCF") method and/or the yield method. The fair market value of development projects is assessed through the residual valuation and/or the DCF methodology. Appraisal methods used by appraisers are compliant with international standards and guidelines as defined by RICS, IVSC and FSIF. Furthermore, the resulting valuations are cross-checked against the initial yield, value per square meter and the fair market values established through actual market transactions.

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

Valuation scope

In H1-2018, 98% of URW's portfolio was appraised by independent appraisers (including appraisals made as at May 31, 2018 for the WFD assets).

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

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

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

The Vélizy 2 extension, the DEX & IMAX project in Carré Sénart, the Trinity offices and the two hotel projects in Porte de Versailles have been assessed at fair value for the first time as at June 30, 2018.

All WFD's projects under development were assessed at fair value as at May 31, 2018, as a result of acquisition accounting, and the value as at June 30, 2018, has been calculated by adding the June capital expenditures.

Refer to the table in the section "— URW Development Projects as at June 30, 2018" for an overview of valuation methods used for development projects.

The remaining assets of the portfolio (2%) were valued as follows:

- At cost for IPUC for which a reliable value could not yet be established. These include assets under development: Gaîté Montparnasse retail and office, Mall of The Netherlands and the La Part-Dieu extension, as well as all development projects included in the "controlled" and "secured exclusivity" categories (see section "— URW Development Projects as at June 30, 2018" for more details), excluding WFD projects;
- At bid value for assets subject to an agreement pursuant to which these will be disposed of: Bobigny 2, Örebro hotel and Horton Plaza.

Unless otherwise indicated, valuation changes and references to asset values include transfer taxes and transaction costs.

Shopping centre portfolio

The value of URW's shopping centre portfolio is the addition of the value of each individual asset as determined by the URW Group's appraisers, except as noted above. This approach does not include the "portfolio value," which reflects the additional value of having a large group of unique assets in a single portfolio although it is certainly part of the appeal to the URW Group's shareholders.

Evolution of URW's shopping centre portfolio valuation

The value of the URW Group's Continental European shopping centre portfolio grew from €35,408 million as at December 31, 2017, to €35,942 million as at June 30, 2018.

The US and UK shopping centre portfolio, based on the sum of the URW Group's US and UK assets as at May 31, 2018, and the capital expenditures incurred during June 2018, was valued at €16,779 million as at June 30, 2018.

The total value of URW's shopping centre portfolio amounted to €52,721 million as at June 30, 2018.

UR Valuation as at Dec. 31, 2017 (€ Mn)	**35,408**	
Like-for-like revaluation	211	
Revaluation of non like-for-like assets	22	(a)
Revaluation of shares	52	(b)
Capex / Acquisitions	343	
Disposals	0	(c)
Constant Currency Effect	94	(d)
UR Valuation as at June 30, 2018 (€ Mn)	**35,942**	**1**
Acquisition of the Westfield portfolio on June 1, 2018	16,707	(e)
Revaluation of shares	38	(b)
Capex / Acquisitions / Disposals	10	(f)
Constant Currency Effect	24	(g)
WFD Valuation as at June 30, 2018 (€ Mn)	**16,779**	**2**
URW Valuation as at June 30, 2018 (€ Mn)	**52,721**	**1+2**

(a) Non like-for-like assets include IPUC valued at cost or at fair value, projects such as the cinema in Parly 2, the Vélizy 2 extension, the DEX & IMAX project in Carré Sénart.
(b) Revaluation of the shares in companies holding the assets accounted for using the equity method.
(c) Value as at December 31, 2017.
(d) Currency impact of -€94 million mainly in the Nordics, before offsets from foreign currency loans and hedging programs.
(e) Fair value of WFD's portfolio as at May 31, 2018.
(f) Capex spent in June 2018, net of disposals.
(g) Currency impact of +€24 million in the United States and the United Kingdom, before offsets from foreign currency loans and hedging programs.

Based on an asset value excluding estimated transfer taxes and transaction costs, the Continental European shopping centre division's Net Initial Yield ("NIY") is stable at 4.3% as at June 30, 2018 compared to December 31, 2017.

Shopping centre portfolio by region - June 30, 2018	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn (a)	Net Inital Yield (b) June 30, 2018	Net Inital Yield (b) Dec. 31, 2017
France (c)	16,004	15,401	4.0%	4.0%
Central Europe (d)	5,233	5,188	4.8%	4.9%
Spain	3,823	3,733	4.7%	4.7%
Nordics	3,456	3,382	4.2%	4.3%
Germany	3,283	3,158	4.5%	4.5%
Austria	2,536	2,523	4.2%	4.2%
The Netherlands	1,607	1,531	5.2%	5.0%
Subtotal UR	**35,942**	**34,916**	**4.3%**	**4.3%**
US	12,503	12,406	4.0%	
UK & Italy	4,277	4,147	4.0%	
Subtotal WFD	**16,779**	**16,553**	**4.0%**	
Total URW	**52,721**	**51,469**	**4.2%**	

(a) Valuation amounts include the URW Group's share of equity investments in assets accounted for using the equity method.
(b) Annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or held by companies accounted for using the equity method are not included in the calculation.
(c) The effect of including key money in the region's net rental income would increase the Net Initial Yield to 4.1% as at June 30, 2018.
(d) Ring-Center is included in the Central Europe region.

US shopping centre portfolio by category - June 30, 2018	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net Initial Yield (a) June 30, 2018
US Flagships	10,551	10,457	3.8%
US Regionals	1,952	1,950	7.8%
Total US	**12,503**	**12,406**	**4.0%**

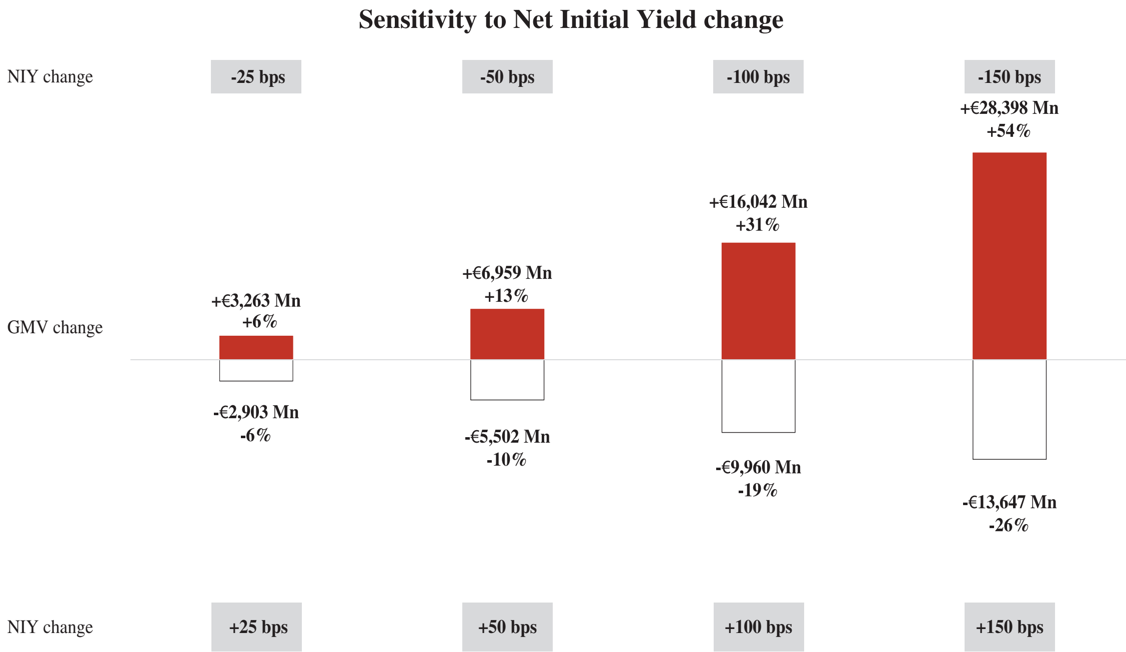
(a) Shopping centres under development or held by companies accounted for using the equity method are not included in the calculation.

The following table shows the geographic split of the URW Group's retail assets consolidated GMV:

Valuation of shopping centre portfolio (including transfer taxes)	June 30, 2018		Dec. 31, 2017	
	€ Mn	%	€ Mn	%
France	16,004	30%	15,752	44%
Central Europe	5,233	10%	5,063	14%
Spain	3,823	7%	3,764	11%
Nordics	3,456	7%	3,516	10%
Germany	3,283	6%	3,209	9%
Austria	2,536	5%	2,498	7%
The Netherlands	1,607	3%	1,607	5%
Subtotal UR (a)	**35,942**	**68%**	**35,408**	**100%**
US	12,503	24%		
UK & Italy	4,277	8%		
Subtotal WFD (a)	**16,779**	**32%**		
Total URW (a)	**52,721**	**100%**		

(a) Valuation amounts include the value of the URW Group's equity in assets accounted for using the equity method.

Sensitivity



A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€2,903 million (or -5.5%) of URW's shopping centre portfolio value (excluding assets under development).

Like-for-like analysis

On a like-for-like basis, the value of URW's Continental European shopping centre portfolio, after accounting for works, capitalised financial and leasing expenses and eviction costs, increased by +€211 million (+0.7%). This increase was the result of a rent impact of +0.9%, partly offset by a negative yield impact of -0.3%.

H1-2018 Shopping centres - Like-for-like (LfL) change (a)	LfL change in € in millions	LfL change in %	LfL change - Rent impact	LfL change - Yield impact (b)
France	42	0.3%	0.7%	-0.4%
Central Europe	122	2.9%	1.7%	1.2%
Spain	34	0.9%	0.8%	0.1%
Nordics	18	0.5%	-0.2%	0.7%
Germany	21	0.9%	1.8%	-0.9%
Austria	21	0.8%	1.9%	-1.1%
The Netherlands	-46	-4.0%	0.4%	-4.3%
Total	**211**	**0.7%**	**0.9%**	**-0.3%**

(a) Like-for-like change net of investments from December 31, 2017 to June 30, 2018, excluding assets accounted for using the equity method.
(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates) and taking into account key money.

Like-for-like revaluations illustrated the outperformance of Continental European assets attracting ten million or more visits per annum.

Shopping centres - Like- for-like (LfL) change by footfall category (a)

H1-2018	LfL change in € Mn	LfL change in %	LfL change - Rent impact	LfL change - Yield impact (b)
10 Mn visits and above	336	1.3%	1.4%	-0.1%
Below 10 Mn visits	-125	-1.8%	-0.6%	-1.2%
Total	**211**	**0.7%**	**0.9%**	**-0.3%**

(a) Like-for-like change net of investments from December 31, 2017 to June 30, 2018, excluding assets accounted for using the equity method.
(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates) and taking into account key money.

Since December 31, 2011, the increase in the quality of URW's Continental European shopping centres has resulted in a +54.9% increase in value[100] per square meter, from €6,102 to €9,450 as at June 30, 2018. On a like-for-like basis[101], the net revaluation amounted to +42.1% of which +26.6% due to the rent impact and +15.4% due to yield compression.

Office portfolio

Evolution of URW's office portfolio valuation

The value of URW's Continental European office portfolio increased to €4,461 million as at June 30, 2018, from €4,171 million as at December 31, 2017.

The value of URW's US and UK office portfolio was €584 million as at June 30, 2018 (value as at May 31, 2018, increased by the capital expenditures incurred during June).

The total value of URW's office portfolio amounted to €5,045 million as at June 30, 2018.

UR Valuation as at Dec. 31, 2017 (€ Mn)	**4,171**	
Like-for-like revaluation	74	
Revaluation of non like-for-like assets	154	(a)
Revaluation of shares	3	(b)
Capex / Acquisitions	64	
Disposals	-	
Constant Currency Effect	-6	(c)
UR Valuation as at June 30, 2018 (€ Mn)	**4,461**	1
Acquisition of the Westfield portfolio on June 1, 2018	639	(d)
Revaluation of shares	1	(b)
Capex / Acquisitions / Disposals	-53	(e)
Constant Currency Effect	-3	(f)
WFD Valuation as at June 30, 2018 (€ Mn)	**584**	2
URW Valuation as at June 30, 2018 (€ Mn)	**5,045**	1+2

100 Gross Market Value per m² of the URW Group's standing shopping centres, excluding assets accounted for using the equity method.
101 Analysis made on a constant like-for-like standing perimeter from December 31, 2011 to June 30, 2018 (assets owned by UR as at December 31, 2011 through June 30, 2018).

(a) Non like-for-like assets including investment properties under construction or refurbishment valued at cost or at fair value, including assets such as Shift, Gaîté Montparnasse office, Trinity and Versailles Chantiers as at June 30, 2018.
(b) Revaluation of the shares in companies holdings the assets accounted for using the equity method.
(c) Currency impact of -€6 million in the Nordics, before offsets from foreign currency loans and hedging programs.
(d) Fair value of WFD's portfolio as at May 31, 2018.
(e) Capex spent in June 2018, net of disposals.
(f) Currency impact of -€3 million in the United States and the United Kingdom, before offsets from foreign currency loans and hedging programs.

The split by region of the total office portfolio is the following:

Valuation of office portfolio (including transfer taxes)	June 30, 2018		Dec. 31, 2017	
	€ in millions	%	€ in millions	%
France	4,023	80%	3,738	90%
Nordics	171	3%	173	4%
Other countries	267	5%	260	6%
Subtotal UR	**4,461**	**88%**	**4,171**	**100%**
US	218	4%		
UK & Italy	366	7%		
Subtotal WFD	**584**	**12%**		
Total URW	**5,045**	**100%**		

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the office division's Net Initial Yield fell by -15 bps to 5.5% as at June 30, 2018.

Valuation of occupied office space - June 30, 2018	Valuation including transfer taxes (€ in millions) (a) (b)	Valuation excluding estimated transfer taxes (€ in millions) (b)	Net Inital Yield (c) June 30, 2018	Net Inital Yield (c) Dec. 31, 2017
France	3,077	2,984	5.3%	5.5%
Nordics	143	140	7.7%	7.6%
Other countries	248	246	6.6%	5.9%
Subtotal UR	**3,468**	**3,369**	**5.5%**	**5.6%**
US	215	213	6.0%	
UK & Italy	48	46	n.m.	
Subtotal WFD	**264**	**259**	**6.0%**	
Total URW	**3,732**	**3,628**	**5.5%**	

(a) Valuation of occupied office space as at June 30, 2018, based on the appraiser's allocation of value between occupied and vacant space.
(b) Valuation amounts include the URW Group's share equity investments in assets accounted for using the equity method.
(c) Assets under development or held by companies accounted for using the equity method are not included in this calculation.

Sensitivity

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€169 million (-4.5%) of URW's office portfolio value (occupied and vacant spaces, excluding assets under development).

Like-for-like analysis

The value of URW's Continental European office portfolio, after accounting for the impact of works and capitalised financial and leasing expenses, increased by +€74 million (+2.2%) on a like-for-like basis, due to a rent impact of +0.2% and yield impact of +2.1%.

Offices - Like-for-like (LfL) change (a) H1-2018	**LfL change in € in millions**	**LfL change in %**	**LfL change - Rent impact**	**LfL change - Yield impact (b)**
France	70	2.3%	-0.4%	2.7%
Nordics	2	1.5%	3.1%	-1.6%
Other countries	1	1.2%	6.7%	-5.5%
Total	**74**	**2.2%**	**0.2%**	**2.1%**

(a) Like-for-like change net of investments from December 31, 2017 to June 30, 2018. Does not include assets accounted for using the equity method.
(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates).

French office portfolio

The French office portfolio split by sector is the following:

French office portfolio by sector - June 30, 2018	**Valuation (including transfer taxes)**	
	€ in millions	**%**
La Défense	2,386	59%
Paris CBD and others	1,637	41%
Total	**4,023**	**100%**

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the French office division's Net Initial Yield came to 5.3%, reflecting a -18 bps yield compression during H1-2018.

Valuation of French occupied office space – June 30, 2018	**Valuation including transfer taxes (€ in millions) (a)**	**Valuation excluding estimated transfer taxes (€ in millions)**	**Net Initial Yield – June 30, 2018**	**Average price €/ m² (b)**
La Defense	1,953	1,893	5.9%	8,196
Paris CBD and others	1,124	1,090	4.2%	13,453
Total	**3,077**	**2,984**	**5.3%**	**9,529**

(a) Valuation of occupied office space as at June 30, 2018, based on the appraiser's allocation of value between occupied and vacant spaces.

(b) Average price, excluding estimated transfer taxes, per square meter for occupied office space based on the appraiser's allocation of value between occupied and vacant spaces. The computation takes into account the areas allocated to company restaurants. Average prices were restated for car parks with a basis of €30,000 per unit for Paris CBD and Issy and €15,000 for other areas.

Convention and Exhibition portfolio

The value of URW's Convention and Exhibition portfolio is the sum of the values of each of the individual assets.

Valuation methodology

The valuation methodology adopted by PwC for the venues is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession or leasehold (net of the amounts paid for the concession or leasehold) if it exists, or otherwise over a 10-year period, with an estimate of the asset value at the end of the given time period, based either on the residual contractual value for concessions or on capitalised cash flows over the prior year, including the remaining capital expenditures to be spent on Porte de Versailles (€429 million).

The discounted cash flow methodology has been adopted for the CNIT Hilton, the Novotel Confluence and the Pullman Montparnasse hotels as at June 30, 2018.

The hotels in Porte de Versailles were assessed at fair value for the first time as at June 30, 2018, using the same methodology.

Evolution of the Convention and Exhibition valuation

The value of URW's Convention and Exhibition centres and hotels, including transfer taxes and transaction costs, grew to €3,121 million[102] as at June 30, 2018:

Valuation Dec. 31, 2017 (€ in millions)	**3,063**	(a)
Like-for-like revaluation	-50	
Revaluation of non like-for-like assets	61	
Revaluation of shares	0	
Capex / Acquisitions	46	
Valuation June 30, 2018 (€ in millions)	**3,121**	(b)

(a) Of which €2,783 million for Viparis (including Palais des Sports) and €280 million for hotels (including the two hotel projects in Porte de Versailles). Excluding the Convention and Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports) is €2,624 million.

(b) Of which €2,765 million for Viparis (including Palais des Sports) and €355 million for hotels (including the two hotel projects in Porte de Versailles). Excluding the Convention and Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports) is €2,617 million.

102 Based on a full scope of consolidation, including transfer taxes and transaction costs (see "— URW Group share and proportionate figures for the property portfolio" for URW Group share and proportionate figures).

On a like-for-like basis, net of investments, the value of Convention and Exhibition properties and hotels decreased by -€50 million (-1.7%) compared to December 31, 2017.

Convention & Exhibition - Like-for-like change (a)	H1-2018	
	€ in millions	%
Viparis and others (b)	-51	-1.8%
Hotels	1	1.9%
Total	**-50**	**-1.7%**

(a) Like-for-like change net of investments from December 31, 2017 to June 30, 2018. Does not include assets accounted for using the equity method.
(b) Viparis and others include all of the URW Group's Convention and Exhibition centres.

Based on these valuations, the average EBITDA yield (recurring earnings before interest, tax, depreciation and amortisation divided by the value of assets, excluding estimated transfer taxes and transaction costs) of Viparis's consolidated venues increased by +9 basis points from December 31, 2017, to 5.4% as at June 30, 2018.

Services

The services portfolio is composed of URW's French, German, UK and US property services companies.

URW's Continental European services portfolio is appraised annually by PwC as at each year-end in order to include all significant intangible assets in the portfolio at their market value for the calculation of URW's NAV. In URW's consolidated statement of financial position, intangible assets are not revalued but recognized at cost less any amortisation charges and/or impairment losses booked.

URW's US and UK services businesses are currently being valued by PwC in the context of the purchase price allocation and are therefore not included in the valuation of the services business as at June 30, 2018.

URW Group share and proportionate figures for the property portfolio

The figures above are based on a full scope of consolidation.

The following tables provide the URW Group share level (in GMV) and the proportionate GMV for UR's assets:

	Full scope consolidation		Group share		Proportionate	
UR Asset portfolio valuation - June 30, 2018	**€ in millions**	**%**	**€ in millions**	**%**	**€ in millions**	**%**
Shopping centres	35,942	82%	31,498	83%	36,362	82%
Offices	4,461	10%	4,436	12%	4,461	10%
Convention & Exhibition	3,121	7%	1,784	5%	3,118	7%
Services	415	1%	329	1%	415	1%
Total UR	**43,938**	**100%**	**38,047**	**100%**	**44,356**	**100%**
UR Asset portfolio valuation - Dec. 31, 2017	**€ in millions**	**%**	**€ in millions**	**%**	**€ in millions**	**%**
Shopping centres	35,408	82%	31,018	83%	35,851	82%
Offices	4,171	10%	4,146	11%	4,171	10%
Convention & Exhibition	3,063	7%	1,747	5%	3,061	7%
Services	415	1%	329	1%	415	1%
Total UR	**43,057**	**100%**	**37,241**	**100%**	**43,497**	**100%**
UR Like-for-like change - net of Investments - H1-2018	**€ in millions**	**%**	**€ in millions**	**%**	**€ in millions**	**%**
Shopping centres	211	0.7%	177	0.6%	228	0.7%
Offices	74	2.2%	74	2.2%	74	2.2%
Convention & Exhibition	-50	-1.7%	-30	-1.9%	-50	-1.7%
Services	-	0.0%	-	0.0%	-	0.0%
Total UR	**235**	**0.6%**	**221**	**0.7%**	**252**	**0.6%**
UR Like-for-like change - net of Investments - H1-2018 - Split rent/yield impact	**Rent impact %**	**Yield impact %**	**Rent impact %**	**Yield impact %**	**Rent impact %**	**Yield impact %**
Shopping centres	0.9%	-0.3%	0.9%	-0.3%	0.9%	-0.3%
Offices	0.2%	2.1%	0.1%	2.1%	0.2%	2.1%
UR Net Initial Yield	**June 30, 2018**	**Dec. 31, 2017**	**June 30, 2018**	**Dec. 31, 2017**	**June 30, 2018**	**Dec. 31, 2017**
Shopping centres (a)	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Offices - occupied space (b)	5.5%	5.6%	5.5%	5.6%	5.5%	5.6%

(a) Annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development and shopping centres not controlled (Zlote Tarasy, Ring-Center and Gropius Passagen) are not included in the calculation. Shopping centres held by companies accounted for using the equity method are not included in the calculation of full scope of consolidation and group share but are included in the proportionate.

(b) Annualised contracted rents (including latest indexation) and other income net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Offices under development and offices not controlled (Zlote Tarasy Lumen & Skylight) are not included in the calculation.

The following table provides the URW Group share level (in GMV) and the proportionate GMV for WFD's assets:

	Full scope consolidation		Group share		Proportionate	
WFD Asset portfolio valuation - June 30, 2018	**€ in millions**	**%**	**€ in millions**	**%**	**€ in millions**	**%**
Shopping centres	16,779	97%	16,286	97%	18,747	97%
Offices & Others	584	3%	583	3%	616	3%
Services	-	0%	-	0%	-	0%
Total WFD	**17,364**	**100%**	**16,869**	**100%**	**19,363**	**100%**

The following table provides the URW Group share level (in GMV) and the proportionate GMV for URW's assets:

	Full scope consolidation		Group share		Proportionate	
URW Asset portfolio valuation - June 30, 2018	**€ in millions**	**%**	**€ in millions**	**%**	**€ in millions**	**%**
Shopping centres	52,721	86%	47,784	87%	55,109	86%
Offices & Others	5,045	8%	5,020	9%	5,076	8%
Convention & Exhibition	3,121	5%	1,784	3%	3,118	5%
Services	415	1%	329	1%	415	1%
Total URW	**61,302**	**100%**	**54,916**	**100%**	**63,719**	**100%**

Additional Valuation parameters — IFRS 13

URW complies with the IFRS 13 fair value measurement and the position paper[103] on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the URW Group's assets, URW believes it is appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumptions on growth rates and exit yields, are used by appraisers to determine the fair value of URW's assets.

In addition to the disclosures provided above, the following tables provide a number of quantitative data in order to assess the fair valuation of the URW Group's assets.

[103] EPRA Position Paper on IFRS 13 — Fair value measurement and illustrative disclosures, February 2013.

Shopping centres

All shopping centres are valued using the discounted cash flow and/or yield methodologies.

Shopping centres - June 30, 2018		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
	Max	7.6%	882	8.5%	7.2%	9.1%
France	Min	2.0%	160	5.3%	3.5%	1.2%
	Weighted average	4.0%	516	5.7%	4.0%	4.2%
	Max	6.9%	587	7.9%	7.7%	3.0%
Central Europe	Min	4.6%	210	6.3%	4.7%	2.2%
	Weighted average	4.8%	392	6.7%	5.0%	2.5%
	Max	8.1%	814	11.0%	7.0%	3.8%
Spain	Min	4.0%	122	7.0%	4.3%	1.6%
	Weighted average	4.7%	330	7.4%	4.6%	3.1%
	Max	5.3%	462	8.7%	5.0%	4.9%
Nordics	Min	3.9%	191	6.4%	3.9%	2.1%
	Weighted average	4.2%	373	6.7%	4.2%	3.1%
	Max	7.3%	481	8.0%	6.6%	3.7%
Germany	Min	3.9%	244	6.0%	3.9%	2.1%
	Weighted average	4.5%	311	6.4%	4.4%	3.0%
	Max	4.3%	396	6.2%	4.1%	2.9%
Austria	Min	4.1%	375	6.1%	4.1%	2.5%
	Weighted average	4.2%	385	6.2%	4.1%	2.7%
	Max	6.7%	413	7.4%	6.6%	3.7%
Netherlands	Min	4.4%	172	5.8%	4.2%	2.8%
	Weighted average	5.2%	273	6.5%	5.2%	3.0%
	Max	8.9%	2,437	10.0%	8.5%	5.7%
United States	Min	3.3%	73	5.5%	4.3%	2.4%
	Weighted average	4.0%	377	6.1%	4.8%	4.6%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development and assets accounted for using the equity method are not included in this table, as well as UK assets.

(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per m².

(b) Rate used to calculate the net present value of future cash flows.

(c) Rate used to capitalise the exit rent to determine the exit value of an asset.

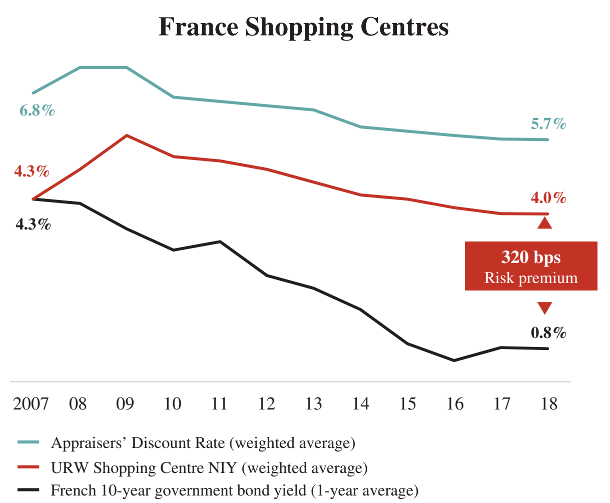
(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

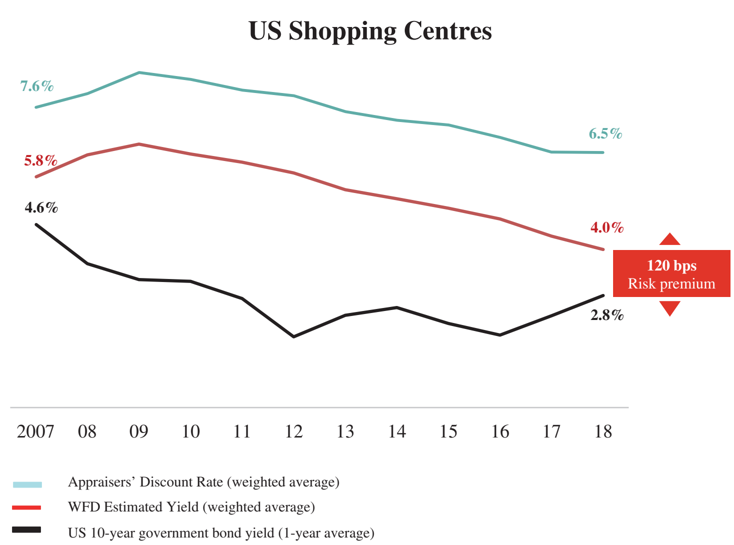
For the United States, the split between Flagship and Regional shopping centres is as follows:

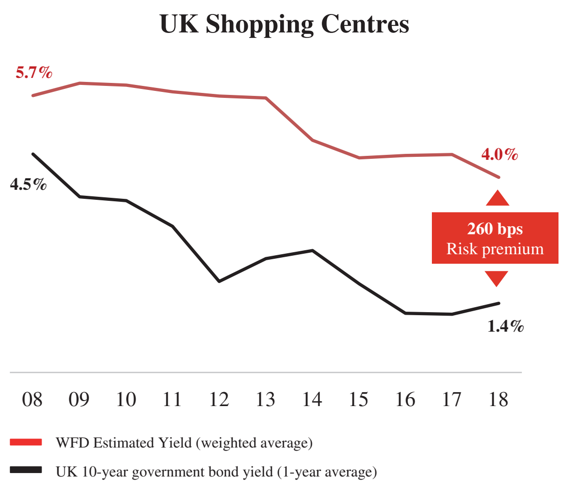
Shopping centres - June 30, 2018		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
	Max	4.8%	2,437	6.5%	5.8%	5.7%
US Flagships	Min	3.3%	201	5.5%	4.3%	3.9%
	Weighted average	3.8%	587	5.9%	4.7%	4.8%
	Max	8.9%	146	10.0%	8.5%	4.9%
US Regionals	Min	6.9%	73	9.0%	7.5%	2.4%
	Weighted average	7.8%	103	9.3%	7.8%	3.0%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development and assets accounted for using the equity method are not included in this table.

(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per m².
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalise the exit rent to determine the exit value of an asset.
(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).







Offices

Offices are valued using the discounted cash flow and yield methodologies.

Offices - June 30, 2018		Net Initial Yield on occupied space	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
	Max	11.6%	733	9.0%	8.2%	2.6%
France	Min	3.8%	107	4.3%	3.4%	-4.2%
	Weighted average	5.3%	498	5.3%	4.5%	0.7%
	Max	9.2%	224	9.4%	7.8%	3.3%
Nordics	Min	6.4%	166	7.1%	5.2%	2.3%
	Weighted average	7.7%	189	7.7%	6.1%	2.6%
	Max	13.9%	159	8.8%	8.7%	14.6%
Other countries	Min	4.7%	49	5.9%	4.1%	0.4%
	Weighted average	6.6%	105	7.5%	6.1%	2.9%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development and assets accounted for using the equity method are not included in this table, as well as WFD's assets.

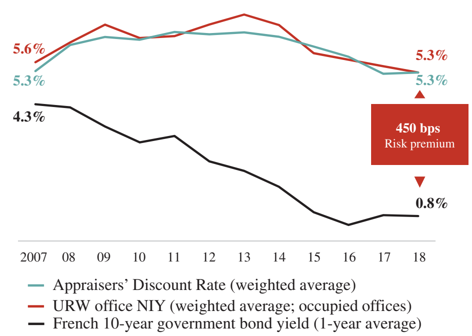
(a) Average annual rent (Minimum Guaranteed Rent) per asset per m². The computation takes into account the areas allocated to company restaurants.

(b) Rate used to calculate the net present value of future cash flows.

(c) Rate used to capitalise the exit rent to determine the exit value of an asset.

(d) Compounded Annual Growth Rate of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

France Offices



To value the URW Group's assets, appraisers use Discount Rates they consider investors will require to generate target returns. For example, since 2007, the gap between Discount Rates used by appraisers for the URW Group's shopping centre and office assets in France and the French government bond yields has widened materially, despite a recent increase in French government bond yields. This and their judgment on appropriate exit capitalisation rates have led to wide yield differentials between the URW Group's French shopping centre and office assets relative to French government bond yields.

EPRA Triple Net Asset Value Calculation

The EPRA Triple Net Asset Value is calculated by adding to the consolidated shareholders' equity (Owners of the parent), as shown on the consolidated statement of financial position (under IFRS), several items as described hereafter.

Consolidated shareholders' equity

As at June 30, 2018, consolidated shareholders' equity (Owners of the parent) came to €25,699 million.

Shareholders' equity (Owners of the parent) incorporated the net recurring profit of €702.9 million and the net negative impact of -€60.3 million of fair value adjustments on property assets and financial instruments, as well as the capital gain on sales of properties.

As the purchase price allocation of the URW Transaction is still in progress as at June 30, 2018, it has been assumed that the goodwill generated by the transaction (€3,367 million) will not be impaired at year-end.

Impact of rights giving access to share capital

Dilution from securities giving access to share capital as at June 30, 2018, was computed for such instruments "in the money" and having fulfilled the performance conditions.

In accordance with IFRS, financial instruments and the ORNANEs[104] were recorded on URW's statement of financial position at their fair value with the impact of the change in fair value included in the income statement and thus in the consolidated shareholders' equity.

The ORNANEs issued in 2014 and 2015 were not restated for the EPRA NNNAV calculation as they are "out of the money" as at June 30, 2018, and therefore had no impact on the number of shares.

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[104] Net share settled bonds convertible into new and/or existing shares (ORNANE). See "—Financial Resources."

The exercise of "in the money" stock-options and performance shares with the performance conditions fulfilled as at June 30, 2018, would have led to a rise in the number of shares by +682,823, generating an increase in shareholders' equity of +€98 million.

As at June 30, 2018, the fully-diluted number of shares taken into account for the NAV calculations was 138,973,702.

Unrealised capital gains on intangible and operating assets

The appraisal of property service companies in France and Germany, of the operating asset of URW (7 Adenauer, Paris 16) and of the operations ("*fonds de commerce"*) of Viparis Porte de Versailles, Paris Nord Villepinte, Palais des Congrès de Paris, Palais des Congrès de Versailles and Issy-les-Moulineaux, gave rise to an unrealised capital gain of +€447 million, which was added for the purpose of the NAV calculation.

Adjustment of deferred taxes on capital gains

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated statement of financial position as at June 30, 2018.

For the purpose of the EPRA NAV calculation, deferred taxes on unrealised capital gains on assets not qualifying for tax exemption (€3,720 million) were added back, including the deferred tax liabilities resulting from the acquisition of WFD.

Goodwill booked on the statement of financial position as a result of deferred taxes was accordingly excluded from the NAV for a total amount of €256 million.

For the calculation of the EPRA NNNAV, estimated taxes actually payable should a disposal take place (€1,781 million) were deducted. For US and UK assets, this estimation is based on 50% of the deferred tax liabilities booked in the consolidated statement of financial position.

Mark-to-market value of debt and derivatives

In accordance with IFRS, derivatives and ORNANEs were recorded on URW's statement of financial position at their fair value.

The fair value adjustment (€320 million, excluding exchange rate hedging in accordance with the EPRA best practice recommendations) was added back for the EPRA NAV calculation and then deducted for the EPRA NNNAV calculation.

The value of the fixed-rate debt on the statement of financial position of the URW Group is equal to the nominal value for the ex-Unibail debt, the fair value of the ex-Rodamco debt at the accounting combination date (June 30, 2007) and the value of the WFD debt at the accounting combination date (May 31, 2018). Taking fixed rate debt at its fair value would have had a negative impact of -€206 million. This impact was taken into account in the EPRA NNNAV calculation.

Restatement of transfer taxes and transaction costs

Transfer taxes and transaction costs are estimated after taking into account the disposal scenario minimizing these costs: sale of the asset or of the company that owns it provided the anticipated method is achievable (which notably depends on the net book value of the asset). This estimation is carried out on a case-by-case basis on each individual asset, according to the local tax regime.

As at June 30, 2018, these estimated transfer taxes and other transaction costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to a positive net adjustment of €660 million.

EPRA Triple Net Asset Value

URW's EPRA NNNAV (Owners of the parent) stood at €28,380 million or €204.20 per Stapled Share (fully-diluted) as at June 30, 2018.

The EPRA NNNAV per share increased by +1.8% (or +€3.70) compared to December 31, 2017 and increased by +4.6% (or +€8.90) compared to June 30, 2017.

The increase of +€3.70 compared to December 31, 2017 was the sum of: (i) the value creation of +€12.54 per share, (ii) the impact of the entire dividend for the 2017 financial year (paid in March and May 2018) of -€10.80, and (iii) the positive impact of the +€1.96 mark-to-market of the fixed-rate debt and derivatives.

If only interim dividend would have been paid in H1-2018 (i.e. -€5.40), the EPRA NNNAV would have increased by +4.5% (or +€9.10) compared to December 31, 2017.

Going Concern Net Asset Value

URW adds to the EPRA NNNAV per Stapled Share estimated transfer taxes and effective deferred capital gain taxes resulting in a Going Concern NAV. This corresponds to the amount of equity needed to replicate the URW Group's portfolio with its current financial structure.

Going Concern NAV stood at €227.10 per Stapled Share as at June 30, 2018, an increase of +€7.90 (+3.6%) compared to December 31, 2017.

This increase was the sum of: (i) the value creation of +€16.74 per share, (ii) the impact of the dividend paid in March and May 2018 of -€10.80, and (iii) the positive impact of the +€1.96 mark-to-market of the fixed-rate debt and derivatives.

If only interim dividend would have been paid in H1-2018 (i.e. -€5.40), the Going Concern NAV would have increased by +6.1% (or +€13.30) compared to December 31, 2017.

The following tables show the calculation presented in compliance with EPRA best practices recommendations. A bridge from December 31, 2017 to June 30, 2018 is also presented.

EPRA NNNAV calculation	**June 30, 2017**		**Dec. 31, 2017**		**June 30, 2018**	
(All figures are URW Group share)	**€ in millions**	**€/share**	**€ in millions**	**€/share**	**€ in millions**	**€/share**
Fully diluted number of shares		100,242,464		99,910,659		138,973,702
NAV per the financial statements	18,001		18,916		25,699	
Amounts owed to shareholders	510		0		0	
ORA and ORNANE	2		0		0	
Effect of exercise of options	74		3		98	
Diluted NAV	18,586		18,919		25,797	
Add						
Revaluation of intangible and operating assets	366		406		447	
Added back/deducted						
Fair value of financial instruments	265		232		320	
Deferred taxes on balance sheet	1,716		1,776		3,720	
Goodwill as a result of deferred taxes	-264		-256		-256	
EPRA NAV	20,669	€ 206.20	21,078	€ 211.00	30,027	€ 216.10
Fair value of financial instruments	-265		-232		-320	
Fair value of debt	-559		-579		-206	
Effective deferred taxes	-810		-823		-1,781	
Impact of transfer taxes estimation	544		591		660	
EPRA NNNAV	**19,579**	**€ 195.30**	**20,035**	**€ 200.50**	**28,380**	**€ 204.20**
% of change over 6 months		**6.3%**		**2.7%**		**1.8%**
% of change over 1 year		**12.0%**		**9.1%**		**4.6%**

Unibail-Rodamco-Westfield also states the "Going concern NAV" equals EPRA NNNAV per share adding back transfer taxes and deferred capital gain taxes. It corresponds to the amount of equity needed to replicate the Group's portfolio with its current financial structure - on the basis of fully diluted number of shares.

Going Concern NAV calculation (All figures are URW Group share)	June 30, 2017 € in millions	June 30, 2017 €/share	Dec. 31, 2017 € in millions	Dec. 31, 2017 €/share	June 30, 2018 € in millions	June 30, 2018 €/share
EPRA NNNAV	19,579		20,035		28,380	
Effective deferred capital gain taxes	810		823		1,781	
Estimated transfer taxes	1,021		1,040		1,404	
GOING CONCERN NAV	**21,410**	**€213.60**	**21,898**	**€219.20**	**31,565**	**€227.10**
% of change over 6 months		**6.0%**		**2.6%**		**3.6%**
% of change over 1 year		**11.4%**		**8.8%**		**6.3%**

Evolution of EPRA NNNAV and Going concern NAV		EPRA NNNAV	Going concern NAV
As at Dec. 31, 2017, per share (fully diluted)		**€200.50**	**€219.20**
Revaluation of property assets *		2.42	2.42
Retail	1.15		
Offices	1.42		
Convention & Exhibition	-0.16		
Revaluation of intangible and operating assets		0.25	0.25
Capital gain on disposals		-0.01	-0.01
Recurring Net Result		6.61	6.61
Distribution		-10.80	-10.80
Mark-to-market of debt and financial instruments		1.96	1.96
Variation in transfer taxes & deferred taxes adjustments		7.05	16.56
Variation in the fully diluted number of shares		-1.65	-6.95
Other (including foreign exchange difference)		-2.13	-2.14
As at June 30, 2018, per share (fully diluted)		**204.20€**	**227.10€**

* Revaluation of property assets is €1.24 per Stapled Share on like-for-like basis, of which +€2.39 due to rental effect and -€1.15 € due to yield effect.

Financial Resources

In H1-2018, markets remained focused on the monetary policy of the European Central Bank (ECB) and the US Federal Reserve (Fed). Monetary policy became less accommodative with the ECB deciding to taper its QE programme with a view towards ending its bond purchases by December 2018, the Fed deciding to increase its Fed Funds rate in March and June and two further rate hikes expected in H2-2018.

The market was also impacted by geopolitical events, including escalating trade tensions following the imposition of tariffs by the US administration, North Korea's pursuit of nuclear capabilities and the political situation in Italy, leading to increased volatility.

This half year was further characterized by the completion of the URW Transaction on June 7, 2018. UR raised €6,513 million of new senior debt and €2.0 billion of hybrid securities. Following these issuances, the bridge loan of €6.1 billion put in place in January 2018 to finance the acquisition of WFD was cancelled, without having been drawn.

URW benefits from healthy financial ratios[105] as at June 30, 2018[106]:

- The Interest Coverage Ratio (ICR) was 7.1x[107] (>5x in 2017 on a pro forma basis and 6.7x for UR on a stand-alone basis);
- The Loan-to-Value (LTV) ratio amounted to 38.0%[108] (37.1%[109] on a pro forma basis and 33.2% for UR on a stand-alone basis, both as at December 31, 2017).

The LTV after taking into account disposals completed since June 30, or for which binding agreements have been signed would be 36.7%[110].

The average cost of debt for the period was 1.5% (1.4% for 2017) and includes one month of financial expenses of WFD and the cost of the senior debt issued to finance the transaction.

Debt structure as at June 30, 2018

URW's consolidated nominal financial debt as at June 30, 2018, increased to €25,133 million[111] from €14,864 million as at December 31, 2017 (€24,106 million as at December 31, 2017 on a pro-forma basis), and includes ca. €6,737 million of debt from WFD.

Financial debt also includes €1,000 million of net share settled bonds convertible into new and/or existing URW stapled shares (ORNANE).

The total cash on-hand of the URW Group came to €584 million as at June 30, 2018 (€575 million as at December 31, 2017).

Debt breakdown

URW's consolidated nominal financial debt as at June 30, 2018, breaks down as follows:

	UR (€ in millions)	WFD[112] (eq.€ in millions)	Total URW (€ in millions)
EMTN	14,867	—	14,867
Rule 144A and other Regulation S bonds	—	4,468	4,468
ORNANE	1,000	—	1,000
CP and billets de trésorerie	1,235	—	1,235
Bank loans and overdrafts	359	1,776	2,135
Mortgage loans	936	492	1,429
Total	**18,397**	**6,737**	**25,133**

105 The P&L takes into account one month of activity for WFD impacting financial expenses and EBITDA.

106 Based on IFRS accounts, hybrid securities are treated as shareholder's equity.

107 Proportionate ICR ratio of 6.6x (>4.5x on a 2017 pro forma basis). On a H1-2018 pro forma basis, ICR ratio of 5.5x and proportionate ICR ratio of 4.8x.

108 Including transfer taxes. 39.3% excluding transfer taxes. Proportionate LTV ratio of 39.7% at June 30, 2018.

109 Including transfer taxes. 38.4% excluding transfer taxes. Proportionate LTV ratio of 38.9% on a 2017 pro forma basis.

110 The Orebro hotel, the Capital 8 office building, four Spanish non-core retail assets (El Faro, Bahia Sur, Los Arcos and Vallsur) and Horton Plaza.

111 After impact of derivative instruments on debt raised in foreign currencies.

112 Based on €/US$ exchange rate of 1.1658.

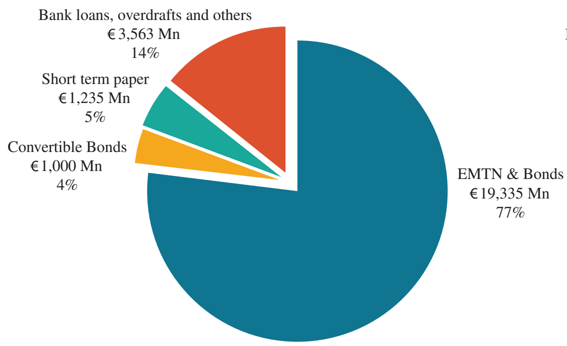
The medium to long-term corporate debt issued by various entities of URW benefits from cross guarantees from entities within the URW Group.

No loans are subject to prepayment clauses linked to the URW Group's ratings[113].

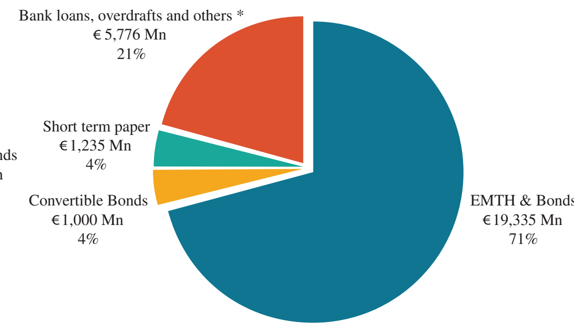
The non-consolidated debt of Joint Ventures amounts to €2,212 million with cash on hand standing at €115 million.

The URW Group's debt remains well diversified with a predominant proportion of bond financing.

Group's Consolidated Debt



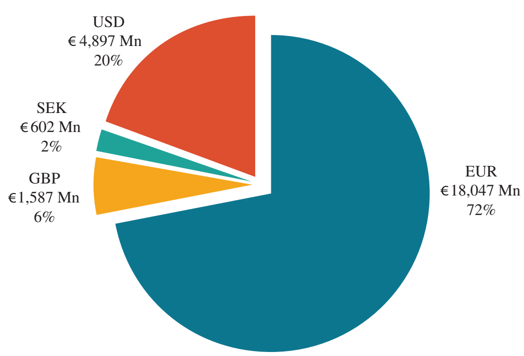
Group's Proportionate Debt



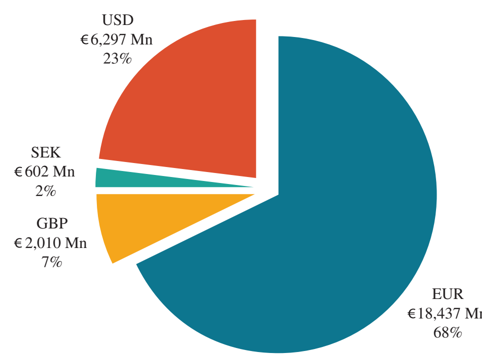
* Includes Westfield Stratford City CMBS (UK£ 375 million).

The split of the debt by currency following the URW Transaction is as follows.

Group's Consolidated Debt



Group's Proportionate Debt



Funds Raised

- Four public EMTN bonds were issued in May 2018 for a total amount of € 3,000 million with the following features:

Amount	Maturity (years)	Coupon
€800 million	3.0	0.125%
€800 million	7.3	1.125%
€900 million	12.7	1.875%
€500 million	20.0	2.25%

113 Barring exceptional circumstances (change in control).

The weighted average maturity, coupon and spread over mid-swaps were ca. 10 years, 1.27% and 50bps, respectively.

- Two private placements were issued under URW's EMTN programme for a total amount of €540 million:
  - A €500 million Floating Rate Note (FRN) with a 2-year maturity and a margin of 10 bps over 3-month Euribor[114];
  - A €40 million indexed bond swapped back to floating, equivalent to +75 bps over 3-month Euribor with a 15-year maturity.

In total, €3,540 million of bonds were issued with a weighted average maturity of nine years at an average margin of 44 bps over mid-swaps, versus an average of +62 bps for an average duration of 14 years in 2017.

- A €400 million "green" revolving credit facility, with a 5-year maturity and a margin of 35 bps[115] was signed on May 3, 2018. The margin of the "green" facility depends on the achievement by the URW Group of three CSR objectives that are part of the URW Group's strategy.
- A US$3,000 million (€2,573 million) revolving credit facility was signed by the URW Group on June 28, 2018, with a maturity of 4 years and a margin of 87.5 bps based on the URW Group's credit ratings and current 1-year drawn levels.
- In addition, the UR Group issued €2,000 million of hybrid securities on April 16, 2018, at an average margin of +184 bps over mid swaps in two tranches:
  - €1,250 million with a 2.125% coupon and callable after 5.5 years;
  - €750 million with a 2.875% coupon and callable after 8 years.

The hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option[116] and are required to be classified as equity under IFRS.

URW also accessed the money market by issuing short-term paper (BMTN and "*billets de trésorerie*"). The average amount of short-term paper outstanding in H1-2018 was €1,100 million (€1,378 million on average in 2017) including €948 million of *billets de trésorerie* raised at Eonia on average (+1 bp above Eonia in 2017).

As at June 30, 2018, the total amount of undrawn credit lines came to €6,995 million (€6,203 million as at December 31, 2017) and cash on-hand came to €584 million (€575 million as at December 31, 2017). The undrawn credit lines include US$929 million (ca. €797 million) from the URW Group's US$ revolving credit facility.

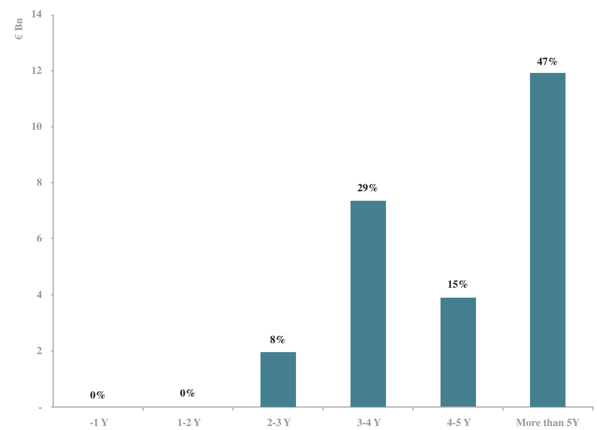
114 With a coupon floored at 0%.

115 Taking into account current rating and based on current utilisation of these lines and the achievement of the URW Group's CSR targets set in the green revolving line.

116 Details on the hybrid securities at*:* https://www.urw.com/-/media/Corporate~o~Sites/UR-Corporate/Files/Homepage/Investors/FINANCING~o~ACTIVITY/BOND~o~ISSUES/UR-Prospectus/2018_Prospectus-Hybrid.ashx.

Debt maturity

The following chart illustrates URW's debt as at June 30, 2018, after the allocation of the committed credit lines (including the undrawn part of the revolving loans), by date of maturity and based on the residual life of its borrowings.



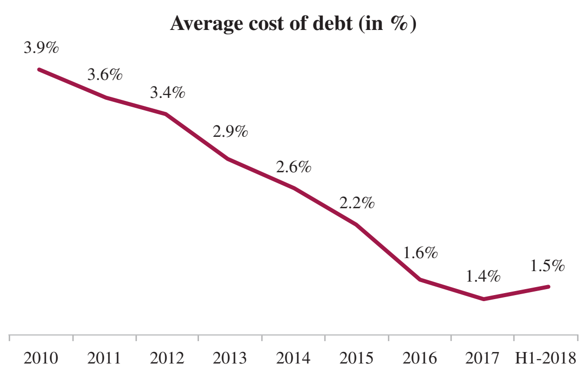
100% of the debt had a maturity of more than two years as at June 30, 2018 (after taking into account undrawn credit lines).

The average maturity of the URW Group's debt as at June 30, 2018, taking into account the unused credit lines, decreased to 6.9 years (7.2 years as at December 31, 2017) as a result of the inclusion of WFD's debt.

Liquidity needs

URW's debt repayment needs[117] for the next 12 months are covered by the available undrawn credit lines and cash on-hand. The amount of bonds and bank loans outstanding as at June 30, 2018, and maturing or amortising within a year is €1,965 million (including a total of €1,699 million of bonds) compared with €6,995 million of undrawn committed credit lines and €584 million of cash on-hand as at June 30, 2018.

Average cost of debt



URW's average cost of debt (including one month of WFD financial expenses) for the period was 1.5% (1.4% in 2017). This average cost of debt results from:

- low coupon levels the URW Group achieved during the last years on its fixed rate debt;

[117] Excluding Commercial Paper and BMTN maturing in 2018 (€1,013 million), overdrafts and other.

- the level of margins on existing borrowings;
- the URW Group's active balance sheet management through tender offer transactions;
- the hedging instruments in place;
- the cost of carry of the undrawn credit lines;
- the cost of acquisition debt;
- the cost of debt of WFD in June 2018 (3.5%), which is higher than URW's due to:
  - WFD's "BBB+" rating before the completion of the acquisition;
  - higher rates in the United States and the United Kingdom.

The average cost of debt of UR on a standalone basis for the period would have been 1.3%.

Ratings

URW has solicited a rating from both Standard & Poor's (S&P) and Moody's.

In June 2018, both S&P and Moody's confirmed the URW Group's long-term rating at "A" and "A2," respectively, in each case with a stable outlook, and at "A-1," only from S&P, for its short term rating.

In July 2018, following the implementation of cross guarantees within the URW Group, the rating agencies also assigned an "A" and "A2" rating to WFD's debt securities.

The URW Group decided to keep only the S&P and Moody's rating and not to solicit a Fitch rating[118] as:

- Investors usually request two ratings;
- S&P and Moody's already rated WFD;
- S&P and Moody's are recognized in the United States, where the URW Group intends to raise part of its funding for its US activity.

Market risk management

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. URW's risk mainly relates to interest rate fluctuations on the debt it has taken out to finance its investments and maintain the cash position it requires, and exchange rate fluctuations due to the URW Group's activities in countries outside the Eurozone, in particular in the United States and the United Kingdom following the URW Transaction.

URW's interest risk management policy aims to limit the impact of interest rate fluctuations on results, while minimizing the overall cost of debt. To achieve those objectives, the URW Group uses derivatives, mainly caps and swaps, to hedge its interest rate exposure through a macro hedging policy.

URW's exchange rate policy objective is to have a LTV ratio that is consistent currency by currency. Thus, the URW Group raises debt in local currency, uses derivatives and buys or sells foreign currencies at spot or forward rates.

118 Last solicitied rating: "A." Following the announcement of the URW Transaction, Fitch put the "A" rating on "watch negative."

Due to its use of derivatives, the URW Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. The URW Group implemented IFRS 13 for the mark-to-market calculations of its derivative transactions.

	Euros[119]	**US$**	**UK£**	**SEK**	**Total eq. Euros**
Assets[120]	44,826	14,830	3,738	29,881	64,668
Net Financial Debt[121]	17,694	5,440	1,406	6,200	24,549
LTV[122]	39%	37%	38%	21%	38%

Interest rate risk management

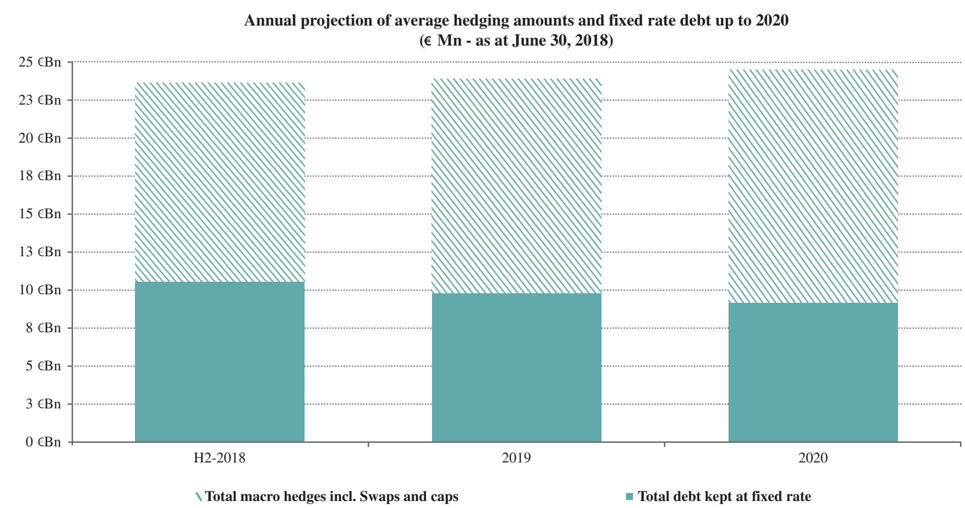
The interest rate environment was more volatile but yet offered attractive windows to access the Euro market.

The URW Group decided to pre-hedge its funding needs for the URW Transaction and further extended its hedging programme, by adding caps for a nominal amount of €3.0 billion.

Consequently, the amounts raised to fund the URW Transaction were swapped to floating (except the 20-year bond).

In July 2018, the URW Group put in place additional hedging instruments in US dollars for a nominal amount of US$ 2.0 billion.

In total, including the hedges above, the debt the URW Group expects to raise is hedged at 97% for 2018, 94% for 2019 and 91% for 2020.



The graph above shows:

- The part of the debt which is kept at a fixed rate;

119 Assets valued in euros and including Danish assets.
120 On a consolidated basis, including transfer taxes. At this stage, goodwill has been allocated to URW's euro denominated assets pending the final purchase price allocation.
121 On a consolidated basis.
122 On a consolidated basis. The LTV per currency, on a proportionate basis, is at 40%, 42%, 42% and 21% on euros, US dollars, sterlingand SEK, respectively.

- The hedging instruments used to hedge the variable rate loans and fixed rate debt immediately converted into variable rate debt through the URW Group's macro hedging policy.

URW in general does not classify its financial hedging instruments as cash flow hedges. As a result, any fair value changes in these instruments are recognized in the URW Group's income statement.

Measuring interest rate exposure

As at June 30, 2018, net financial debt stood at €24,549 million (vs. €14,289 million as at December 31, 2017), excluding partners' current accounts and after taking into account cash on hand of €584 million.

The outstanding debt was hedged at 87% as at June 30, 2018, and fully hedged as a result of the hedging instruments put in place in July 2018 through both:

- debt kept at a fixed rate;
- hedging in place as part of URW's macro hedging policy.

Based on the estimated average debt position of URW in 2018, if interest rates (Euribor, Libor, Stibor or Pribor) were to rise by an average of +50 bps[123] during H2-2018, the estimated impact on financial expenses[124] would be -€13.9 million, reducing the 2018 recurring net profit by a broadly similar amount:

- Euro financial expenses would increase by €10.4 million;
- Dollar financial expenses would increase by US$3.4 million (€2.9 million);
- Sterling financial expenses would increase by UK£0.5 million (€0.5 million).

An additional rise of +50 bps would increase financial expenses by a further -€3.7 million.

In total, a +100 bps increase in interest rates during 2018 would have a net negative impact on financial expenses of -€17.6 million:

- Euro financial expenses would increase by €13.8 million;
- Dollar financial expenses would increase by US$3.2 million (€2.7 million);
- Sterling financial expenses would increase by UK£0.9 million (€1.1 million).

A -50 bps drop in interest rates would reduce the financial expenses by €35.0 million and would increase the recurring net profit in 2018 by a broadly equivalent amount:

- Euro financial expenses would decrease by €30.4 million;
- Dollar financial expenses would decrease by US$4.8 million (€4.1 million);
- Sterling financial expenses would decrease by UK£0.5 million (€0.5 million).

Foreign exchange risk management

The URW Group has extended its activities and investments in countries outside the Eurozone following the URW Transaction. When converted into euros, the income and value of the URW Group's investments may be influenced by fluctuations in exchange rates against the euro. The URW Group's policy objective is to apply a

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123 The impact on exchange rates due to this theoretical increase of 50 bps in interest rates is not taken into account. The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at June 29, 2018: 3m Euribor (-0.32%), 3m US$ Libor (2.34%) and 3m UK£ Libor (0.67%).

124 As June 30, 2018 including US$2.0 billion of hedging instrument in July 2018.

consistent LTV by currency allowing it to match part of the foreign currency asset value and income with debt and financial expenses in the same currency, thus reducing the exchange rate effects on net asset value and earnings. Foreign exchange risk can be hedged by either matching investments in a specific currency with debt in the same currency, or using derivatives to achieve the same risk management goal.

Currency risk during the building period of pipeline investments is covered as early as possible after signing the actual building contract.

Measure of exposure to foreign exchange risks (€ in millions)[125]

Currency	Assets	Liabilities	Net Exposure	Hedging Instruments	Exposure Net of Hedges
US$	12,851	-7,423	5,427	600	6,027
UK£	4,103	-1,225	2,878	-520	2,357
SEK	2,760	-992	1,768	0	1,768
Others	525	-684	-159	610	451
Total	**20,238**	**-10,324**	**9,914**	**690**	**10,603**

The main exposures kept are in US dollars, sterling and SEK. +10% change of €/US$, €/UK£ or €/SEK (i.e. a 10% increase of euros against the US dollar, sterlingor SEK) would have an impact on shareholders' equity and on the recurring result as follows:

	Impact on	
€ in millions	**Shareholder's Equity**	**Recurring Result**
+10% in €/US$	-547.9	-20.5
+10% in €/UK£	-214.3	-6.6
+10% in €/SEK	-160.7	-5.1

As at June 30, 2018, the SEK 1,750 million credit line signed in December 2017 is undrawn and part of the US$3,000 million revolving credit facility (US$ 929 million) is undrawn.

The URW Group, through its activities, may be exposed to market risks which can generate losses as a result of fluctuations in stock markets. The URW Group is either (i) directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments, or, (ii) indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share based derivatives which are directly correlated with the price of the asset underlying such derivatives.

Financial structure

As at June 30, 2018, URW's total assets amounted to €64,668 million. Pending the definitive purchase price allocation and valuation of intangibles in WFD non-real estate assets, the URW Group has maintained €3,367 million of goodwill in its June 30, 2018, accounts and includes this amount in its total assets.

Debt ratio

As at June 30, 2018, the LTV ratio amounted to 38.0%[126], (37.1% on a pro forma basis and 33.2% for UR on a stand-alone basis, both as at December 31, 2017).

[125] Liabilities include, but are not limited to, the debt raised in the given currencies, and include deferred tax liabilities. Since the analysis of the allocation of the remaining goodwill arising on the URW Transaction is on-going, the amount of goodwill remains in euros at this stage.

[126] Proportionate LTV ratio of 39.7% (38.9% on a 2017 pro forma basis).

This increase results from the URW Transaction which was partly funded through debt as well as the early payment of the UR final dividend in May vs. in July in other years.

The URW Group also committed to sell €3.0 billion of Continental European assets during the next several years. Since June 30, 2018, the URW Group has disposed of or entered into binding agreements to sell assets in Continental Europe and the United States for a net disposal price of €1.3 billion.

Interest Coverage Ratio

The Interest Coverage Ratio (ICR) stood at 7.1x[127] for 2018 (>5x in 2017 on a pro forma basis and 6.7x for UR on a stand-alone basis) as a result of strong rental growth, a controlled cost of debt and the URW Transaction.

Financial ratios	**June 30, 2018**	**December 31, 2017**
LTV[128]	38.0%	33.2%
ICR	7.1x	6.7x

These ratios show ample headroom vis-à-vis the following bank covenants usually set at:

- For URW bank loans (in Europe):
  - a maximum loan-to-value of 60%;
  - a minimum ICR of 2x.
- For the US revolving credit facility:
  - a maximum loan-to-value of 65%;
  - a minimum ICR of 1.5x;
  - a maximum of 50% for the Secured debt ratio[129];
  - a minimum of 1.5x for the Unencumbered leveraged ratio[130].

These covenants are tested twice a year based on the URW Group's consolidated financial statements.

As at June 30, 2018, 96% of the URW Group's credit facilities and bank loans allowed a loan-to-value of up to 60% of the URW Group or the borrowing entity, as the case may be.

There are no financial covenants (such as loan-to-value or ICR) in the EMTN, the CP and the USCP programs of UR.

The WFD bond indentures (144A and Regulation S bonds) contain financial covenants based on the URW Group's financial statements:

- a maximum loan-to-value of 65%;
- a minimum ICR of 1.5x;

127 Proportionate ICR ratio of 6.6x (>4.5x on a 2017 pro forma basis).

128 As at June 30, 2018, total assets stood at €64,668 million (€43,057 million as at December 31, 2017). The LTV excluding transfer taxes is estimated at 39.3%.

129 Secured debt ratio = Secured debt / Total assets. 2.2% as at June 30, 2018, on a pro forma basis.

130 Unencumbered leverage ratio = unencumbered assets / unsecured debt. 2.21 as at June 30, 2018, on a pro forma basis.

- a maximum of 45% for the Secured debt ratio;
- a minimum of 1.25x for the Unencumbered leveraged ratio.

EPRA Performance Measures

In compliance with the EPRA best practices recommendations[131], URW summarises the EPRA Net Initial Yields and EPRA Vacancy Rate of H1-2018 below.

1. EPRA Net Initial Yields

The following table provides the URW Group yields according to the EPRA Net Initial Yield definitions per segment and with a bridge from UR's (December 31, 2017) and URW's (June 30, 2018) Net Initial Yields:

	June 30, 2018		December 31, 2017	
	Retail (1)	Offices (1)	Retail (1)	Offices (1)
Unibail-Rodamco yields	**4.3%**	**5.4%**	**4.3%**	**5.6%**
Effect of vacant units	0.0%	-0.6%	0.0%	-0.1%
Effect of EPRA adjustments on NRI	0.1%	0.0%	0.1%	0.0%
Effect of estimated transfer taxes and transaction costs	-0.1%	-0.2%	-0.1%	-0.2%
EPRA topped-up yields	**4.2%**	**4.7%**	**4.3%**	**5.3%**
Effect of lease incentives	-0.1%	-2.0%	-0.1%	-1.9%
EPRA Net Initial Yields	**4.1%**	**2.6%**	**4.1%**	**3.4%**

(1) Assets under development or held by companies accounted for using the equity method are not included in the calculation.

2. EPRA Vacancy Rate

The EPRA vacancy rate is defined as the ERV of vacant spaces divided by the ERV of total space (let plus vacant). The vacancy rate in the United States and UK is calculated as the ERV of vacant units over the sum of existing MGR + ERV of vacant units.

	June 30, 2018	Dec. 31, 2017	June 30, 2017
Retail			
France	2.6%	2.8%	2.8%
Central Europe	0.7%	0.4%	0.3%
Spain	0.9%	1.0%	1.1%
Nordic	3.6%	4.2%	5.4%
Austria	1.9%	1.0%	0.7%
Germany	3.3%	2.6%	2.3%
Netherlands	5.6%	6.5%	5.6%
Total Retail	**2.3%**	**2.4%**	**2.5%**
Offices			
France	3.5%	3.3%	7.7%
Total Offices	**4.6%**	**4.6%**	**7.8%**
United States	10.7%		
United Kingdom	4.0%		

131 Best Practices Recommendations. See www.epra.com

Off-Balance Sheet Arrangements

For information on our off-balance sheet commitments and contingent liabilities, see Note 12 to the UR Group Annual Financial Statements and Note 12 to the URW Group Half Year Financial Statements included elsewhere in this offering memorandum.

Quantitative and Qualitative Disclosures About Market Risk

For information on our hedging instruments and risk management policy, including market risk, see Notes 7.4 and 7.5 to the UR Group Annual Financial Statements and Note 7.4 to the URW Group Half Year Financial Statements included elsewhere in this offering memorandum.

Critical Accounting Policies

For information on our critical accounting policies, see the notes to the UR Group Annual Financial Statements including Notes 2, 3.1, 4.1, 5.1.1, 5.2.1, 5.3.1, 5.4.1, 7.1, 7.4.1, 8.1, 10.3.1, 10.3.2 and 11.2, and Note 2 to the URW Group Half Year Financial Statements included elsewhere in this offering memorandum.

OPERATING AND FINANCIAL REVIEW OF WESTFIELD CORPORATION

The following operating and financial review covers periods prior to the consummation of the URW Transaction, and therefore, references in this section to "Westfield Corporation," "our," "we," "us" and the "Company" refer to the previously stapled group which, prior to the URW Transaction, consisted of WCL, WFD Trust and WAT and their respective subsidiaries before the consummation of the URW Transaction. Unless otherwise stated, the information in the following operating and financial review is as of December 31, 2017 and is based on information published by Westfield Corporation prior to the URW Transaction. You should read the following operating and financial review together with our consolidated 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, 2017 compared to the year ended December 31, 2016 and for the year ended December 31, 2016 compared to the year ended December 31, 2015.

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.

Our Business

As of December 31, 2017, 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 6,565 retail outlets in approximately 44.2 million square feet of gross lettable area (GLA). As of December 31, 2017, the value of our property assets was US$21.4 billion and the gross value of our property portfolio (including the interests of joint venture partners) was US$34.5 billion. We had proportionate total assets of US$23.6 billion (including our share of assets from equity accounted entities of US$11.5 billion) as of December 31, 2017. We had proportionate property revenue of US$1.3 billion (including our share of property revenues from equity accounted entities of US$0.7 billion) for the year ended December 31, 2017.

As of December 31, 2017, we had four major redevelopment projects under construction in the United States and the United Kingdom, at an estimated total investment of US$2.4 billion, of which our share would be US$1.4 billion with an estimated yield range of between 7.0% and 8.0%. Our projects under construction at December 31, 2017 in the United States include the US$300 million development at the Westfield World Trade Center – Tower 3 in New York, New York, the UK£600 million Phase II development of Westfield London, the US$1.1 billion expansion of Valley Fair in San Jose, California and the US$200 million UTC residential rental project in San Diego. Of the US$1.4 billion we have committed to these projects, we had incurred expenditures of US$0.6 billion as of December 31, 2017. 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$6.1 billion of future retail development opportunities as well as future residential opportunities adjacent to our properties, which cost is not included in the US$6.1 billion.

As of December 31, 2017, on a consolidated basis, we had secured borrowings of US$0.6 billion, unsecured borrowings of US$6.7 billion, and US$2.0 billion available to be drawn down under undrawn, predominantly long term, unsecured committed bank facilities. As of December 31, 2017, WFD's 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 32.3%.

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 have affected our historical 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 and Like-for-Like Net Rental 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 shopping centres. Investment properties undergoing redevelopment are independently valued on completion. The independent valuations are conducted using two methods — the "yield" method and/or the "discounting of future cash flows to their present value" method. See "— Critical Accounting Policies — Investment Properties" below.

The yield method involves directly capitalising net income based on market yields estimated by appraisers. This valuation is predominantly used in the United Kingdom.

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 similar to those 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, based upon Westfield Corporation's methodology, 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 2.1 included above in "Selected Consolidated Financial Data of Westfield Corporation" 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 Lettable 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 — Key Shopping Centre Operating Statistics." 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 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 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, 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 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, 2017:

FFO (in millions)	**Year ended December 31, 2017**
Profit after tax	US$1,551.2
Property revaluations	(847.4)
Amortisation of tenant allowances	54.7
Net fair value loss of currency derivatives that do not qualify for hedge accounting	2.2
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	40.9
Net fair value gain on other financial liabilities	(4.0)
Loss in respect of capital transactions	23.6
Intangible amortisation and impairment	22.9
Deferred tax	(137.3)
FFO	**706.8**

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 — We believe that WEA has operated and currently operates in a manner so as 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 our consolidated financial statements attached to this offering memorandum has been compiled from the tax expense included in our consolidated 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
	(US$ in millions)			
2017 Quarterly Data:				
Specialty shop sales	1,749.7	1,869.8	1,959.3	2,593.5
Leased rate (2)	94.0%	93.9%	93.4%	93.2%
2016 Quarterly Data:				
Specialty shop sales	1,751.4	1,849.2	1,907.7	2,584.6
Leased rate (2)	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 (2)	94.3%	95.0%	95.7%	95.9%

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

(2) Leased rate excludes US temporary leasing of in-line space.

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 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.

Westfield Results of Operations

Our sterling foreign currency denominated revenues and expenses for the years ended December 31, 2017, 2016 and 2015 were translated to US dollars at the following average exchange rates:

Year Ended	UK£	US$
December 31, 2017	1.0000	1.2885
December 31, 2016	1.0000	1.3492
December 31, 2015	1.0000	1.5281

Significant Development and Transactions Impacting Comparisons by Year

2017 Developments. In October 2017, we successfully launched the major stage of the US$1 billion redevelopment of Century City in Los Angeles, including Nordstrom and a world class and industry leading retail tenancy mix. The opening of Westfield Century City was an important milestone in the execution of our strategy.

We also successfully launched the US$600 million (Westfield share: US$300 million) expansion at UTC in San Diego in Q4 2017, including a new Nordstrom department store.

As of December 31, 2017, good progress continued on the US$2.4 billion of major projects under construction including the £600 million expansion of Westfield London (Westfield share: £300 million), opened in March 2018, and the then US$1.1billion (Westfield share: US$550 million) expansion of Valley Fair.

The US$6.1 billion of future retail development projects include Westfield Milano and Croydon in South London. At Westfield Milano, to be anchored by a Galeries Lafayette department store, pre-leasing is progressing well and works have commenced on necessary highway infrastructure. We expect to be in a position for the project to commence later in 2018.

Westfield Corporation continues to progress residential rental projects across the United States and the United Kingdom. During the year, a 300 apartment project at UTC in San Diego was commenced and we expect to be in a position for the 1,200 apartment project at Stratford to commence later in 2018.

2016 Developments. In August 2016, we successfully opened the US$1.2 billion first stage of Westfield World Trade Center. The centre 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.

2015 Developments. During 2015, we 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, 2017 to the Year Ended December 31, 2016

See "Financial Information Presentation" for important information regarding the basis for the preparation of the 2017 Westfield Annual Financial Statements and 2016 Westfield Annual Financial Statements. The following analysis is based on the actual consolidated financial statements for years ended December 31, 2017 and December 31, 2016:

Earnings before Interest and Tax ("EBIT"). For the year ended December 31, 2017, EBIT was US$1,556.3 million, compared to US$1,685.0 million for the year ended December 31, 2016, a US$128.7 million decrement. This decrease was primarily due to a decrease in our share of after tax profits from equity accounted entities, partially offset by increases in net property income.

Proportionate Net Property Income increased by US$62.5 million or 8.4% to US$802.7 million for the year ended December 31, 2017 compared to US$740.2 million for the year ended December 31, 2016. This increase was mainly due to the completion of the World Trade Center first stage of development in August 2016 and Century City and UTC in Q4 2017. Further details are discussed in "— Property Revenue and Property Expenses, Outgoings and Other Costs" below.

Proportionate property revaluations decreased by US$157.6 million to US$847.4 million for the year ended December 31, 2017 compared to US$1,005.0 million for the year ended December 31, 2016. This decrease was primarily attributable to changes to the weighted average capitalisation rates of the property portfolio between December 31, 2017 and 2016 and revaluation gains in 2016 relating to the United Kingdom.

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 increased US$118.1 million or 23.1% to US$630.1 million for the year ended December 31, 2017 compared to US$512.0 million for the year ended December 31, 2016. Consolidated property expenses, outgoings and other costs increased US$59.9 million or 26.8% to US$283.1 million for the year ended December 31, 2017 compared to US$223.2 million for the year ended December 31, 2016. Consequently, consolidated Net Property Income increased US$58.2 million or 20.2% to US$347.0 million for the year ended December 31, 2017 compared to US$288.8 million for the year ended December 31, 2016. As discussed above, these changes were mainly due to the completion of the World Trade Center in the first stage of development in August 2016 and Century City and UTC in Q4 2017.

On a proportionate basis, property revenue increased US$127.9 million or 10.8% to US$1,315.7 million for the year ended December 31, 2017 compared to US$1,187.8 million for the year ended December 31, 2016. Proportionate property expenses, outgoings and other costs increased US$65.4 million or 14.6% to US$513.0 million for the year ended December 31, 2017 compared to US$447.6 million for the year ended December 31, 2016. Consequently, proportionate Net Property Income increased US$62.5 million or 8.4% to US$802.7 million for the year ended December 31, 2017 compared to US$740.2 million for the year ended December 31, 2016.

As discussed above in "Westfield Results of Operations," the portfolio is managed on a Flagship and Regional basis. The Flagship and Regional Net Property Income is disclosed in the 2017 Westfield Annual Financial Statements. Our proportionate Net Property Income for the year ended December 31, 2017 on a Flagship and Regional basis is described below.

- ***Flagship*** — Our Flagship proportionate Net Property Income was US$615.4 million for the year ended December 31, 2017 compared to US$546.7 million for the year ended December 31, 2016. This increase of US$68.7 million or 12.6% was primarily due to the completion of developments at World Trade Center in the first stage of 2016 and Century City and UTC in Q4 2017 along with comparable NOI growth. Comparable Net Property Income grew by 2.7% over the 12 months ended December 2017. This increase in Comparable Net Property Income is primarily due to a 4.6% increase in Average Specialty Store Rent. The portfolio at December 31, 2017 was 94.9% leased as compared to 96.0% for the year ended December 31, 2016. The reduction in the leased position reflects the transformation of the portfolio as Westfield Corporation continues to remerchandise and invest in upgrading and enhancing the retail mix with the introduction of many new concepts and brands, and replacing the underperforming and outdated retail formats.
- ***Regional*** — Our Regional proportionate Net Property Income was US$187.3 million for the year ended December 31, 2017 compared to US$193.5 million for the year ended December 31, 2016. This decrease was primarily due to lower investment income from the residual investments in Starwood and Centennial and project impacted centres. Comparable Net Property Income grew by 0.7% over the year ended December 31, 2017. This increase in Comparable Net Property Income is primarily due to a 1.4% increase in Average Specialty Store Rent. The portfolio at December 31, 2017 was 90.4% leased as compared to 93.0% for the year ended December 31, 2016. The reduction in leased position reflects store closures over 2017 and the timing to re-lease the space, including a focus on remerchandising and remixing in the centres.

Property Revaluations. For the year ended December 31, 2017, we recorded property revaluation gains (excluding our share of the property revaluations of equity accounted entities) of US$568.2 million compared to US$513.8 million for the year ended December 31, 2016, an increase of US$54.4 million. This was primarily attributable to revaluation gains from the consolidated Flagship portfolio including the completed development at Century City in Los Angeles in 2017, with World Trade Center in 2016. As of December 31, 2017 and 2016, the weighted average capitalisation rate of the property portfolio (including both consolidated properties and Westfield Corporation's share of equity accounted properties) was 4.6%.

Share of After Tax Profits/(Loss) of Equity Accounted Entities. For the year ended December 31, 2017, our share of the after tax profit of equity accounted entities was US$671.6 million compared to US$862.1 million for the year ended December 31, 2016, a decrease of US$190.5 million. The majority of this decrease was due to property revaluations.

Net Property Income for equity accounted properties increased US$4.3 million or 1.0% to US$455.7 million for the year ended December 31, 2017 compared to US$451.4 million for the year ended December 31, 2016. Net interest related to equity accounted properties decreased by US$17.3 million to US$62.7 million for the year ended December 31, 2017 compared to US$80.0 million for the year ended December 31, 2016.

Property revaluation gains related to equity accounted properties were US$279.2 million for the year ended December 31, 2017 compared to US$491.2 million for the year ended December 31, 2016, a decrease of US$212.0 million. This was primarily attributable to changes to the weighted average capitalisation rates of the property portfolio between December 31, 2017 and 2016 noted above and revaluation gains in 2016 relating to the United Kingdom.

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$177.7 million or 32.0% to US$733.1 million for the year ended December 31, 2017 compared to US$555.4 million for the year ended December 31, 2016. Property development and project management costs for such properties increased US$167.3 million or 36.2% to US$629.7 million for the year ended December 31, 2017 compared to US$462.4 million for the year ended December 31, 2016. Consequently, net property development and project management income derived from properties owned under joint venture or co-ownership arrangements increased US$10.4 million or 11.2% to US$103.4 million for the year ended December 31, 2017 compared to US$93.0 million for the year ended December 31, 2016. 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 at Stratford and Westfield London, in the 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$1.1 million or 2.0% to US$56.3 million for the year ended December 31, 2017 compared to US$55.2 million for the year ended December 31, 2016. Property and funds management costs for such assets decreased US$0.5 million or 2.3% to US$21.6 million for the year ended December 31, 2017 compared to US$22.1 million for the year ended December 31, 2016. Consequently, net property and funds management income on account of assets managed on behalf of institutions and other investors increased US$1.6 million or 4.8% to US$34.7 million for the year ended December 31, 2017 compared to US$33.1 million for the year ended December 31, 2016. This increase was primarily attributable to an increase in management income in the United States.

Currency Derivatives. Our loss on currency derivatives was US$2.2 million for the year ended December 31, 2017 compared to a gain of US$8.6 million for the year ended December 31, 2016. This was due to a decrease in the fair value of currency derivatives of US$2.2 million for the year ended December 31, 2017 compared to an increase in fair value of currency derivatives of US$8.6 million for the year ended December 31, 2016.

Overheads. Overheads increased US$3.8 million or 3.3% to US$119.9 million for the year ended December 31, 2017 compared to US$116.1 million for the year ended December 31, 2016. This increase is in line with general increases in operating costs of the business.

Net Gain/(Loss) from Capital Transactions. The loss from capital transactions was US$23.6 million for the year ended December 31, 2017 compared to a gain of US$1.7 million for the year ended December 31, 2016. The loss in 2017 was primarily due to the divestment of investments in Hammerson plc and Intu Properties plc in the United Kingdom and transaction costs in relation to those divestments.

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 Westfield Annual Financial Statements. The following analysis is based on the actual consolidated 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 centres 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 "Westfield Results of Operations," the portfolio is managed on a Flagship and Regional basis. The Flagship and Regional Net Property Income is disclosed in the 2016 Westfield Annual Financial Statements. 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 December 31, 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 12 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. The portfolio at December 31, 2016 was 96.0% leased as compared to 96.6% for the year ended December 31, 2015. The reduction in the leased position 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.

- ***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 December 31, 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 Capital Partners in 2015. Comparable Net Property Income grew by 0.6% over the 12 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. The portfolio at December 31, 2016 was 93.0% leased as compared to 94.8% for the year ended December 31, 2015. The reduction in the leased position reflects store closures over 2016 and the timing to re-lease the space, including a focus on remerchandising and remixing in our centres.

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 capitalisation rates. As of December 31, 2016, the weighted average capitalisation 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 capitalisation 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 capitalisation 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.

Liquidity and Capital Resources

Cash Flows

Comparison of cash flows for the Year Ended December 31, 2017 with the Year Ended December 31, 2016

The following analysis is based on the actual consolidated financial statements for years ended December 31, 2017 and December 31, 2016:

Net cash inflows from operating activities increased by US$179.8 million or 34.3% from US$524.0 million for the year ended December 31, 2016 to US$703.8 million for the year ended December 31, 2017. This increment was primarily due to an increase in receipts in the course of operations of US$240.6 million from US$1,345.9 million for the year ended December 31, 2016 to US$1,586.5 million for the year ended December 31, 2017, a decrease in sales tax paid of US$75.7 million from US$79.8 million for the year ended December 31, 2016 to US$4.1 million for the year ended December 31, 2017, and a decrease in income and withholding taxes paid of US$39.9 million from US$53.9 million for the year ended December 31, 2016 to US$14.0 million for the year ended December 31, 2017. These items were partially offset by an increase in payments in the course of operations of US$91.9 million from US$977.2 million for the year ended

December 31, 2016 to US$1,069.1 million for the year ended December 31, 2017 and an increase in net payment of interest on borrowings and derivatives of US$77.0 million from US$26.8 million for the year ended December 31, 2016 to US$103.8 million for the year ended December 31, 2017.

Net cash flows used in investing activities decreased by US$461.7 million from a cash outflow of US$1,570.8 million for the year ended December 31, 2016 to a cash outflow of US$1,109.1 million for the year ended December 31, 2017. This decrement was primarily due to an increase in proceeds from the disposition of property investments of US$220.0 million (US$54.9 million for the year ended December 31, 2016 compared to US$274.9 million for the year ended December 31, 2017), a decrease in the acquisition of property investments of US$205.0 million (US$365.7 million for the year ended December 31, 2016 compared to US$160.7 million for the year ended December 31, 2017), a decrease in financing costs capitalised to qualifying development projects and construction in progress of US$21.1 million (US$108.0 million for the year ended December 31, 2016 compared to US$86.9 million for the year ended December 31, 2017) and a decrease in capital expenditures on property investments and plant and equipment of US$8.9 million (US$1,145.3 million for the year ended December 31, 2016 compared to US$1,136.4 million for the year ended December 31, 2017).

Net cash flows from financing activities increased by US$332.7 million from a cash inflow of US$265.8 million for the year ended December 31, 2016 to a cash inflow of US$598.5 million for the year ended December 31, 2017. This increment was primarily due to an increase in net proceeds from interest bearing liabilities and other financial liabilities of US$336.9 million (US$787.4 million for the year ended December 31, 2016 compared to US$1,124.3 million for the year ended December 31, 2017), partially offset by an increase in dividends and distributions paid of US$4.2 million (US$521.6 million for the year ended December 31, 2016 compared to US$525.8 million for the year ended December 31, 2017).

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 consolidated financial statements for years ended December 31, 2016 and December 31, 2015:

Net cash inflows from operating activities decreased by US$329.6 million or 38.6% from US$853.6 million for the year ended December 31, 2015 to US$524.0 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$107.5 million from US$869.7 million for the year ended December 31, 2015 to US$977.2 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$1,925.0 million from a cash inflow of US$354.2 million for the year ended December 31, 2015 to a cash outflow of US$1,570.8 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 US$0 for the year ended December 31, 2016), and an increase in capital expenditures on property investments and plant and equipment of US$191.2 million (US$954.1 million for the year ended December 31, 2015 compared to US$1,145.3 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).

Available Liquidity and Debt Maturity Profile

As of December 31, 2017, on a proportionate basis, we had total available liquidity of US$2.6 billion made up of undrawn, predominantly long term, unsecured committed bank loan facilities of US$2.0 billion after taking into account outstanding guarantees, and cash and cash equivalents of US$0.6 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, 2017 is set out below:

	As of December 31, 2017 (in millions)	
Consolidated Year ending:	**Committed Financing Facilities**	**Total Interest Bearing Liabilities**
December 31, 2018	US$ 3.5	US$ 3.5
December 31, 2019	4,503.8	2,576.5
December 31, 2020	1,322.1	1,172.1
December 31, 2021	—	—
December 31, 2022	775.0	775.0
December 31, 2023	—	—
December 31, 2024	1,000.0	1,000.0
December 31, 2025	405.4	405.4
December 31, 2026	121.0	121.0
December 31, 2027	—	—
Due thereafter	1,175.6	1,175.6
	US$ 9,306.4	**US$7,229.1**
Equity Accounted Year ending:		
December 31, 2018	US$ 34.3	US$ 34.3
December 31, 2019	513.6	513.6
December 31, 2020	188.6	188.6
December 31, 2021	3.2	3.2
December 31, 2022	3.3	3.3
December 31, 2023	501.4	501.4
December 31, 2024	437.5	437.5
December 31, 2025	269.2	269.2
December 31, 2026	218.5	218.5
	US$ 2,169.6	**US$2,169.6**
Proportionate Total	**US$11,476.0**	**US$9,398.7**

Recent Financing Transactions

During the year ended December 31, 2017, we raised US$1.5 billion comprising US$500 million 5-year bonds at 3.15%, £300 million 8-year bonds at 2.125% and £500 million 12-year bonds at 2.625%.

Contractual Obligations and Other Commitments

The following table summarises our contractual obligations and commitments as of December 31, 2017, December 31, 2016 and December 31, 2015. Further information regarding our operating lease and capital expenditure commitments is set forth in Note 30 ("Capital Expenditure Commitments") of the 2017 Westfield Annual Financial Statements, which are included elsewhere in this offering memorandum.

	As of December 31,		
(in millions)	**2017**	**2016**	**2015**
Pro rata share of borrowings			
Wholly owned and consolidated joint ventures	US$ 7,229.1	US$ 6,054.0	US$5,271.4
Equity accounted joint ventures	2,169.6	2,141.0	2,230.9
Total pro rata share of borrowings	9,398.7	8,195.0	7,502.3
Operating lease commitments	734.8	567.4	595.4
Capital expenditure commitments	884.7	1,385.5	1,733.6
Total	US$11,018.2	US$10,147.9	US$9,831.3

Off-Balance Sheet Arrangements

Other than as disclosed in the above table, as of December 31, 2017, there were 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 principal amount of US$ receivable on currency derivatives;

- the principal amount of UK£ denominated borrowings and principal amount of UK£ payable on currency derivatives; and
- the principal amount of € denominated borrowings.

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, 2017, 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:

Fixed Rate Debt and Derivatives Contracted as at December 31, 2017 and Outstanding as of (in millions)	Interest Rate Derivatives		Fixed Rate Debt	
	Notional Principal Amount	Average Rate	Principal Amount	Average Rate Including Margin
US$ payable				
December 31, 2017	—	—	US$(6,459.8)	3.70%
December 31, 2018	—	—	US$(6,450.4)	3.69%
December 31, 2019	—	—	US$(5,189.8)	3.93%
December 31, 2020	—	—	US$(3,829.1)	3.84%
December 31, 2021	—	—	US$(3,825.9)	3.84%
December 31, 2022	—	—	US$(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	—	—	US$ (500.0)	4.75%
December 31, 2027-43	—	—	US$ (500.0)	4.75%
US$ receivable				
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, 2017	£ (461.1)	3.26%	£ (1,175.0)	2.52%
December 31, 2018	£ (461.1)	3.26%	£ (1,175.0)	2.52%
December 31, 2019	£ (461.1)	3.26%	£ (800.0)	2.44%
December 31, 2020	—	—	£ (800.0)	2.44%
December 31, 2021	—	—	£ (800.0)	2.44%
December 31, 2022	—	—	£ (800.0)	2.44%
December 31, 2023	—	—	£ (800.0)	2.44%
December 31, 2024	—	—	£ (800.0)	2.44%
December 31, 2025	—	—	£ (500.0)	2.63%
December 31, 2026	—	—	£ (500.0)	2.63%
December 31, 2027-28	—	—	£ (500.0)	2.63%

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 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 judgment in relation to future rental income, property capitalisation 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 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 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 amortised over the term of the lease. The amortisation 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 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 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 2017 Westfield Annual Financial Statements.

BUSINESS DESCRIPTION

Overview of the URW Group

We are one of the world's premier global developers and operators of Flagship shopping destinations, with a proportionate total portfolio valued at approximately €63.7 billion as of June 30, 2018 (€61.3 billion on a consolidated basis), of which 86% is in retail, 8% is in offices and others, 5% is in Convention and Exhibition venues and 1% is in services. As at June 30, 2018, we owned and operated 102 shopping centres in 13 countries, of which 56 are Flagships, located in the most dynamic cities in Europe and in the United States. In 2017, on a combined basis, our shopping centres welcomed over 1.2 billion visits. For the year ended December 31, 2017, on a pro forma basis, we had proportionate net rental income of €2.3 billion. See "Non-IFRS Financial Measures" for a description of our data presented on a "proportionate" basis.

We provide a unique platform for retailers and brand events, and offer an exceptional and constantly renewed experience for customers, and we have the largest development pipeline in the retail industry, at €12.5 billion.

On December 12, 2017, Westfield Corporation, an internally managed and vertically integrated international retail property group with a focus on the United States, the United Kingdom and Continental Europe, and Unibail-Rodamco, the leading listed real estate company in Europe, entered into an implementation agreement (the "Implementation Agreement"), pursuant to which the UR Group would acquire Westfield Corporation. The acquisition of Westfield Corporation by the UR Group, which we refer to as the URW Transaction, closed on June 7, 2018. We are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW). A secondary listing has also been established in Australia through CDIs. We operate under a "stapled" structure. Unibail-Rodamco and WFD Unibail-Rodamco each have their own Management Board and Supervisory Board and a common public investor base. In addition the Senior Management Team advises the Management Boards of each of Unibail-Rodamco and WFD Unibail-Rodamco (see "Management — The Senior Management Team").

Operating Strategy

Bringing together two industry leaders in their respective regions, the combination of the UR Group and Westfield Corporation is a natural extension of the UR Group's strategy of concentration, differentiation and innovation.

The URW Group's operations are focused on large shopping centres in major cities in Europe and the United States, large office buildings in the heart and west of Paris and major convention and exhibition venues in and around Paris.

The URW Group's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of development, investment and management, provides the URW Group with market knowledge and expertise. This knowledge and expertise enables the URW Group to deal with markets that are cyclical in nature and its strategy is designed to allow the URW Group to continue its investment programs even during economic downturns. The URW Group actively recycles assets and deploys disposal proceeds into its development projects.

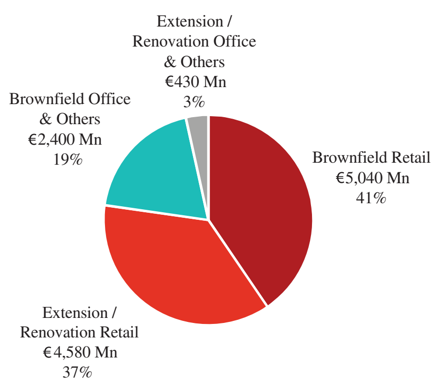
The URW Group continuously seeks to reinforce the attractiveness of its assets by re-designing them: upgrading the layout; re-tenanting them: renewing the tenant mix; and re-marketing them: enhancing the shopping experience through special events. This threefold differentiation strategy is expected to further improve assets and services throughout our portfolio.

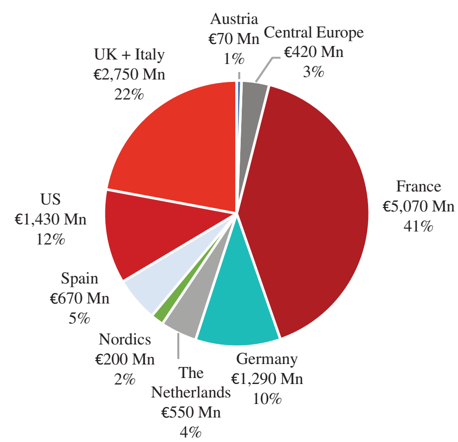
The URW Group has one of the world's leading platforms for global retailers and brands, which we believe positions us as a key partner for global brands across the most attractive markets in the United States, the United Kingdom and Continental Europe. The URW Group intends to attract new and differentiating retailers through active tenant rotation and drive footfall as a result of new brands, a dynamic events strategy and high quality services. The URW Group also intends to develop a strong dining offer to improve its customer experience.

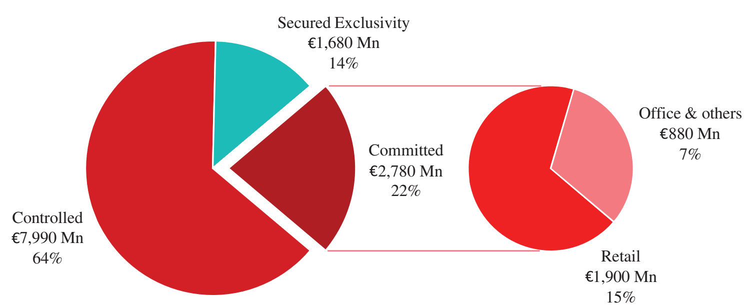
The URW Group's digital innovation strategy seeks to enable us to strengthen connections with visitors and retailers. The use of innovative apps and services (Smart map, Find my car, Connect, Click & Services) and social media (10 million Facebook and Instagram fans) enhances the visitor experience and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

The URW Group combines two development pipelines for a total amount of €12.5 billion, with iconic developments in London, Milan, Hamburg, Brussels, Paris, San Jose, Lyon and other major cities. In addition to benefiting from the strong embedded organic growth potential, the URW Group generates growth by capitalising on its strong track record and experience in development and investment. The URW Group's management aims to deliver industry leading retail development projects through the careful selection of locations, architects and designers. See "Operating and Financial Review of the URW Group and the UR Group — URW Development Projects as at June 30, 2018."

The charts below show the split of the pipeline by segment, by region and by project phase as at June 30, 2018.







Strong relationships with the world's leading retailers due to the URW Group's high quality portfolio, significant development pipeline and presence in leading markets

The core element of the URW Group's shopping centres is the strength of the retail offering to consumers. Retailers remain the driving force in attracting customers to the URW Group's shopping centres and many of the world's leading retailers increasingly desire to be represented in Flagship retail destinations. The URW Group focuses on differentiation and has improved the retail offer of its shopping centres through leases signed with IPRs.

The strength of the URW Group's relationships with the world's leading retail brands is supported by the quality of the URW Group's portfolio, the development projects recently completed, projects currently under construction and the future development pipeline. Examples include the URW Group's standing assets such as

Westfield London, Westfield Stratford City, Les Quatre Temps, Westfield Century City, Le Forum des Halles, Westfield World Trade Center, La Maquinista, Shopping City Süd, Mall of Scandinavia, Centrum Chodov and Arkadia, which have attracted many of the world's leading high street fashion brands.

The URW Group'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.

Growing the prominence of the Westfield brand and Flagship assets

The Westfield brand, considered as one of the strongest in the retail industry, will gradually be deployed across the Flagship assets that were part of the UR Group, offering a trans-continental platform for retailers looking for global reach.

The prominence of the Westfield brand and the URW Group's Flagship assets has created the opportunity to establish events, entertainment and brand partnerships across the portfolio, increasing the global reach of the Westfield brand and creating a distinct experience for the consumer. In particular, Westfield World Trade Center, which opened in August 2016, and Westfield Century City, which opened in October 2017, provide a major boost to the scale and profile of Westfield's brand in the United States given their location and prominence. Westfield World Trade Center, which incorporates a major transportation hub for Lower Manhattan, and Westfield Century City are both prominent shopping, dining, event and entertainment destinations.

Integration of digital technology to better connect brands, retailers and consumers

The emergence and integration of digital technology into the URW Group's shopping centres and the continued growth of Westfield's global brand has created opportunities to both enhance the customer experience and generate new revenue streams. The URW Group plans to accelerate its digital innovation strategy to strengthen connections with visitors and retailers. The use of innovative apps and services (Smart map, Find my car, Connect, Click & Services) and social media are expected to enhance the visitor experience and foster communities, with whom the URW Group's shopping centres can engage. During the six months ended June 30, 2018, the URW Group signed up 1.2 million new customers to its loyalty program (of which approximately 95% came through websites and apps), to reach a total of 5.3 million members.

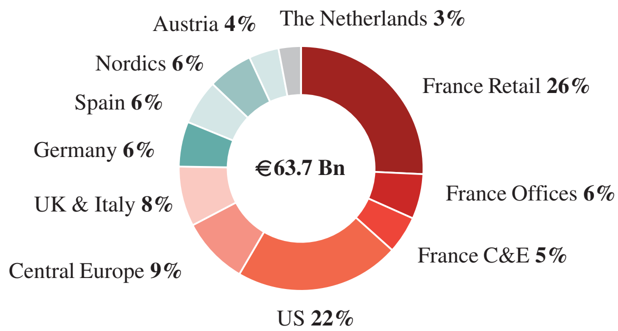
Business Segments

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

- shopping centres;
- offices; and
- convention and exhibition.

We are predominantly retail focused with retail assets accounting for 86% of our proportionate total portfolio GMV and offices and other assets, convention and exhibition and services accounting for 8%, 5% and 1% of our proportionate total portfolio GMV, respectively, as of June 30, 2018. Our portfolio is located across 13 countries, with France being the largest market at 37% of GMV and the United States being the second largest market at 22% of GMV, in each case as of June 30, 2018. Within each of our segments of operation, we engage in property management, marketing and leasing, and property development, design and construction. The chart below shows the split of proportionate GMV per region as at June 30, 2018, including assets accounted for using the equity method. As France has substantial activities in all three of our business lines, this region is itself divided in three segments: shopping centres, offices and convention and exhibition. The other regions operate almost exclusively in the shopping centre segment.

Proportionate GMV Per Region



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

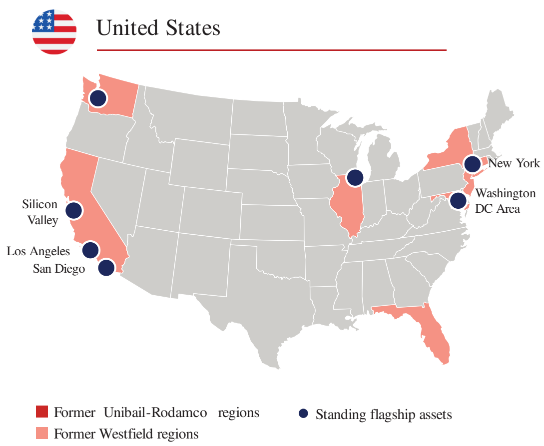
Shopping Centres

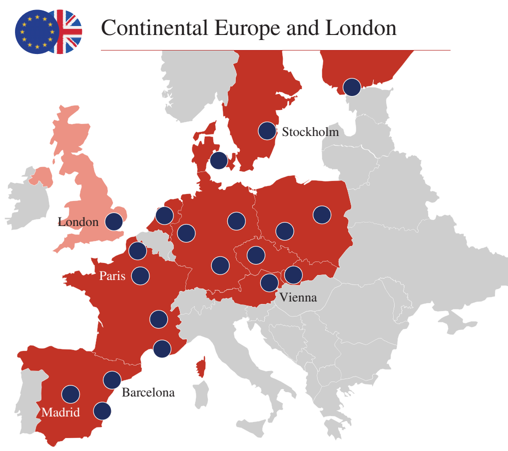
Our shopping centres are geographically diverse, spread across two continents and 13 countries, including eight states in the United States. In addition, we have significant development projects in two new countries: Italy and Belgium. As at June 30, 2018, we owned and operated 102 shopping centres, of which 56 are Flagship centres in the most dynamic cities in Europe and the United States. See pages 212 to 215 of this offering memorandum for a complete list of the assets that comprise our Flagship and other shopping centres. From time to time we may reclassify assets between these categories.

Consistent with the manner in which we invest our capital in the United States and the United Kingdom and manage and operate our shopping centre portfolio in such jurisdictions, we present our US and UK shopping centre portfolio on an asset class basis between Flagship and Regional portfolios. "Regional" is a historical WFD concept and was not used for assets historically owned by UR. The following table summarises our shopping centre portfolio in the United States and the United Kingdom on an asset class basis as of June 30, 2018:

US and UK Shopping Centre Portfolio Summary as of June 30, 2018	Flagship	Regional	Total
Shopping centres the URW Group owns interests in and manages	17	18	35
Shopping centres the URW Group holds in joint ventures and co-ownership arrangements	13	15	28
Retail outlets	4,002	2,682	6,684
GLA (in million square feet)	25.2	19.8	45.0

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





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

The following table shows the geographic split of our retail assets consolidated GMV as of June 30, 2018:

Consolidated GMV of Shopping Centre Portfolio (in millions) (1)	June 30, 2018
France	€16,004
Central Europe	5,233
Spain	3,823
Nordics	3,456
Germany	3,283
Austria	2,536
Netherlands	1,607
United States:	
Flagship	10,551
Regional	1,952
Total United States	12,503
United Kingdom and Italy	4,277
Total URW Group	€52,721

(1) Valuation amounts include the value of our equity in assets accounted for using the equity method.

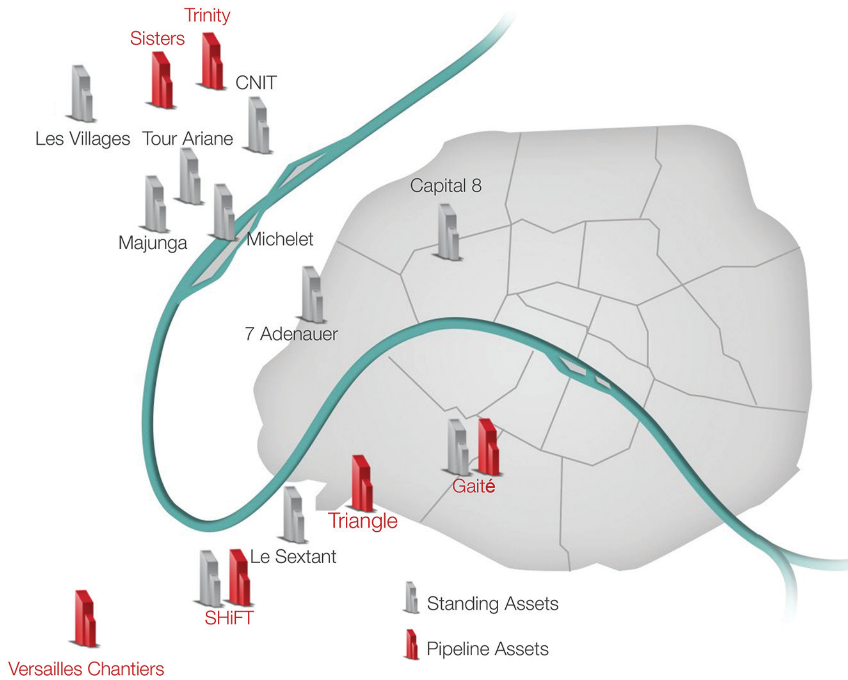
The following table summarises our combined shopping centre portfolio as of June 30, 2018:

Combined Shopping Centre Portfolio Summary as of June 30, 2018	Continental Europe	US and UK	Total
Shopping centres the URW Group owns interests in and manages (1)	67	35	102
Shopping centres the URW Group holds in joint ventures and co-ownership arrangements	19	28	47
Retail outlets/units (2)	10,245	6,684	16,929
GLA of whole complex (in million square meters)	5.0	4.2	9.2

(1) Includes Zlote Tarasy (Warsaw) and Ring-Center (Berlin), which are not managed by the URW Group.
(2) Includes retail units below 2,500 square meters.

Offices

We develop and own large, efficient office buildings at prime locations in the Paris central business district and La Défense. The map below shows the location of our standing office buildings as well as several office buildings that we are currently developing in our pipeline.



Note: On July 24, 2018, we announced that we had entered into an agreement to sell the Capital 8 office building. See "Summary — Recent Developments."

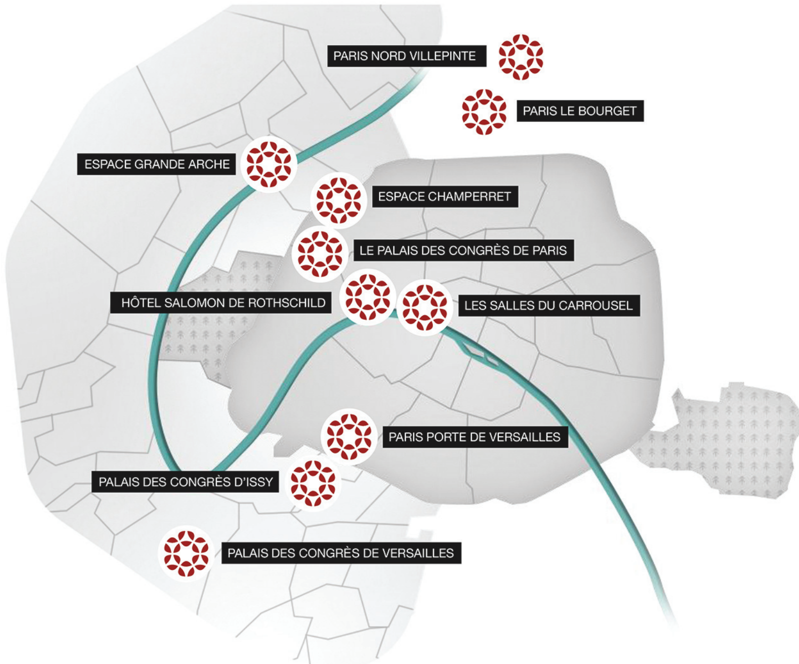
We also own office assets in the Nordics, Poland, Austria and the Netherlands as well as in the United Kingdom and the United States.

The table below shows the split of the office division consolidated GMV by region as at June 30, 2018, including assets accounted for using the equity method.

Consolidated GMV of Office Portfolio (including transfer taxes)	**As of June 30, 2018**	
	€ (in millions)	**%**
France	€4,023	80%
Nordics	171	3%
Other Continental Europe Countries	267	5%
Total Continental Europe	4,461	88%
US	218	4%
UK	366	7%
Total	€5,045	100%

Convention and Exhibition

Our Convention and Exhibition activity is exclusively located in the Paris region and consists of Viparis, a real estate venues and services company. Viparis is a world leader in the convention and exhibition industry jointly owned with the CCIR, but operated and fully consolidated by us.



The Convention and Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year. In total, 725 events were held in the Viparis venues during 2017, of which 258 shows, 105 congresses and 362 corporate events, and 407 events were held in Viparis venues during the six months ended June 30, 2018, of which 146 shows, 45 congresses and 216 corporate events.

Competitive Strengths

We believe we have the following competitive strengths:

High Quality Portfolio The strength of our portfolio is underpinned by the high quality of our shopping centres. We have a strategic position in 27 of the world's most dynamic retail markets and cities, and our shopping centres are generally 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 shopping centre portfolio with the objective of achieving strong market penetration and ensuring our shopping centres remain relevant to both retailers and shoppers. We continuously reinforce the attractiveness of our assets by re-designing them: upgrading the layout; re-tenanting them: renewing the tenant mix; and re-marketing them: enhancing the shopping experience through special events. We believe that the capital we invest in redeveloping our shopping centres contributes to the high quality of our assets and enhances their ability to weather economic downturns.

The table below illustrates our combined shopping destinations competitive positioning in their respective markets as of December 31, 2017, with the URW Group owned shopping centres' logos highlighted in color.

City[(1)]	GDP/Capita as % of National Average[(2)]	Top 3 Shopping Centres[(2)]		
Warsaw	195%	Złote Tarasy	Arkadia	Galeria Mokotów
Paris	176%	4 Temps	Forum des Halles	Val d'Europe
San Jose	175%	Westfield Valley Fair	Westfield Oakridge	Stanford Shopping Center
San Francisco	154%	Westfield San Francisco Centre	The Village at Corte Madera	Stonestown Galleria
Prague	153%	Centrum Chodov	Centrum Černý Most	Nový Smíchov Obchodní Centrum
Madrid	146%	Parquesur	La Vaguada	la gavia
London	144%	Westfield Stratford City	Westfield London	Bluewater
Stockholm	142%	Mall of Scandinavia	Täby C	NK
New York	141%	Westfield World Trade Center	Queens Center	The Westchester
Los Angeles	133%	Westfield Century City		The Americana at Brand
Barcelona	128%	La Maquinista	Glòries	Diagonal Mar Shopping
San Diego	126%	Westfield UTC	Fashion Valley	Otay Ranch Town Center
Vienna	122%	SCS Shopping City Süd	Donau Zentrum	Wien Mitte The Mall
Lyon	120%	La Part Dieu Shopping	Confluence	Ecully Grand Ouest
Ruhr region	111%	Centro	Ruhr Park	Forum Duisburg

(1) City defined as MSA (i.e., metropolitan statistical area): geographical region with a relatively high population density and close economic ties throughout the area.
(2) Source: Green Street Advisors, OECD, Brookings and JPMorgan Chase, World's Richest Countries.

Geographic and Tenant Diversity. Our shopping centres are geographically diverse, spread across two continents and 13 countries, including eight states in the United States in wealthy cities. In addition, we have significant development projects in two new countries: Italy and Belgium. 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. As of June 30, 2018, our shopping centres in France and our shopping centres in the United States, our two largest shopping centre regional segments by GMV, represented 26% and 20% of our consolidated total GMV, respectively, and no other regional segment represented more than 10% of our consolidated total GMV. We have additional diversity through our office buildings, mainly located in the Paris region, as well as our major convention and exhibition venues in the Paris region. Moreover, the scale and quality of our portfolio enables us to be a key partner for the best global brands and retailers. Our global outreach enables us to source attractive retailers, and cross board them between geographies by offering them an integrated international development platform.

Redevelopment Capability and Global Redevelopment Program and Flexible Pipeline. Our redevelopment capabilities are vertically integrated and involve sourcing development, design, construction and leasing skills, 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 assets are the most competitive in their 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.

The URW Group's corporate credit ratings are "A2" (stable outlook) by Moody's and "A" (stable outlook) by S&P.

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, and is supported by approximately 3,700 employees as of June 30, 2018.

Properties

Key Shopping Centre Operating Statistics

The following operating statistics for our shopping centre portfolio in Continental Europe and our shopping centre portfolio in the United States and the United Kingdom differ based on the historical presentation of the UR Group and Westfield Corporation. In the future, we expect to present operating statistics for our shopping centres in the United States and the United Kingdom in a manner consistent with the historical presentation of the UR group, exept that we expect to separate certain operating statistics for our US shopping centre portfolio between Flagship centres and Regional centres.

The following table sets forth key operating statistics for our shopping centre portfolio in Continental Europe:

	As of and for the six months ended June 30, 2018	As of and for the year ended December 31, 2017
Annualised minimum guaranteed rent (in millions)	€1,358.0	€1,341.2
EPRA vacancy rate	2.3%	2.4%
ERV of vacant space (in millions)	€ 36.9	€ 37.8
Rotation rate	5.9%	11%
New leasing/re-letting/renewals (excluding development pipeline)		
Overall	641	1,350
International Premium Retailers	95	223
Square meters (in thousands)	188.1	335.4
MGR (in millions)	€ 85.5	€ 159.7
MGR uplift (in millions)	€ 7.3	€ 17.1
OCR	15.2%	15.1%
Weighted average rent (per square meter)	€ 408	€ 406
Specialty leasing revenues (in millions)	€ 12.7	€ 25.7

The following table sets forth key operating statistics according to our Flagship and Regional core assets (including part-owned shopping centres on a 100% basis) for our shopping centre portfolio in the United States and the United Kingdom as of and for the twelve-months ended June 30, 2018. This presentation also highlights the increasing importance of, and focus on, our Flagship portfolio in the United States and the United Kingdom.

US and UK Shopping Centre Portfolio as of and for the twelve-months ended June 30, 2018	Flagship	Regional	Total
Portfolio leased rate (%) (1)	94.0%	88.3%	92.0%
Specialty occupancy cost (%)	16.1%	13.8%	15.6%
Specialty retail sales (per square foot)	US$ 945	US$ 466	US$ 764
Specialty retail sales growth (%)	4.7%	2.9%	5.0%
Average specialty rent (per square foot)	US$116.66	US$54.79	US$94.92
Average specialty rent growth (%)	3.0%	0.2%	3.8%

(1) Total portfolio leased percentage excludes US temporary leasing of in-line space representing 3% of total leased area.

The following table sets forth key operating statistics for our shopping centre portfolio (including part-owned shopping centre on a fully owned basis, unless otherwise noted) in the United States and the United Kingdom:

Leases	As of and for the 12 months ended June 30, 2018	As of and for the year ended December 31, 2017
Weighted average unexpired lease term (years)	7.3	6.9
— for anchor tenants (years)	22.2	18.2
— for specialty tenants (years)	5.4	5.4
Largest Retailer Group		
Total US/UK GLA occupied	16.5%	17.4%
Total US/UK rental income	2.7%	2.9%
Ten Largest Specialty Retailers		
Total US/UK GLA occupied	9.8%	9.9%
Total US/UK rental income	17.3%	18.1%
Rental Income		
Directly related to retailer sales	2.3%	2.4%
Derived from rent at contracted levels	97.7%	97.6%

For the six months ended June 30, 2018, on a combined basis, our top ten tenants as a percentage of total retail rents for our shopping centre portfolio in Continental Europe contributed 15.6% of our total rents in that jurisdiction with our largest tenant contributing 4.9%. For a list of our top ten tenants in Continental Europe, see Operation and Financial Review of the URW Group and the UR Group — Business Review by Segment — Shopping Centres — Tenant Sales."

The following table lists the ten largest anchors across our shopping centre portfolio in the United States and the United Kingdom with their region, the number of stores owned or leased by each anchor, anchor GLA and anchor GLA as a percentage of total GLA in the United States and the United Kingdom as of June 30, 2018.

Anchor	Region	Number of Anchor Stores	Anchor GLA (Sq. ft in thousands)	Percentage of US and UK GLA (%)
Macy's, Inc. (1)	United States	34	7,431	16.5
JC Penney	United States	17	2,725	6.1
Nordstrom	United States	13	2,378	5.3
Sears	United States	12	1,920	4.3
Target	United States	8	1,356	3.0
Dillard's	United States	4	781	1.7
John Lewis Partnership	United Kingdom	4	580	1.3
Costco	United States	3	455	1.0
Marks & Spencer	United Kingdom	2	409	0.9
Lord & Taylor	United States	3	368	0.8
Total		100	18,403	40.9

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

The ten largest anchor tenants across our shopping centre portfolio in the United States and the United Kingdom occupied approximately 40.9% of the total GLA in such jurisdictions as of June 30, 2018 and, on a combined basis, contributed approximately 3.9% of total rental income for such jurisdictions for the 12 months ended June 30, 2018 with no single anchor contributing more than 1.2% of total rental income for such jurisdictions.

The following table lists the ten largest specialty retailers across our shopping centre portfolio in the United States and the United Kingdom 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 in the shopping centre portfolio in the United States and the United Kingdom as of June 30, 2018:

Specialty Retailer	Region	Number of Specialty Stores	Specialty Store GLA (Sq. ft in thousands)	Percentage of US and UK GLA (%)
Forever 21, Inc	United States	27	709	1.6
H&M	United States/United Kingdom	34	685	1.5
The Gap, Inc.	United States/United Kingdom	48	508	1.1
L Brands, Inc.	United States/United Kingdom	75	505	1.1
Dick's Sporting Goods, Inc.	United States	7	408	0.9
Inditex	United States/United Kingdom	22	378	0.8
Foot Locker, Inc.	United States/United Kingdom	81	369	0.8
Abercrombie & Fitch Co.	United States/United Kingdom	46	334	0.7
Express, Inc.	United States	30	259	0.6
Ascena Retail Group, Inc.	United States	51	248	0.6
Total		421	4,403	9.8

The ten largest specialty retailers across our shopping centre portfolio in the United States and the United Kingdom occupied approximately 9.8% of the total GLA in such jurisdictions as of June 30, 2018 and contributed approximately 17.3% of total rental income for such jurisdictions for the 12 months ended June 30, 2018, with no single tenant contributing more than 2.7% of total rental income on a combined basis for such jurisdictions.

In addition to the above, specialty retailers in the United States and the United Kingdom include 23 theatres which occupied 1.4 million square feet of GLA or 3.2% of total GLA in the United States and the United Kingdom as of June 30, 2018.

The following table sets forth the percentage of our total annual rental income in the United States and the United Kingdom 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 for the periods presented:

	Twelve-months Ended June 30, 2018
Contracted rent	97.7%
Percentage rent based on sales	2.3%
Total	100.0%

Lease Structure

The structure of our retail leases varies by region:

- ***Continental Europe***. Lease structures in Continental Europe vary by country. In France, our largest region, our standard shopping centre leases are 10 years lengths and include a rent income indexed on inflation. Total rent for these shopping centres represents a minimum guaranteed rent and/or sales based rent plus in any case service charges and marketing contributions.
- ***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 10 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 shopping centre 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.

The following table shows a breakdown by lease expiry date and at the tenant's next break option for our shopping centres in Continental Europe as of June 30, 2018:

	Lease expiry schedule			
Retail	**MGR at date of next break option (in millions)**	**As a % of total in Continental Europe**	**MGR at expiry date (in millions)**	**As a % of total in Continental Europe**
Expired	€ 30.2	2.2%	€ 30.2	2.2%
2018	85.4	6.3%	54.8	4.0%
2019	296.0	21.8%	114.5	8.4%
2020	285.4	21.0%	130.6	9.6%
2021	239.7	17.7%	121.9	9.0%
2022	145.3	10.7%	174.7	12.9%
2023	90.0	6.6%	140.3	10.3%
2024	42.6	3.1%	85.8	6.3%
2025	45.1	3.3%	119.0	8.8%
2026	21.0	1.5%	88.7	6.5%
2027	16.2	1.2%	94.5	7.0%
2028	14.0	1.0%	50.4	3.7%
Beyond	47.0	3.5%	152.6	11.2%
TOTAL	**€1,358.0**	**100%**	**€1,358.0**	**100%**

The following table lists the specialty retailers lease expiry profile for our total shopping centre portfolio across the United States and the United Kingdom, as of June 30, 2018 for specialty shops less than 20,000 square feet:

	Lease expiry schedule		
Expiring Per Year:	**GLA (in thousands of square foot)**	**GLA (%) of US and UK**	**Number of specialty shop leases expiring**
2018	642	3.9	290
2019	2,210	13.6	871
2020	1,364	8.4	635
2021	1,412	8.7	629
2022	1,016	6.2	455
2023	1,109	6.8	438
2024	1,133	7.0	336
2025	993	6.1	319
2026	995	6.1	315
2027	890	5.5	330

Property Portfolio

Shopping Centre Portfolio

As of June 30, 2018, our total asset portfolio amounted to €61.3 billion and our proportionate GMV was €63.7 billion. As of the same date we owned interests in 102 shopping centres in Europe and the United States, all but two of which are managed by us, aggregating approximately 9.1 million square meters of GLA for the whole complexes and containing 16,929 retail outlets/units.

Substantially all of our investments in Europe are held through subsidiaries of Unibail-Rodamco that are neither the Issuer nor a guarantor of the Notes, a WAT subsidiary, or WALP, WEA's operating partnership. Our investments in the United States are held through WEA, a WAT subsidiary, or WALP, WEA's operating partnership. We believe that WEA has operated and currently operates in a manner so as to qualify as a REIT for United States federal income tax purposes. WEA is one of the largest shopping centre owners in the United States. Our shopping centre interests in the United Kingdom are held through WCL and WFD Trust. In addition, as of June 30, 2018, we held indirect interests in other shopping centres 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 2017 UR Group Annual Financial Statements included elsewhere in this offering memorandum.

In the United States, 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 shopping centres, anchors are usually located at the ends of enclosed common area corridors. This layout is intended to maximize customer traffic for specialty stores.

Most shopping centres compete for consumer retail dollars by offering fashion merchandise, hard goods and services, generally in an enclosed, climate-controlled environment with convenient parking. Shopping centres 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. We seek to optimize 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 some of which also own the underlying land. However, certain anchor stores at the shopping centres 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 shopping centres and the anchors and generally require the anchors to contribute towards certain of the shopping centres' expenses. See "Risk Factors — Risk Relating to Our Business and Industry — A negative effect on the financial condition of an anchor tenant at our shopping centres could adversely affect our results of operations." Shopping centres in Continental Europe are traditionally anchored by hypermarkets, large fashion tenants, and less frequently, by a department store.

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 shopping centres. We believe that advertising, promotion, community involvement and customer service programs will build shopper loyalty, especially with a recognized brand in multi-shopping centre markets. Our ability to brand our properties is a direct result of our market penetration and acquisition strategies.

The following tables set forth certain information regarding the shopping centre properties in our portfolio as of December 31, 2017 on a combined basis after giving effect to the URW Transaction. Each of our Flagship shopping centres as of December 31, 2017 are designated with an asterisk below.

	Ownership Interest (%)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
France Shopping Centres						
Paris Region						
*Carré Sénart (Lieusaint)	100	151,800	127,500	97.5	189	13.6 (1)
*Les Quatre Temps (La Défense)	53	139,600	134,700	99.4	219	42.4
*Parly 2 (Le Chesnay)	50	113,500	87,100	95.5	176	10.8
*Rosny 2 (Rosny-sous-Bois)	26	111,600	32,200	99.7	166	14.7
	100		17,500			
	50		20,400			
*Vélizy 2 (Vélizy-Villacoublay)	100	104,000	66,100	98.1	164	14.7
*Aéroville (Roissy-en-France)	100	83,300	83,300	94.5	178	8.7
*Le Forum des Halles (Paris 1st)	65	73,200	73,200	95.9	147	42.3
So Ouest (Levallois-Perret)	100	54,300	48,500	95.5	99	7.4
Ulis 2 (Les Ulis)	100	53,900	25,100	95.6	88	6.1
Bobigny 2 (Bobigny)	100	26,900	7,900	66.2	50	N/A
*CNIT (La Défense)	100	25,800	25,800	97.4	26	13.6
L'Usine Mode et Maison (Vélizy-Villacoublay)	100	20,600	20,600	71.1	80	0.9
Boutiques Palais des Congrès (Paris 17th)	50	18,900	18,900	N/A	61	7.4
Galerie Gaité (Paris 15th)	100	14,300	13,000	N/A	4	1.9
*Carrousel du Louvre (Paris 1st)	100	13,100	13,100	96.4	36	16.2
French Provinces						
*La Part-Dieu (Lyon)	100	132,000	84,500	99.5	225	33.3
La Toison d'Or (Dijon)	100	78,000	48,500	98.0	150	8.4
*Polygone Riviera (Cagnes-sur-Mer)	100	73,400	67,200	97.4	125	6.6
*Euralille (Lille)	76	66,700	50,600	98.8	127	16.1
*Villeneuve 2 (Villeneuve-d'Ascq)	100	57,100	32,600	99.3	131	11.7
*Lyon Confluence (Lyon)	100	53,500	53,500	95.0	87	9.4
Rennes Alma (Rennes)	100	46,100	32,100	99.3	111	7.2
La Valentine (Marseille)	100	39,400	18,300	100.0	70	N/A

(1) Footfall estimated due to footfall counting system issues linked to the extension.

	Ownership Interest (%) (1)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
Central Europe Shopping Centres						
Czech Republic						
*Centrum Cerny Most (Prague)	100	106,700	106,700	100.0	175	11.9
*Centrum Chodov (Prague)	100	101,600	101,600	99.4	303	14.6
Metropole Zlicin (Prague)	50 (1)	55,520	55,520	N.A	125	7.2
Poland						
*Arkadia (Warsaw)	100	117,900	78,400	99.8	233	19.6
*Wroclavia (Wroclaw)	100	72,500	72,500	98.9	181	3.1
*Galeria Mokotow (Warsaw)	100	68,500	68,500	99.7	242	12.3
*Zlote Tarasy (Warsaw) (not managed by URW)	100 (1)	66,400	66,400	N/A	200	21.7
CH Ursynow (Warsaw)	50 (1)	46,600	46,600	N.A	31	3.9
Wilenska (Warsaw)	100	39,900	19,100	99.3	91	15.4
Slovak Republic						
*Aupark (Bratislava)	100	56,800	51,400	100.0	220	11.6

(1) Metropole Zlicin, Zlote Tarasy and CH Ursynow are not consolidated.

	Ownership Interest (%)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
Spain Shopping Centres						
*Parquesur (Madrid)	100	151,200	100,700	99.9	196	20.2
*Bonaire (Valencia)	100	135,000	54,800	97.6	135	11.2
*La Maquinista (Barcelone)	100	95,000	79,600	99.5	222	17.2
*La Vaguada “Madrid 2” (Madrid)	100	85,500	22,500	99.8	242	20.6
*Glòries (Barcelone)	100	68,800	40,800	99.9	142	12.8
El Faro (Badajoz) (1)	100	66,300	43,100	95.6	96	6.7
Bahía Sur (Cádiz) (1)	100	59,300	24,700	99.4	90	6.9
*Splau (Barcelone)	100	55,000	55,000	99.8	153	10.0
Los Arcos (Seville) (1)	100	44,000	17,700	96.4	89	6.7
Garbera (San Sebastian)	100	40,000	25,300	99.5	68	4.4
Equinoccio (Madrid)	100	36,800	33,900	88.6	46	3.4
Vallsur (Valladolid) (1)	100	36,000	35,200	99.2	96	5.5

(1) Disposed of on July 31, 2018.

	Ownership Interest (%) (1)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
Nordics Shopping Centres						
Sweden						
*Mall of Scandinavia	100	103,200	103,200	98.9	224	14.1
*Täby Centrum	100	81,400	81,400	95.2	260	12.5
Nacka Forum	100	56,400	56,400	94.3	142	6.2
Solna Centrum	100	50,000	50,000	84.9	120	6.6
Denmark						
*Fisketorvet (Copenhagen)	100	59,600	59,600	98.7	119	8.5
Finland						
*Jumbo (Helsinki)	34 (1)	85,100	85,100	93.3	125	12.1

(1) Jumbo (Helsinki) is 34% consolidated.

	Ownership Interest (%)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
Austria Shopping Centres						
*Shopping City Süd (Vienna)	100	199,900	137,200	99.8	284	25.0
*Donau Zentrum (Vienna)	100	123,900	123,900	98.3	258	18.9

	Ownership Interest (%) (1)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
Germany Shopping Centres						
*CentrO (Oberhausen)	45 (1)	241,900	234,600	95.9	247	15.3
*Ruhr Park (Bochum)	65	115,800	107,100	99.4	179	11.3
Paunsdorf Center (Leipzig)	26 (1)	113,300	113,300	99.0	211	8.0
*Gropius Passagen (Berlin)	10 (1)	93,700	93,500	100.0	137	9.0
Höfe am Brühl (Leipzig)	51	54,600	54,600	95.0	143	13.4
*Pasing Arcaden (Munich)	51	52,900	52,900	99.5	164	10.9
Palais Vest (Recklinghausen)	51	45,700	45,700	92.6	133	9.0
Minto (Mönchengladbach)	51	41,800	41,800	96.6	124	8.4
Gera Arcaden (Gera)	51	38,600	38,600	96.2	97	7.1
Ring-Center 1 (Berlin)	67(1)	20,600	20,600	N/A	89	4.6

(1) CentrO, Paunsdorf Center, Gropius Passagen and Ring-Center 1 are not consolidated.

	Ownership Interest (%)	Total GLA of whole complex (in m²)	GLA of property owning companies (in m²)	Occupancy (%)	No. of Retail Outlets/ Units	No. of Visits (in millions) in 2017
Netherlands Shopping Centres						
Stadshart Almere (Almere)	100	89,500	87,500	96.4	159	9.4
*Stadshart Amstelveen (Amstelveen)	100	83,500	57,600	98.2	159	9.2
Stadshart Zoetermeer (Zoetermeer)	100	77,400	52,800	95.7	139	10.0
*Leidsenhage (Leidschendam)	100	74,100	67,800	N/A	93	N/A

	Ownership Interest (%) (1)	Total GLA (in m²)	Total Specialty Area (in m²)	No. of Retail Outlets/ Units
United Kingdom Shopping Centres				
*Stratford City	50.0	174,900	118,215	343
*Westfield London	50.0	240,000	116,801	359
Croydon	50.0	64,700		

(1) UK shopping centres were not consolidated as of December 31, 2017 by the UR Group as they were acquired in the URW Transaction.

	Ownership Interest (%) (1)	Total GLA (in m²)	Total Specialty Area (in m²)	No. of Retail Outlets/ Units
United States Shopping Centres				
*Garden State Plaza	50.0	202,798	97,555	314
*Topanga	55.0	195,934	100,079	346
*Old Orchard	100.0	167,501	70,767	141
Wheaton	52.6	157,575	67,646	181
*Southcenter	55.0	156,352	75,365	248
Mission Valley	41.7	147,603	75,239	122
*Annapolis	55.0	138,614	70,441	251
*Santa Anita	49.3	137,154	89,233	236
*San Francisco	(2)	131,666	48,788	177
*Valley Fair	50.0	127,987	59,729	240
*Roseville	100.0	123,435	62,822	235
*Montgomery	50.0	123,401	57,245	223
Countryside	50.0	116,761	42,889	174
North County	55.0	115,986	47,450	180
*UTC	50.0	108,355	63,390	166
Brandon	50.0	106,784	49,643	198
Oakridge	55.0	106,068	57,132	193
Citrus Park	50.0	105,821	46,646	146
Sunrise	100.0	105,789	49,882	149
Trumbull	52.6	105,045	42,247	169
*Century City	100.0	103,153	56,237	169
Valencia Town Center	50.0	102,103	60,454	204
*Culver City	55.0	98,601	48,476	179
Broward	50.0	97,393	31,244	124
Plaza Bonita	55.0	95,931	55,388	185
Sarasota	50.0	94,728	35,593	104
South Shore	100.0	92,833	44,271	128
Palm Desert	52.6	91,439	46,427	143
Meriden	100.0	83,931	40,967	115
*Fashion Square	50.0	80,231	33,544	146
Horton Plaza (3)	55.0	68,034	41,976	126
Siesta Key	50.0	40,488	17,646	50
*World Trade Center	100.0	26,808	26,808	101

(1) US shopping centres were not consolidated as of December 31, 2017 by the UR Group as they were acquired in the URW Transaction.
(2) Includes San Francisco Centre at 100% and San Francisco Emporium at 50%.
(3) Disposed of on August 23, 2018.

Offices Portfolio

The following tables set forth certain information regarding the offices in our portfolio as of December 31, 2017 on a combined basis after giving effect to the URW Transaction:

	Ownership Interest (%)	Occupancy (%)	Total Floor Space (in m²)
France Office			
Paris CBD, Paris and Western Paris Outskirts			
Capital 8 (Monceau/Murat) (1)	100	100.0	45,300
Le Sextant, 2 bis-2 ter, rue Louis-Armand	100	99.9	13,400
7, place du Chancelier-Adenauer	100	100.0	12,100
Les Villages de l'Arche	100	96.7	42,100
Tour Ariane	100	88.7	63,600
CNIT (Offices)	100	99.0	37,100
Majunga	100	100.0	65,600
Michelet-Galilée	100	99.7	32,700
Shift (previously Issy Guynemer)	100	N/A	30,600
Gaîté-Montparnasse (Offices)	100	N/A	9,900
29, rue du Port	100	100.0	10,300
Le Blériot, 2 rue Louis Blériot, Rueil Malmaison	100	—	3,400
Other			
Tour Rosny, Avenue du Général de Gaulle, Rosny-Sous-Bois	100	50.9	5,900

(1) On July 24, 2018, we announced that we had entered into an agreement to sell the Capital 8 office building. See "Summary — Recent Developments."

	Ownership Interest (%)	GLA of Whole Complex/of Property Owning Companies (in m²)
Central Europe Offices		
Zlote Tarasy Lumen (Warsaw)	100	23,700
Zlote Tarasy Skylight (Warsaw)	100	22,000
Wilenska Offices (Warsaw)	100	4,800 (1)
Wroclavia Offices (Wroclaw)	100	8,500

(1) Whole complex is 13,400 square meters, of which we own 4,800 square meters.

	Ownership Interest (%)	GLA of Whole Complex/of Property Owning Companies (in m²)
Nordics Offices		
Solna Centrum (Greater Stockholm) *75 office units and 108 apartments*	100	29,900
Täby Centrum (Greater Stockholm) *49 office units*	100	21,500
Nacka Forum (Greater Stockholm) *80 office units*	100	13,800
Eurostop Örebro (Örebro) *1 hotel, 111 rooms*	100	4,700

	Ownership Interest (%)	GLA of Whole Complex/of Property Owning Companies (in m²)
Austria Offices		
Donauzentrum (Vienna)		
2 buildings	100	10,700
Shopping City Süd (Vienna)	100	9,200

	Ownership Interest (%)	GLA of Whole Complex (in m²)	GLA of Property Owning Companies (in m²)
Netherlands Offices			
Stadshart Zoetermeer (Zoetermeer)	100	11,500	10,600
Stadshart Amstelveen (Amstelveen)	100	6,800	6,500

	GLA of Property Owning Companies (in m²)
United States Offices	
San Francisco Centre (San Francisco)	32,000
Wheaton (Washington)	17,800
Old Orchard (Chicago area)	7,600
Fulton Center (New York)	4,600
The Village at Topanga (Los Angeles area)	4,000

Convention and Exhibition Spaces Portfolio

The following table sets forth certain information regarding the convention and exhibition spaces in our portfolio as of December 31, 2017 on a combined basis after giving effect to the URW Transaction, each of which is in France:

Convention and Exhibition Spaces	Ownership Interest (%)	Consolidation Percentage (%)	Total GLA (in m²)	Description
Property and Operation				
Paris Porte de Versailles (Paris 15th)	50	100	202,000	6 exhibition halls (from 19,000 to 70,000 m²), of which 1 convention centre with a 5,200 seats plenary room
Paris Nord (Villepinte)	50	100	245,000	9 exhibition halls, 45 conference rooms of which 3 auditoriums
CNIT (La Défense)	100	100	24,000	Exhibition and convention space
Espace Grande Arche (La Défense)	50	100	5,000	Flexible space covering 5,000 m2
Espace Champerret (Paris 17th)	50	100	9,100	Exhibition space (Trade shows)
Le Palais des Congrès de Paris	50	100	32,000	82 meeting rooms, 18 conference rooms, 4 auditoriums
Carrousel du Louvre (Expos) (Paris 1st)	100	100	7,100	Exhibition space (Trade and fashion shows, corporate events)
Hilton CNIT (La Défense)	100	100	10,700	Hotel
Pullman Paris-Montparnasse Hotel (Paris 14th)	100	100	57,400	Hotel, conference centre and private parking lot (2)

Convention and Exhibition Spaces	Ownership Interest (%)	Consolidation Percentage (%)	Total GLA (in m^2)	Description
Operation				
Paris, Le Bourget	50	100	80,000	5 exhibition halls, 7 conference rooms of which 1 auditorium
Palais des Congrès de Versailles	45	100	3,200	11 conference rooms of which 1 auditorium
Palais des Congrès d'Issy-les-Moulineaux	48	100	3,000	14 conference rooms of which 1 auditorium
Hôtel Salomon de Rothschild	50	100	1,600	8 18th century rooms, 1 reception room
Palais des Sports (Paris 15th)	25	25	N/A	Flexible entertainment or convention room from 2,000 to 4,200 seats
Novotel (Lyon Confluence)	100	100	7,100	Novotel 4 stars hotel, 150 rooms

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

- EPRA vacancy rate;
- occupancy costs ratio; and
- average specialty shop rental rates.

EPRA Vacancy Rate. The following table sets out the EPRA Vacancy Rates in Continental Europe as of the dates presented:

EPRA Vacancy Rate	As June 30, 2018	As June 30, 2017	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
France	2.6%	2.8%	2.8%	2.8%	2.8%
Central Europe	0.7%	0.3%	0.4%	0.1%	0.9%
Spain	0.9%	1.1%	1.0%	1.0%	1.1%
Nordic	3.6%	5.4%	4.2%	3.3%	3.8%
Austria	1.9%	0.7%	1.0%	1.2%	1.6%
Germany	3.3%	2.3%	2.6%	2.2%	3.0%
Netherlands	5.6%	5.6%	6.5%	6.0%	3.9%
Total Continental Europe	2.3%	2.5%	2.4%	2.3%	2.5%

Occupancy Costs Ratio. The following table sets out occupancy cost ratio in Continental Europe for the periods presented:

Occupancy Costs Ratio	As June 30, 2018	As June 30, 2017	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
France	15.5%	15.6%	15.4%	15.4%	14.7%
Central Europe	16.7%	16.6%	16.4%	15.9%	15.5%
Spain	13.1%	12.3%	13.1%	12.2%	12.3%
Nordic	15.2%	14.2%	15.4%	13.8%	12.3%
Austria	17.0%	16.4%	16.7%	15.9%	15.8%
Germany	13.6%	13.7%	13.6%	13.7%	13.0%
Total Continental Europe (2)	15.2%	14.9%	15.1%	14.7%	14.1%

(1) As tenant turnover is not known for all tenants for the Netherlands, no reliable OCR can be calculated for this country.

Average Rentals. The following table sets out the average total rent (minimum guaranteed rent + sales based rent) on a per square meter basis for our shopping centres in Continental Europe as of the dates presented and percentage change on a comparable basis:

	As June 30,		Year Ended December 31,		
Average Rentals (1)	**2018**	**2017**	**2017**	**2016**	**2015**
France	€516	€511	€537	€491	€487
Central Europe	€392	€409	€416	€389	€369
Spain	€330	€312	€320	€288	€274
Nordic	€373	€349	€387	€356	€358
Germany	€311	€329	€310	€303	€293
Austria	€385	€375	€386	€370	€356
Netherlands	€273	€248	€256	€247	€252
Total Continental Europe	€408	€390	€406	€384	€374

(1) Calculated as minimum guaranteed rent plus sales based rent per asset per m^2.

UK and US Historical Operating Data. The following operating data is presented with respect to our properties in the United States and the United Kingdom:

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

The following information includes data from Westfield Corporation for periods prior to the Implementation Date.

Sales. Total sales affect our revenue and profitability levels because they affect the amount of minimum rent we can charge, the percentage rent we realise, 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 retailers of 10,000 square feet or less and the percentage change in the United States and the United Kingdom for the periods presented on a previous corresponding period basis.

	12 Months Ended June 30,		Year Ended December 31,		
Specialty Shop Sales — Total	**2018**	**2017**	**2017**	**2016**	**2015**
Sales (US$ in millions)	8,498	8,071	8,172	8,093	8,048
Percentage change	5.3%	0.3%	3.3%	0.6%	1.0%

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

	12 Months Ended June 30,		Year Ended December 31,		
	2018	2017	2017	2016	2015
Reported specialty shop sales per square foot (1)					
—Total	US$764	US$721	US$733	US$725	US$726
—Flagship	US$945	US$892	US$908	US$898	US$902
—Regional	US$466	US$453	US$455	US$457	US$454
Change from prior period on a comparable specialty shop basis					
—Total	5.0%	2.2%	2.0%	2.2%	6.4%
—Flagship	4.7%	3.3%	2.7%	3.5%	8.0%
—Regional	2.9%	0.2%	(0.3)%	0.5%	3.2%

(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 in the United States and the United Kingdom as of the dates presented:

	12 Months Ended June 30,		Year Ended December 31,		
	2018	2017	2017	2016	2015
Leased rate					
—Total	92.0%	93.9%	93.2%	94.9%	95.9%
—Flagship	94.0%	95.3%	94.9%	96.0%	96.6%
—Regional	88.3%	91.6%	90.4%	93.0%	94.8%

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

	12 Months Ended June 30,		Year Ended December 31,		
	2018	2017	2017	2016	2015
Occupancy costs as a percentage of sales					
—Total	15.6%	15.0%	15.4%	14.8%	14.5%
—Flagship	16.1%	15.3%	15.8%	15.1%	14.7%
—Regional	13.8%	14.1%	14.1%	13.7%	14.0%

Percentage of Rent Related to Sales. The following table sets forth the percentage of our annual net 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 in the United States and the United Kingdom for the periods presented:

	12 Months Ended June 30,		Year Ended December 31,		
	2018	2017	2017	2016	2015
Total Portfolio					
MGR	97.7%	97.6%	97.6%	97.4%	97.1%
Percentage rent based on retailer sales	2.3%	2.4%	2.4%	2.6%	2.9%
Total	100%	100%	100%	100%	100%

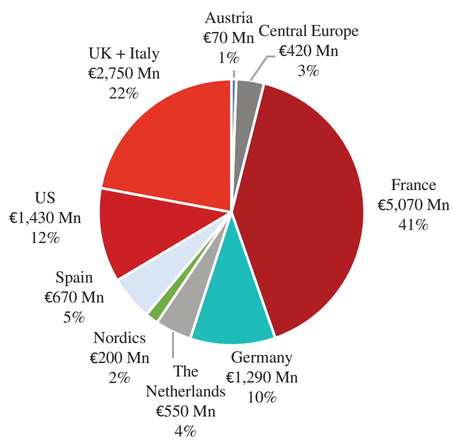
Average Rental Rates. The following table sets out the average total rent on a per square foot basis for total specialty shops in the United States and the United Kingdom as of the dates presented and percentage change on a comparable basis:

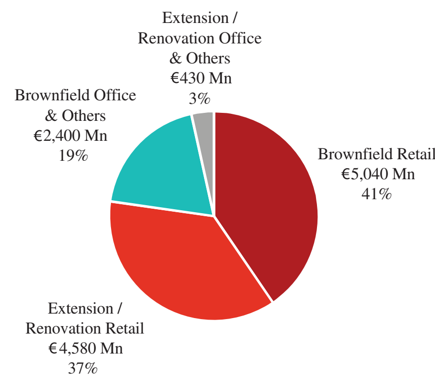
	12 Months Ended June 30,		Year Ended December 31,		
	2018	**2017**	**2017**	**2016**	**2015**
Specialty Shop Average Annual Total Rent per square foot					
—Total	US$ 94.92	US$ 92.80	US$ 94.10	US$ 88.64	US$ 86.59
—Flagship	US$116.66	US$115.10	US$116.59	US$109.37	US$106.90
—Regional	US$ 54.79	US$ 55.07	US$ 54.62	US$ 54.25	US$ 54.55
Specialty shop percentage change (1)					
—Total	3.8%	9.1%	4.7%	7.6%	2.9%
—Flagship	3.0%	10.6%	4.6%	9.5%	5.1%
—Regional	0.2%	1.3%	1.4%	1.1%	(0.8)%

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

Redevelopment and Development

As of June 30, 2018, we had a €12.5 billion development pipeline, with a total of 2.4 million square meters of GLA to be redeveloped or added to our standing assets. We retain significant flexibility on our development portfolio.

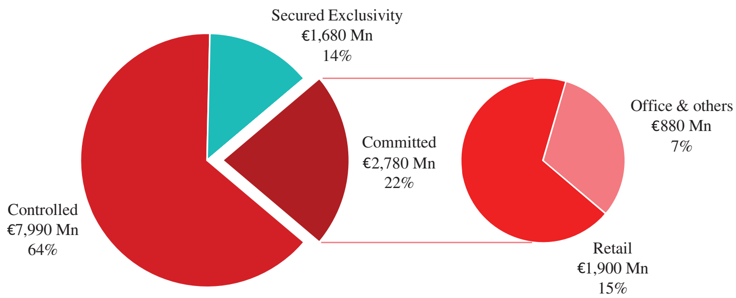




Our €9.6 billion retail pipeline is split between brownfield projects (52%) and extensions and renovations (48%). We currently expect to add to the existing portfolio and redevelop or refurbish 1.9 million square meters of retail GLA, representing ca. 20% of our existing retail GLA. Out of the Retail pipeline, €1.9 billion (20%) are committed.

On URW projects, €1.2 billion has already been spent for committed projects, €1.1 billion for controlled and €0.1 billion for secured exclusivity projects. For committed projects, €1.6 billion is still to be invested over the next 3 years, of which €0.9 billion has been contracted.

URW Development pipeline by project phase as at June 30, 2018



Development projects in the Office & Others sector amount to €2.8 billion. Brownfield projects represent 85% and correspond to approximately 346,000 square meters of new GLA, of which 37% are expected to be delivered after 2023. The remainder will be invested in the redevelopment or refurbishment of almost 108,000 square meters GLA of existing assets. Out of the €2.8 billion office and others pipeline, €880 million (31%) is committed. For an overview of our development projects as of June 30, 2018, see "Operating and Financial Review of the URW Group and the UR Group — URW Development Projects as at June 30, 2018."

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 the URW Group through increases in the cash flows and values of assets; and
- to achieve long-term capital appreciation, and preserve the value of our interests in our shopping centres and other properties.

We have a strategy of developing, operating and investing in flagship assets in leading world markets, that we own for the long-term. We plan to invest in shopping centres for both for income and for capital appreciation. With regards to Offices, the URW Group has a proactive asset rotation policy, and has historically disposed of its mature, well-let assets. In connection with future acquisitions, we will analyze a number of factors, including, but not limited to:

- the location and accessibility;
- the market dynamics and competition in the geographic location of the shopping centres;
- demographic profile;
- the current and historical leased rates of the shopping centres 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 shopping centre with the URW Group's existing portfolio;
- the purchase price and project long-term investment returns (primarily, the internal rate of return);
- the accretive impact on earnings per share; and
- the impact on URW's leverage, rating and overall 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. As of June 30, 2018, we have joint venture partners across 47 assets, and 21 development projects. We may introduce capital partners into other wholly owned assets and future development projects.

Dispositions

We may from time to time dispose of any of our properties if we deem such disposal to be in the URW Group's best interest. Pursuant to our ongoing portfolio review, we have announced as at June 30, 2018, that, as part of our stand-alone asset rotation programme, we had earmarked €3.0 billion of Continental European assets for disposal over the next several years. The aforementioned assets consist of assets that were previously part of the UR Group. We may decide to dispose of further assets over and above the €3.0 billion in the future. The ability to dispose of certain properties may be subject to certain contractual limitations in the case of our joint venture properties.

Financing

The URW Group has historically targeted to maintain an LTV within the 35% to 45% 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 LTV. 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 capitalisation, 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 organisational documents of Unibail-Rodamco, WFD Unibail-Rodamco, 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. See "Operating and Financial Review of the URW Group and the UR Group — Financial Resources." As of June 30, 2018, 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 39.0%.

If we determine 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.

Equity Capital

The issuance of Unibail-Rodamco shares and equity securities requires a vote by the extraordinary general meeting of Unibail-Rodamco shareholders. Unibail-Rodamco shareholders have delegated certain, and may delegate in the future, power and authority to issue Unibail-Rodamco shares and equity securities to the Unibail-Rodamco Management Board (as defined below). Share capital increases are subject to the stapled share principle as set out in Unibail-Rodamco's articles of association.

Subject to the stapled share principle as set out in WFD Unibail-Rodamco's articles of association and at the proposal of the WFD Unibail-Rodamco Management Board (as defined below) with the approval of the WFD Unibail-Rodamco Supervisory Board (as defined below), WFD Unibail-Rodamco's general meeting of shareholders may resolve to issue WFD Unibail-Rodamco shares. WFD Unibail-Rodamco's general meeting have irrevocably authorized the WFD Unibail-Rodamco Management Board to, subject to the approval of the WFD Unibail-Rodamco Supervisory Board, resolve to issue WFD Unibail-Rodamco shares, for an initial period of five years from completion of the URW Transaction, up to WFD Unibail-Rodamco's maximum authorized share capital as this may be from time to time.

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

Each of Unibail-Rodamco and WFD Unibail-Rodamco expect to pay out between 85% and 95% of the financial year's recurring net earnings. In order to maintain its FII status, WFD Unibail-Rodamco intends to comply with the fiscal distribution requirement to pay a dividend that is at least equal to the fiscal profit of WFD Unibail-Rodamco within eight months after the end of each financial year.

Each of Unibail-Rodamco and WFD Unibail-Rodamco can only make a distribution to the extent that its equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

Other Policies

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

Unibail-Rodamco

Unibail was originally constituted in 1968. In 2007, Unibail-Rodamco, a limited liability company (*société anonyme*) with a management board and supervisory board, was formed through the merger of Unibail Holding S.A. ("Unibail") and Rodamco Europe N.V. ("Rodamco") and was listed in Paris and Amsterdam. In 2009, Unibail-Rodamco converted into a European company (*Societas Europaea*). Unibail-Rodamco is registered in the RCS (Trade and Companies Register) Paris, France under Registration number: 682 024 096. Its registered office is 7 place du Chancelier Adenauer, 75016 Paris, France.

The Consolidated Interim Financial Statement as at June 30, 2018 of Unibail-Rodamco comprises WFD Unibail-Rodamco and its controlled entities.

WFD Unibail-Rodamco

WFD Unibail-Rodamco was incorporated as Unibail-Rodamco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on February 14, 2018. WFD Unibail-Rodamco was incorporated with the purpose of (indirectly) acquiring WAT in the URW Transaction. On March 22, 2018, Unibail-Rodamco B.V. changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of its general meeting adopted on March 15, 2018.

WFD Unibail-Rodamco has its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Schiphol Boulevard 371, World Trade Center Schiphol — Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. WFD Unibail-Rodamco is registered in the Commercial Register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 70898618.

While each of Unibail-Rodamco and WFD Unibail-Rodamco continues to exist separately, Unibail-Rodamco and WFD Unibail-Rodamco each have their own Management Board and Supervisory Board and a common public investor base. In addition, the Senior Management Team advises the Management Boards of each of Unibail-Rodamco and WFD Unibail-Rodamco (see "Management — The Senior Management Team"). The Stapled Shares are listed on Euronext Amsterdam and Euronext Paris. The URW Group also established a secondary listing on the Australian Securities Exchange to allow securityholders to trade the Stapled Shares locally in the form of Chess Depositary Interests.

Westfield Corporation

In December 2013, Westfield Group announced a proposal to separate its Australian and New Zealand business from its international operations, creating two new, independent stapled groups – Westfield Corporation to own and operate the US and UK assets, and Scentre Group, to own and manage Westfield Group's Australian and New Zealand operations. Westfield Corporation was established in June 2014 through this restructuring (the "2013 Westfield Restructuring").

For accounting purposes, WAT was deemed to have acquired WCL and WFD Trust. 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).

As a result of the URW Transaction, the stapled group comprising Westfield Corporation is no longer listed on the ASX.

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. 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.

Unibail-Rodamco directly owns 100% of WCL, and WCL owns approximately 17% of WEA. As of December 31, 2017, WCL had total assets of US$2.3 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 organised in 2014 in connection with the 2013 Westfield Restructuring. Unibail-Rodamco indirectly owns 100% of WFD Trust. As of December 31, 2017, WFD Trust had total assets of US$6.1 billion.

Westfield America Trust

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

We believe that WEA has operated and currently operates in a manner so as to qualify as a REIT for United States federal income tax purposes. 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.

WFD Unibail-Rodamco indirectly owned 100% of WAT, and WAT owned approximately 82.4% of WEA, as of December 31, 2017. As of December 31, 2017, WAT had total assets of US$15.5 billion.

Westfield Brand

We own the Westfield brand. We intend to gradually deploy the Westfield brand across the Flagship assets that were part of the UR Group. In connection with the 2013 Westfield 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 shopping centre portfolio and any new shopping centres 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 European and United States property groups and other commercial organisations active in the European and United States 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 either to an over-supply of retail premises through over-development, to prices for existing properties or land for development being inflated through competing bids by potential purchasers or to the rents to be achieved from existing properties being adversely impacted by an oversupply of retail and office spaces. Accordingly, the existence of such competition may have a material adverse impact on 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 shopping centres and offices are generally located in developed retail and office areas, many of which compete with other shopping centres and office buildings or neighborhood office buildings or shopping centres within their primary trade area. The amount of rentable space in the relevant primary trade area, the quality of facilities and the nature of stores and offices at such competing shopping centres and office buildings could each have a material adverse effect on our ability to lease space and on the level of rents we can obtain.

In addition, retailers at the shopping centres face increasing competition from other forms of retailing, such as discount "big box" shopping centres, discount shopping centres and clubs, outlet shopping centres, catalogues, video and home shopping networks, direct mail order, telemarketing, e-commerce websites and mobile applications. In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "brick-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 shopping centres 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 shopping centres as a consequence of building practices typical at the time the shopping centres were constructed. Generally, asbestos-containing materials are removed as required in the ordinary course of any renovation, reconstruction, or expansion. If any of the shopping centres 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 shopping centres 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 June 30, 2018, we had approximately 3,700 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.

As disclosed in Note 12.3 to the 2017 UR Group Annual Financial Statements included elsewhere in this document, we are involved in an arbitration procedure with PEAB involving claims regarding the development of Mall of Scandinavia. The process involves claims by both sides and is expected to take time to resolve. Based on the risk analysis as at December 31, 2017, no provision was recorded in our consolidated accounts in respect of this claim. This claim is not expected to have a significant effect on us or on our profitability or the financial position but is disclosed for completeness.

In August 2018, a tenant (Aspers) at Westfield Stratford filed a claim alleging that the proposed redevelopment at Westfield Stratford involving the removal of certain car parking and the conversion to retail use and the closure of one or more lifts during the construction phase will breach the terms of its lease. In addition to damages, the tenant is seeking an injunction to restrain the owner from commencing and/or carrying out the construction works for the redevelopment. We continue to have discussions with the tenant to resolve the disputed issues. It is expected that the proceedings will be stayed pending the outcome of further discussions between the parties. This claim is not expected to have a significant effect on us or on our profitability or the financial position but is disclosed for completeness.

MANAGEMENT

Each of Unibail-Rodamco and WFD Unibail-Rodamco has a two-tier board structure consisting of a management board and supervisory board as described below. The following table sets forth certain information regarding the members of the supervisory and management boards of Unibail-Rodamco and WFD Unibail-Rodamco as of June 30, 2018:

Directors

Name	Age	Title
Composition of Unibail-Rodamco's Supervisory Board:		
Colin Dyer	65	Independent Director, Chairman
Philippe Collombel	57	Independent Director
Jill Granoff	56	Independent Director
Mary Harris	52	Independent Director, Vice-Chair
Dagmar Kollmann	54	Independent Director
Peter Lowy	59	Non-Independent Director
John McFarlane	71	Independent Director
Roderick Munsters	54	Independent Director
Sophie Stabile	48	Independent Director
Jacques Stern	53	Independent Director
Jacqueline Tammenoms Bakker	64	Independent Director
Composition of Unibail-Rodamco's Management Board:		
Christophe Cuvillier	55	Chairman and Group Chief Executive Officer
Jaap Tonckens	55	Group Chief Financial Officer
Composition of WFD Unibail-Rodamco's Supervisory Board:		
Christophe Cuvillier	55	Chairman
Jaap Tonckens	55	Vice-Chairman
Jean-Louis Laurens	63	Senior Independent Director
Alec Pelmore	64	Member
Aline Taireh	43	Member
Composition of WFD Unibail-Rodamco's Management Board:		
Jean-Marie Tritant	50	President US
Gerard Sieben	48	Chief Financial Officer, WFD Unibail-Rodamco N.V.

The Senior Management Team is the main body for coordination between the Unibail-Rodamco and WFD Unibail-Rodamco entities and is responsible for overseeing their shared strategy and business policies and providing advice on key business decisions. The following table set forth certain information regarding the members of the Senior Management Team as of June 30, 2018:

Senior Management Team

Name	Age	Title
Christophe Cuvillier	55	Group Chief Executive Officer
Jaap Tonckens	55	Group Chief Financial Officer
Astrid Panosyan	46	Group Chief Resources Officer
Olivier Bossard	54	Group Chief Development Officer
Jean-Marie Tritant	50	President US
Peter Huddle	47	Chief Operating Officer United States
Gerard Sieben	48	Chief Financial Officer, WFD Unibail-Rodamco N.V.
Michael Dessolain	62	Chief Operating Officer Europe
Peter Miller	52	Chief Operating Officer UK/Italy/Benelux
Fabrice Mouchel	48	Chief Financial Officer Europe

Biographical information regarding the members of Unibail-Rodamco's Supervisory Board is set forth below.

Colin Dyer. Colin Dyer has been Chairman of Unibail-Rodamco's Supervisory Board and Chairman of its Governance, Nomination and Remuneration Committee since April 25, 2017. He holds a Bachelor of Science in Mechanical Engineering from Imperial College London and an MBA from INSEAD. He is a former consultant at McKinsey & Co.; former CEO of Courtaulds Textiles; former CEO of Worldwide Retail Exchange; former President and CEO of Jones Lang LaSalle Incorporated from 2004 to 2016 and a former Non-Executive Director of Jones Lang LaSalle Inc.

Philippe Collombel. Philippe Collombel has been a member of Unibail-Rodamco's Supervisory Board since April 25, 2017 and its Governance, Nomination & Remuneration Committee since July 1, 2017. He is graduate of Institut d'études politiques de Paris and holds an MBA from Kellogg School of Management (Northwestern University). He is a former partner at Accenture and he formerly managed innovation and internet initiatives at Carrefour. In addition to his Unibail-Rodamco Supervisory Board membership, he is currently Co-Managing Partner at Partech Partners and a member of the Advisory Board of Facebook France.

Jill Granoff. Jill Granoff has been a member of the Supervisory Board since May 17, 2018 and its Governance, Nomination & Remuneration Committee since August 1, 2018. She has a Bachelor's from Duke University and an MBA from Columbia University. Ms. Granoff is the former CEO of Kellwood Holding Corp. and Vince, where she led Vince's IPO, and former CEO of Kenneth Cole Productions. She has also held senior leadership roles at Estée Lauder, Victoria's Secret and Liz Claiborne, where she had global responsibility for Juicy Couture, Lucky Brand Jeans and Kate Spade. Ms. Granoff also has digital expertise as a former board member of Demandware, now Salesforce Commerce Cloud. In addition to her Unibail-Rodamco Supervisory Board membership, she is the CEO Eurazeo Brands, a branded consumer and retail private equity.

Mary Harris. Mary Harris has been a member of Unibail-Rodamco's Supervisory Board and its Governance, Nomination & Remuneration Committee since April 29, 2008. She holds a Masters in Politics, Philosophy and Economics from Oxford University and an MBA from Harvard Business School. She is a former Consultant and Partner at McKinsey & Co in London, Amsterdam, China and South East Asia and has held various positions at Pepsi Beverages, Goldman Sachs and at private equity/venture capital firms. Her board experiences include, former Advisory Board member of Irdeto B.V.; former member of the Supervisory Boards of TNT N.V., of TNT Express N.V. and of Scotch & Soda N.V.; and former Non-Executive Director and Chair of the Remuneration Committee of J Sainsbury PLC. In addition to her Unibail-Rodamco Supervisory Board membership, she is currently Non-Executive Director and Chair of the Remuneration Committee of ITV PLC and of Reckitt Benckiser PLC and is on the board of St. Hilda's College, Oxford University.

Dagmar Kollmann. Dagmar Kollmann has been a member of Unibail-Rodamco's Supervisory Board since April 23, 2014 and its Governance, Nomination & Remuneration Committee since January 2015. She holds a Masters of Law (focus on International and Business Law) from the Universität Wien. She previously held positions at Merrill Lynch Capital Markets in New York and UBS Philips & Drew Ltd in London and is former Chair of the Management Board, Country Head and CEO – Germany and Austria at Morgan Stanley Bank AG in Germany; former Board member of Morgan Stanley and Co. International Ltd and Morgan Stanley International Ltd in London; and former Vice-Chair of the Supervisory Board of HRE Holding AG. In addition to her Unibail-Rodamco Supervisory Board membership, her current roles include Commissioner of the Monopolies Commission in Germany; Vice-Chair of the Supervisory Board of Deutsche Pfandbriefbank AG; member of the Supervisory Board of Deutsche Telekom AG and Chair of its Audit Committee and a member of the Supervisory Boards of KfW IPEX Gmbh and Bank Gutmann AG.

Peter Lowy. Peter Lowy has been a member of Unibail-Rodamco's Supervisory Board since June 7, 2018. Previously, he was an executive director of Westfield and served as Co-Chief Executive Officer Westfield Corporation before its acquisition by Unibail-Rodamco. Mr. Lowy holds a Bachelor of Commerce from the University of New South Wales (UNSW). Prior to joining Westfield, he worked in investment banking both in London and New York. He joined Westfield in 1983 and held several positions within the company, including Joint Managing Director of Westfield Group. In addition to his Supervisory Board membership, 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.

John McFarlane. John McFarlane has been a member of Unibail-Rodamco's Supervisory Board since June 7, 2018 and its Audit Committee since August 1, 2018. Previously, he was a Non-Executive Independent Director of Westfield Corporation before its acquisition by Unibail-Rodamco. Mr. McFarlane has an MA from the University of Edinburgh (Scotland), an MBA from Cranfield University (UK), and studied finance at the London Business School. John 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 United Kingdom. In addition to his Supervisory Board membership, his current roles include Chairman of Barclays as well as TheCityUK, 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.

Roderick Munsters. Roderick Munsters has been a member of Unibail-Rodamco's Supervisory Board since April 25, 2017 and its Audit Committee since July 1, 2017. He holds a Master in Economics and in Finance from Tilburg University. He previously held various positions in the Investment Department of NV Interpolis Insurance and is former Managing Director and CIO of PGGM Pension Fund; former Executive Director and CIO of ABP Pension Fund & APG All Pensions Group; former Member of the Capital Markets Committee of the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*); former CEO of Robeco Group N.V. and former CEO of Edmond de Rothschild Asset Management. In addition to his Unibail-Rodamco Supervisory Board membership, he is currently Supervisory Board member of Edmind of Rothschild Asset Management.

Sophie Stabile. Sophie Stabile has been a member of Unibail-Rodamco's Supervisory Board and its Audit Committee since April 16, 2015. Graduate of École Supérieure de Gestion et Finance. She previously held various positions at Deloitte, is a former Board Member of Groupe Lucien Barrière and previously held various positions within the Accor Group, including former Group CFO, former member of the Executive Committee of AccorHotels, former CEO of Hotel Services France and Switzerland and former Chair of the Supervisory Board of Orbis. In addition, to her Unibail-Rodamco Supervisory Board membership, her current roles include CEO of Women at AccorHotels Generation (WAAG) member of Club des 30, Supervisory Board member of Altamir and Non-Executive Board Member of Spie.

Jacques Stern. Jacques Stern has been a member of Unibail-Rodamco's Supervisory Board since April 21, 2016 and Chairman of its Audit Committee Committee since June 7, 2018. He is graduate of École Supérieure de Commerce de Lille and holds a Masters in Accounting (DECS) & Masters in Accounting and Finance (MSTCF). He is a former external auditor with Price Waterhouse, held several positions in Accor Group including Group CFO and Deputy CEO, former CEO of Edenred, former Supervisory Board member of Groupe Lucien Barrière and former Board member of Club Med. In addition, to his Unibail-Rodamco Supervisory Board membership, his current roles include President & CEO at Global Blue, world leader in tax free shopping, and Non-Executive Board member of Voyage Privé.

Jacqueline Tammenoms Bakker. Jacqueline Tammenoms Bakker has been a member of Unibail-Rodamco's Supervisory Board since April 16, 2015 and a member of its Governance, Nomination & Remuneration Committee since October 2015. She holds a Masters in History and French from St. Hilda's College and a Masters in International Relations from Johns Hopkins School for Advanced International Studies. She is a former Advisor to the National Council for Environment and Infrastructure; and former Director General Civil Aviation & Freight Transport of the Dutch Ministry of Transport, Public Works and Water Management. She is a former Director or Executive of various public and private entities including Vivendi, Tesco, GigaPort, Quest International, and Shell International as well as a former consultant at McKinsey & Co. In addition to her Unibail-Rodamco Supervisory Board membership, her current roles include Non-Executive Director of Groupe Wendel and of CNH Industrial; Non-Executive Vice-Chair and Chair of the Remuneration committee of TomTom and Chair of the Governing Council of the Van Leer Group Foundation.

Biographical information regarding the members of Unibail-Rodamco's Management Board is set forth below.

Christophe Cuvillier. Christophe Cuvillier joined the Management Board of Unibail-Rodamco as Chief Operating Officer on June 1, 2011. On April 25, 2013, he became Chairman of the Management Board and CEO of Unibail-Rodamco, that became the URW Group on June 7, 2018. He has been the Chairman of WFD Unibail-Rodamco's Supervisory Board, a member of WFD Unibail-Rodamco's Governance, Nomination and Remuneration Committee and the Chairman of WFD Unibail-Rodamco's Investment Committee since June 7, 2018. Prior to joining the UR Group, he held various positions within the Kering Group (formerly PPR) between 2000 and 2010, including CEO of Fnac (2008-2010) and CEO of Conforama (2005-2008). Before Kering, he spent 14 years in the Luxury Products Division of L'Oréal, both in France and abroad, including 8 years in senior management positions. Mr. Cuvillier is a graduate of HEC (France).

Jaap Tonckens. Jaap L. Tonckens joined the Management Board of Unibail-Rodamco as General Counsel in 2009 and then became Chief Investment Officer in 2010. He was promoted to Chief Financial Officer on July 1, 2012. He retains the supervision of the URW Group's investments in his current position. He has been the Vice-Chairman of WFD Unibail-Rodamco's Supervisory Board and a member of WFD Unibail-Rodamco's Audit Committee, WFD Unibail-Rodamco's Governance, Nomination and Remuneration Committee and WFD Unibail-Rodamco's Investment Committee since June 7, 2018. Prior to joining Unibail-Rodamco he was a Managing Director at Endurance Capital, a private equity firm in New York. Prior to that, he worked at Morgan Stanley & Co. (1994 – 2008), first in London and then in New York, where he was a Managing Director in the Leverage & Acquisition Finance department. Prior to that, he worked at Shearman & Sterling in New York and Paris for more than four years. Jaap L. Tonckens is a graduate of the University of Leiden in the Netherlands and of Emory University in Atlanta (USA).

Biographical information regarding the members of WFD Unibail-Rodamco's Supervisory Board is set forth below.

Christophe Cuvillier. See Mr. Cuvillier's biography above.

Jaap Tonckens. See Mr. Tonckens' biography above.

Jean-Louis Laurens. Jean-Louis Laurens has been a member of WFD Unibail-Rodamco's Supervisory Board, WFD Unibail-Rodamco's Senior Independent Director and the Chairman of WFD Unibail-Rodamco's Audit Committee since the closing of the URW Transaction on June 7, 2018. To take on this role, he stepped down from Unibail-Rodamco's Supervisory Board and its Audit Committee, both of which he was a member from June 25, 2007 until the closing of the URW Transaction. He also served as Chairman of Unibail-Rodamco's Audit Committee from January 2015 until the closing of the URW Transaction and Vice Chairman of Unibail-Rodamco's Supervisory Board from April 21, 2016 until the closing of the URW Transaction. He is graduate of the École des Hautes Études Commerciales (HEC) with a Doctorate in Economics and a Masters in law. He is a former Executive Director of Morgan Stanley International; former CEO of AXA Investment Managers France; former CEO of ROBECO France; former Global Head of Mainstream Investments of ROBECO Group; former General Partner of Rothschild & Cie Gestion Paris and former Chairman of the Board of Rothschild Asset Management Inc. New York and of the Board of Risk Based Investment Solutions Ltd, London (Rothschild Group). In addition to his WFD Unibail-Rodamco Supervisory Board membership, he is currently Non-execute Chairman of Unigestion Asset Management France and Ambassador of AFG (Association Française de la Gestion financière). He is a recipient of the French Decoration "Chevalier de l'Ordre National du mérite."

Alec Pelmore. Alec Pelmore has been a member of WFD Unibail-Rodamco's Supervisory Board and the Chairman of its Governance, Nomination and Remuneration Committee since the closing of the URW Transaction on June 7, 2018. To take on this role, he stepped down from Unibail-Rodamco's Supervisory Board and its Audit Committee, both of which he was a member from April 29, 2008 until the closing of the URW Transaction. He holds a Degree in Mathematics from Cambridge University. He is a former equity investment analyst specialising in real estate companies, mainly at Dresdner Kleinwort Benson and Merrill Lynch. With his partner Robert Fowlds, his team was voted No.1 for real estate in Europe for 12 out of 13 years from 1995 to 2007. In addition to his WFD Unibail-Rodamco Supervisory Board membership, he is currently a Non-Executive Director of LondonMetric Property PLC.

Aline Taireh. Aline Taireh has been a member of WFD Unibail-Rodamco's Supervisory Board and its Investment Committee since the closing of the URW Transaction on June 7, 2018. She is also General Counsel in the United States of URW. Ms. Taireh holds a Bachelor of Arts in Criminology and Psychology from University of California Irvine and a Juris Doctorate from Brooklyn Law School. She began her career as an associate at O'Melveny & Myers LLP. She originally joined Westfield as Senior Corporate Counsel in January 2007, she was appointed Associate General Counsel in January 2008 and Senior Vice President and Deputy General Counsel in 2012.

Biographical information regarding the members of WFD Unibail-Rodamco's Management Board is set forth below.

Gerard Sieben. Gerard Sieben held various interim positions within the Unibail-Rodamco Group from 2008, including Head of Accounting for Corporate Centre at Rodamco Europe NV, Head of Accounting for the Netherlands Region, and Finance Director for Benelux. He became a member of WFD Unibail-Rodamco's Management Board and its Chief Financial Officer in 2018. Prior to joining the group, he previously held several finance positions including as a controller at Procter & Gamble Professional Care NL for four years, as well as at Sykes Enterprise BV. Mr. Sieben holds a bachelor's degree in economics.

Jean-Marie Tritant. Jean-Marie Tritant has served as President US of WFD Unibail-Rodamco and member of WFD Unibail-Rodamco's Management Board since June 7, 2018. Just prior, he was Chief Operating Officer and member of the Management Board of Unibail-Rodamco. He joined Unibail in 1997 in the Offices Division, initially as Project Manager, then as Asset Manager and Head of Asset Management. He later became General Manager of the Offices Division and then Managing Director Retail France in 2007. In 2012, he was appointed Managing Director Retail and Offices France. He became Chief Operating Officer in April 2013. He holds a degree from ESC Dijon (France) and a master's degree from Paris-Sorbonne University (France) in Mr. Tritant real estate, a qualification recognised by the Royal Institution of Chartered Surveyors.

Biographical information regarding members of the Senior Management Team is set forth below.

Christophe Cuvillier. See Mr. Cuvillier's biography above.

Jaap Tonckens. See Mr. Tonckens' biography above.

Astrid Panosyan. Astrid Panosyan joined the UR Group in September 2015 as Group Chief Resources Officer. She was previously an advisor and member of the cabinet of Emmanuel Macron, then French Minister of Economy, Industry and Digital Affairs, and was in charge of Economic Attractiveness and International Investments. Ms. Panosyan started her career at AT Kearney before joining AXA's Strategy Department in 1998, then the Department of Business Support & Development for the Asia-Pacific region. In 2002, she joined Groupama, holding various senior positions in the International, Strategy and Finance Departments. She became General Secretary of Groupama in 2011. Ms. Panosyan is a graduate of Sciences Po Paris (France), HEC (France) and Harvard University (USA).

Olivier Bossard. Olivier Bossard joined Unibail's Office Division in 1998 as Portfolio Manager, then became Head of Asset Management and Deputy General Manager of the Office Division. He was involved in the Unibail-Rodamco merger as Executive Vice President in charge of Unibail Development and Strategy (2006). He later became Managing Director of the Office Division and Managing Director of Development. He became Chief Development Officer in April 2013. Before joining Unibail, Mr. Bossard worked at Paribas and COGEDIM. He holds a degree in architecture from the Ecole des Beaux-Arts Paris (France), and a degree in history. He also holds a degree in City Planning and Urbanism from Sciences Po Paris (France).

Jean-Marie Tritant. See Mr. Tritant's biography above.

Peter Huddle. Peter Huddle joined Westfield in Australia in 2000, holding several roles within the shopping centre management and development teams, and served as Asset General Manager. He later joined the team in Brazil as Chief Operating Officer and transferred to the United States in early 2014. Prior to joining Westfield, Mr. Huddle enjoyed a successful career within the Australian oil industry. He is a graduate of Newcastle University (Australia) with a bachelor's degree in economics.

Gerard Sieben. See Mr. Sieben's biography above.

Michael Dessolain. Michel Dessolain joined Unibail in 1997. He was appointed General Manager of the Shopping Centre Division and became Chief Operating Officer following the merger with Rodamco in 2008. He was then named Co-CEO of mfi AG, Unibail-Rodamco's German subsidiary, and subsequently served as Chief Strategy Officer. Between 2013 and 2017, Mr. Dessolain chaired the French Shopping Centre Council (CNCC). Previously, he worked as Head of International Development for Habitat, He holds a master's degree in law and is a graduate of the Ecole Spéciale des Travaux Publics, du Bâtiment et de l'Industrie and of the Institut de la Construction et de l'Habitat (France).

Peter Miller. Peter Miller joined the Westfield Group in 1994 and held a number of senior roles across Westfield's Australian and UK/Europe business units including Director of Design, Development and Construction, and COO of the Westfield UK/Europe business from 2009 to 2018. Prior to joining Westfield, he worked at Lendlease and Leighton Holdings in Australia, focused on retail development, and project and construction management. Mr. Miller studied corporate finance at London Business School and has an Executive MBA from UNSW Business School and a Bachelor of Science honours degree in construction management from the London South Bank University (UK).

Fabrice Mouchel. Fabrice Mouchel joined Unibail in 2001 as Head of Corporate Development. In 2002, he became Head of the Financial Resources and Investor Relations Department. In June 2007, he became Deputy Chief Financial Officer. Prior to joining Unibail, he was Vice-President of Mergers and Acquisitions at ING-Barings (1997-2001). Before, he was a lawyer in the Mergers & Acquisitions Department of Gide Loyrette & Nouel (1993-1996). He holds a degree from HEC and a Master's degree in law (France).

Share Ownership

The following table lists the share ownership of the members of the Unibail-Rodamco Management Board, the members of the Unibail-Rodamco Supervisory Board, the members of the WFD Unibail-Rodamco Management Board and the members of the WFD Unibail-Rodamco Supervisory Board as of June 30, 2018. Percentage ownership is based on 138,283,217 Stapled Shares issued and outstanding as of June 30, 2018. Beneficial ownership is based on rules relating to the holding of "relevant interests" under French law. Other than any ownership described below, we do not believe any other director beneficially owns more than 5% of the Stapled Shares.

Name of Beneficial Owner	Number of Stapled Shares (1)	Percentage Ownership
UR Management Board:		
Christophe Cuvillier	105,638	*
Jaap Tonckens	12,415	*
UR Supervisory Board:		
Colin Dyer	650	*
Philippe Collombel	350	*
Jill Granoff	0	*
Mary Harris	600	*
Dagmar Kollmann	725	*
Peter Lowy	0 (2)	*
John McFarlane	18,440	*
Roderick Munsters	400	*
Sophie Stabile	286	*
Jacques Stern	325	*
Jacqueline Tammenoms	316	*
WFD Unibail-Rodamco Supervisory Board:		
Christophe Cuvillier	105,638	*
Jaap Tonckens	12,415	*
Jean-Louis Laurens	363	*
Alec Pelmore	500	*
Aline Taireh	305 (3)	*
WFD Unibail-Rodamco Management Board:		
Jean-Marie Tritant	169,202	*
Gerard Sieben	5	*

(1) Includes shares equivalent to the number of units held in the UR Savings Plan as at June 30, 2018.

(2) Mr. Lowy indirectly has interests through LFG America Pty Limited and the Lowy Foundation, which together hold an aggregate 3,643,513 shares (as of September 2018).

(3) Shares held through CDIs.

* Less than 5%.

Unibail-Rodamco Governance Structure

Unibail-Rodamco has adopted a dual management structure: a European company with a Management Board ("Unibail-Rodamco Management Board") and a Supervisory Board ("Unibail-Rodamco Supervisory

Board") subject to the provisions of European Council Regulation no. 2157/2001/EC of October 8, 2001, applicable to European companies, and the current laws and regulations of France. The dual management structure separates the day-to-day management of Unibail-Rodamco, for which the Unibail-Rodamco Management Board is solely responsible, from the supervision and oversight of management, for which the Unibail-Rodamco Supervisory Board is responsible.

Each member of the Unibail-Rodamco Management Board ("Unibail-Rodamco Management Board Member") and the Unibail-Rodamco Supervisory Board ("Unibail-Rodamco Supervisory Board Member") must act in the corporate interests of Unibail-Rodamco and consider with due care the interests of all stakeholders including Unibail-Rodamco's shareholders, creditors, employees and customers. Directors in French companies are not generally viewed as owing duties directly to shareholders as such.

Unibail-Rodamco Supervisory Board

The Unibail-Rodamco Supervisory Board exercises permanent oversight and control over the Unibail-Rodamco Management Board and the general affairs of Unibail-Rodamco as provided by law, Unibail-Rodamco's articles of association and its internal charters.

Unibail-Rodamco Supervisory Board Committees

The Unibail-Rodamco Supervisory Board has two committees: the Audit Committee and the Governance, Nomination and Remuneration Committee, which focus on, and explore in depth, specific topics of its overall competence. Each committee operates based on the Unibail-Rodamco Supervisory Board's Charter which describes its composition, role, responsibilities, organisation, and functioning. The committees make recommendations and advise the Unibail-Rodamco Supervisory Board within their scope of responsibility. The Unibail-Rodamco Supervisory Board is, however, ultimately responsible for all the decisions and actions taken on the committees' recommendations.

Unibail-Rodamco Audit Committee

The composition, functioning and responsibilities of the Unibail-Rodamco Audit Committee are governed by the Unibail-Rodamco Audit Committee Charter, established by the Unibail-Rodamco Supervisory Board.

The Unibail-Rodamco Audit Committee is chaired by Jacques Stern and consists of four independent members: John McFarlane (since August 2018), Roderick Munsters, Sophie Stabile and Jacques Stern.

The Unibail-Rodamco Audit Committee Members are selected by the Unibail-Rodamco Supervisory Board, upon the recommendation of the Unibail-Rodamco Governance, Nomination and Remuneration Committee. They are appointed by the Unibail-Rodamco Supervisory Board for their skills in finance and accounting.

Pursuant to French Commercial Code requirements, every Unibail-Rodamco Audit Committee member is required to have expertise in finance and in accounting for listed companies or for other large companies which apply the IFRS (as adopted by the EU).

The Unibail-Rodamco Audit Committee deals with a number of recurring issues, such as accounting and financial elements (interim and annual financial statements), internal control and risk management relating to liabilities, net asset value, development and operations. It examines and supervises Unibail-Rodamco's publication of financial information. It also ensures the relevance and efficiency of the URW Group's accounting and financial standards, tax and funding policies and internal audit, risk-management and control procedures.

The Unibail-Rodamco Audit Committee may also carry out specific examinations on its own initiative or at the request of the Unibail-Rodamco Supervisory Board. The Unibail-Rodamco Audit Committee may solicit the advice of external advisers as it deems necessary. In addition to the regular contact that the Unibail-Rodamco Audit Committee has with the Unibail-Rodamco Management Board and its statutory auditors, it is free to interview experts in particular fields (e.g., accounting, finance, risk and audit managers) without Unibail-Rodamco Management Board Members being present. The Unibail-Rodamco Audit Committee has access to valuations carried out by independent appraisers.

Unibail-Rodamco Governance, Nomination and Remuneration Committee

The composition, functioning and responsibilities of the Unibail-Rodamco Governance, Nomination and Remuneration Committee are governed by the Unibail-Rodamco Governance, Nomination and Remuneration Committee Charter, established by the Unibail-Rodamco Supervisory Board.

The Unibail-Rodamco Governance, Nomination and Remuneration Committee, chaired by Colin Dyer, consists of six independent members: Colin Dyer, Philippe Collombel, Jill Granoff (since August 2018), Mary Harris, Dagmar Kollmann and Jacqueline Tammenoms Bakker.

The Unibail-Rodamco Governance, Nomination and Remuneration Committee is responsible for reviewing and advising the Unibail-Rodamco Supervisory Board on: (a) Unibail-Rodamco Management Board Member and Unibail-Rodamco Supervisory Board Member profiles and selection criteria; (b) Unibail-Rodamco's human resources policy, including the remuneration policies for the CEO and the other Unibail-Rodamco Management Board Members (Fixed Income, Short-Term Incentives, Long-Term Incentives and other benefits); (c) the scope, composition and operations of the Unibail-Rodamco Management Board and the Unibail-Rodamco Supervisory Board; (d) the independence of Unibail-Rodamco Supervisory Board Members; (e) the (re)appointment of Unibail-Rodamco Management Board Members and/or Unibail-Rodamco Supervisory Board Members through application of the established succession plans which are regularly discussed; (f) the Unibail-Rodamco Group's corporate governance practices and rules; and (g) Unibail-Rodamco Group Talent Management and Unibail-Rodamco Management Board and Group Management Team succession plan implementation.

The Unibail-Rodamco Governance, Nomination and Remuneration Committee may solicit the advice of external advisers and is free to interview such advisors without Unibail-Rodamco Management Board being present as it deems necessary.

Unibail-Rodamco Management Board

The Unibail-Rodamco Management Board is Unibail-Rodamco's collegial decision-making body and is overseen by the Unibail-Rodamco Supervisory Board. The Unibail-Rodamco Management Board Members are collectively responsible for Unibail-Rodamco's management and general course of business. The Unibail-Rodamco Management Board's mission consists of developing and executing Unibail-Rodamco's strategy, effectively structuring and staffing Unibail-Rodamco to ensure its efficient functioning, achieving the projected financial results and communicating these results in the best manner.

Besides leading Unibail-Rodamco's strategy and the Unibail-Rodamco Management Board policy and representing Unibail-Rodamco vis à vis third parties, the Chairman of the Unibail-Rodamco Management Board and Chief Executive Officer ("CEO") is directly responsible for innovation, institutional relations and communication as well as internal audit and risk management. Upon the recommendation of the CEO, and subject to prior approval by the Unibail-Rodamco Supervisory Board, the Unibail-Rodamco Management Board Members share the different operational responsibilities for Unibail-Rodamco amongst themselves.

The Unibail-Rodamco Management Board also actively supervises Unibail-Rodamco's internal audit programme.

The Unibail-Rodamco Management Board upholds the interests of Unibail-Rodamco. It takes into account the relevant interests of all of Unibail-Rodamco's stakeholders, and it is advised by the Senior Management

Team. It must act with independence, loyalty and professionalism. As provided for by the French Afep-Medef Corporate Governance Code of Listed Companies, the Unibail-Rodamco Supervisory Board assesses the functioning of the Unibail-Rodamco Management Board on an annual basis.

WFD Unibail-Rodamco Governance Structure

WFD Unibail-Rodamco has a two-tier board structure consisting of a management board ("WFD Unibail-Rodamco Management Board") (*bestuur*) and a supervisory board ("WFD Unibail-Rodamco Supervisory Board") (*raad van commissarissen*). The WFD Unibail-Rodamco Management Board is responsible for the day-to-day management of WFD Unibail-Rodamco which includes, among other things, formulating strategies and policies, and setting and achieving WFD Unibail-Rodamco's objectives, and it is advised by the Senior Management Team. The WFD Unibail-Rodamco Supervisory Board supervises and advises the WFD Unibail-Rodamco Management Board.

Each member of the WFD Unibail-Rodamco Management Board ("WFD Unibail-Rodamco Management Board Member") and the WFD Unibail-Rodamco Supervisory Board ("WFD Unibail-Rodamco Supervisory Board Member") must act in the corporate interests of WFD Unibail-Rodamco and of the business connected with it and consider with due care the interests of all stakeholders including WFD Unibail-Rodamco's shareholders, creditors, employees and customers.

WFD Unibail-Rodamco Supervisory Board

The WFD Unibail-Rodamco Supervisory Board is charged with the supervision of the policy of the WFD Unibail-Rodamco Management Board and the general course of affairs of WFD Unibail-Rodamco and of the business connected with it. The WFD Unibail-Rodamco Supervisory Board shall provide the WFD Unibail-Rodamco Management Board with advice. In performing their duties, WFD Unibail-Rodamco Supervisory Board Members shall be guided by the interests of WFD Unibail-Rodamco and of the business connected with it.

WFD Unibail-Rodamco Supervisory Board Committees

The WFD Unibail-Rodamco Supervisory Board has established the WFD Unibail-Rodamco Audit Committee, the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee and the WFD Unibail-Rodamco Investment Committee.

WFD Unibail-Rodamco Audit Committee

The WFD Unibail-Rodamco Audit Committee assists and advises the WFD Unibail-Rodamco Supervisory Board on its audit duties and prepares its decisions in this regard. The duties of the WFD Unibail-Rodamco Audit Committee include reviewing and discussing the effectiveness of internal risk management and control systems and the financial information to be disclosed by WFD Unibail-Rodamco. The WFD Unibail-Rodamco Audit Committee also monitors the WFD Unibail-Rodamco Management Board with regard to WFD Unibail-Rodamco's compliance program with recommendations and observations of internal and external auditors, WFD Unibail-Rodamco's compliance with applicable laws and regulations, the functioning of the internal audit department (if applicable), WFD Unibail-Rodamco's tax policy, WFD Unibail-Rodamco's application of information and communication technology and WFD Unibail-Rodamco's financing. In addition, it maintains regular contact with and supervises WFD Unibail-Rodamco's external auditor, including his independence, and it advises the WFD Unibail-Rodamco Supervisory Board regarding the external auditor's nomination for (re)appointment by WFD Unibail-Rodamco's general meeting of shareholders.

The WFD Unibail-Rodamco Audit Committee meets at least quarterly and otherwise as often as any of the WFD Unibail-Rodamco Supervisory Board Members deems necessary or appropriate. At least once a year, the WFD Unibail-Rodamco Audit Committee meets with WFD Unibail-Rodamco's external auditor without any of the WFD Unibail-Rodamco Management Board Members being present.

The WFD Unibail-Rodamco Audit Committee consists of at least two WFD Unibail-Rodamco Supervisory Board Members, with the exact number to be determined by the WFD Unibail-Rodamco Supervisory Board. The members of the WFD Unibail-Rodamco Audit Committee are appointed and dismissed by the WFD Unibail-Rodamco Supervisory Board on the basis of a binding recommendation by the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee. At least one member of the WFD Unibail-Rodamco Audit Committee must have competence in accounting and/or auditing. More than half of all the members of the WFD Unibail-Rodamco Audit Committee, including the chairman of the WFD Unibail-Rodamco Audit Committee, must be independent from WFD Unibail-Rodamco (including within the meaning of the Dutch Corporate Governance Code). The chairman of the WFD Unibail-Rodamco Audit Committee shall not be the chairman of the WFD Unibail-Rodamco Supervisory Board or a former WFD Unibail-Rodamco Management Board Member.

The roles and responsibilities of the WFD Unibail-Rodamco Audit Committee as well as the composition and the manner in which it discharges its duties are set out in a committee charter and, in part, in the WFD Unibail-Rodamco Supervisory Board rules. Pursuant to a resolution to that effect, the WFD Unibail-Rodamco Supervisory Board may, with the approval of the WFD Unibail-Rodamco UR Supervisory Directors (as defined below), amend or supplement the charter and allow temporary deviations.

The WFD Unibail-Rodamco Audit Committee consists of Jean-Louis Laurens (chairman), Alec Pelmore and Jaap Tonckens.

WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee

The WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee assists and advises the WFD Unibail-Rodamco Supervisory Board on its duties regarding the nomination of WFD Unibail-Rodamco Management Board Members and WFD Unibail-Rodamco Supervisory Board Members. It is charged with drawing up selection criteria and appointment procedures for the WFD Unibail-Rodamco Management Board Members and WFD Unibail-Rodamco Supervisory Board Members. Furthermore, it will periodically assess the size and composition of the WFD Unibail-Rodamco Management Board and the WFD Unibail-Rodamco Supervisory Board, and make proposals for the composition profile of the WFD Unibail-Rodamco Supervisory Board. In addition, the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee will periodically assess the functioning of individual WFD Unibail-Rodamco Management Board Members and WFD Unibail-Rodamco Supervisory Board Members, and report on such review to the WFD Unibail-Rodamco Supervisory Board. It is also charged with making proposals for (re)appointment or dismissal of WFD Unibail-Rodamco Management Board Members and WFD Unibail-Rodamco Supervisory Board Members as well as for the election or dismissal of the chairman and vice-chairman of the WFD Unibail-Rodamco Supervisory Board.

The WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee supervises the policy of the WFD Unibail-Rodamco Management Board regarding the selection criteria and appointment procedures for WFD Unibail-Rodamco's senior management. The WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee assists and advises the WFD Unibail-Rodamco Supervisory Board on its duties regarding the compensation of the WFD Unibail-Rodamco Management Board Members and the WFD Unibail-Rodamco Supervisory Board Members. The duties of the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee include preparing proposals for the WFD Unibail-Rodamco Supervisory Board concerning the compensation policy for the WFD Unibail-Rodamco Management Board Members, the compensation of the individual WFD Unibail-Rodamco Management Board Members within the framework of the compensation policy as adopted by WFD Unibail-Rodamco's general meeting of shareholders, and the compensation of individual WFD Unibail-Rodamco Supervisory Board Members subject to approval by WFD Unibail-Rodamco's general meeting of shareholders. It also prepares WFD Unibail-Rodamco's compensation report to be adopted by the WFD Unibail-Rodamco Supervisory Board.

In addition, the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee periodically reviews and assesses the adequacy of the corporate governance practices, policies and rules of WFD

Unibail-Rodamco and WFD Unibail-Rodamco's subsidiaries, and makes recommendations to the WFD Unibail-Rodamco Supervisory Board on all matters of corporate governance (including on any remedial actions to be taken).

The WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee meets at least annually and otherwise as often as any of the WFD Unibail-Rodamco Supervisory Board Members deems necessary or appropriate.

The WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee consists of three WFD Unibail-Rodamco Supervisory Board Members, including two persons who are also a member of the management or supervisory board, or an employee, of Unibail-Rodamco or any controlled undertaking whose financial information is included in the consolidated financial reporting of Unibail-Rodamco (excluding WFD Unibail-Rodamco and its subsidiaries) (each a "WFD Unibail-Rodamco UR Supervisory Director"). The members of the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee are appointed and dismissed by the WFD Unibail-Rodamco Supervisory Board on the basis of a binding recommendation by the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee. The chairman of the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee shall not be the chairman of the WFD Unibail-Rodamco Supervisory Board or a former WFD Unibail-Rodamco Management Board Member.

The roles and responsibilities of the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee as well as the composition and the manner in which it discharges its duties are set out in a committee charter and, in part, in the WFD Unibail-Rodamco Supervisory Board rules. Pursuant to a resolution to that effect, the WFD Unibail-Rodamco Supervisory Board may – with the approval of the WFD Unibail-Rodamco UR Supervisory Directors — amend or supplement the charter and allow temporary deviations.

The WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee consists of Alec Pelmore (chairman), Christophe Cuvillier and Jaap Tonckens.

WFD Unibail-Rodamco Investment Committee

The WFD Unibail-Rodamco Supervisory Board Members who are members of the WFD Unibail-Rodamco Investment Committee are authorized to pass resolutions on behalf of the WFD Unibail-Rodamco Supervisory Board to approve resolutions of the WFD Unibail-Rodamco Management Board concerning certain transactions and actions by WFD Unibail-Rodamco or its subsidiaries up to certain amounts, as listed in more detail in the WFD Unibail-Rodamco Supervisory Board rules.

The WFD Unibail-Rodamco Investment Committee meets as often as any of its members deems necessary or appropriate.

The WFD Unibail-Rodamco Investment Committee consists of three WFD Unibail-Rodamco Supervisory Board Members, including two WFD Unibail-Rodamco UR Supervisory Directors. The members of the WFD Unibail-Rodamco Investment Committee are appointed and dismissed by the WFD Unibail-Rodamco Supervisory Board on the basis of a binding recommendation by the WFD Unibail-Rodamco Governance, Nomination and Remuneration Committee.

The responsibilities of the WFD Unibail-Rodamco Investment Committee as well as the composition and the manner in which it discharges its duties are set out in a committee charter and, in part, in the WFD Unibail-Rodamco Supervisory Board rules. Pursuant to a resolution to that effect, the WFD Unibail-Rodamco Supervisory Board may, with the approval of the WFD Unibail-Rodamco UR Supervisory Directors, amend or supplement the charter and allow temporary deviations.

The WFD Unibail-Rodamco Investment Committee consists of Christophe Cuvillier (chairman), Jaap Tonckens and Aline Taireh.

WFD Unibail-Rodamco Management Board

The WFD Unibail-Rodamco Management Board is charged with the management of WFD Unibail-Rodamco, subject to the restrictions contained in WFD Unibail-Rodamco's articles of association. In performing their duties, WFD Unibail-Rodamco Management Board Members shall be guided by the interests of WFD Unibail-Rodamco and of the business connected with it.

The WFD Unibail-Rodamco Management Board is required to provide the WFD Unibail-Rodamco Supervisory Board with the information necessary for the performance of its tasks in a timely fashion. Certain resolutions of the WFD Unibail-Rodamco Management Board require the approval of the WFD Unibail-Rodamco Supervisory Board. At least once a year, the WFD Unibail-Rodamco Management Board shall inform the WFD Unibail-Rodamco Supervisory Board in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of WFD Unibail-Rodamco.

The WFD Unibail-Rodamco Management Board is entitled to represent WFD Unibail-Rodamco. The power to represent WFD Unibail-Rodamco also vests in the WFD Unibail-Rodamco Management Board Member designated as President for WFD Unibail-Rodamco's operations in the United States and any other WFD Unibail-Rodamco Management Board Member acting jointly.

The Senior Management Team

While both entities (Unibail-Rodamco and WFD Unibail-Rodamco) have separate decision-making corporate bodies acting independently, an internal URW body (the "Senior Management Team") acts as the URW Group's main internal body for coordination between both entities. The Senior Management Team does not constitute a management board or supervisory board of Unibail-Rodamco and/or WFD Unibail-Rodamco, and does not override or substitute such corporate bodies.

Members of the Senior Management Team do not receive specific or dedicated compensation for their membership.

The composition is intended to reflect the geographical and functional diversity of the URW Group. In the future, such composition may change at the initiative of the Unibail-Rodamco Management Board, subject to approval by the Unibail-Rodamco Supervisory Board and WFD Unibail-Rodamco Supervisory Board.

In essence, the Senior Management Team will aim to be a consensual internal body.

As a consequence, formal voting process is not expected. If needed, the voting principle "one person, one vote" without veto right would be applied. When required by efficiency, for specific expertise or matters, the Senior Management Team may set up sub-committees (e.g., a tax committee; an asset & liability management committee; a group risk committee; a compliance committee; and an information technology committee) all with appropriate delegation of authority.

The Senior Management Team will have the following roles:

- Advise the Unibail-Rodamco Management Board and/or WFD Unibail-Rodamco Management Board.
  - The Senior Management Team will provide non-binding advice and recommendations.
- Co-decision-making powers together with the Unibail-Rodamco Management Board and/or WFD Unibail-Rodamco Management Board in relation to certain matters.
  - In order to be implemented, certain decisions must be approved under similar terms by each of (i) the Unibail-Rodamco and/or WFD Unibail-Rodamco corporate bodie(s) and (ii) the Senior Management Team. Decisions will be made and/or approved by such relevant management board(s) and supervisory board(s), but in order to be implemented, they should be approved, in addition, by the Senior Management Team.

- Power to make proposal/take initiatives in relation to certain matters.
  - The Senior Management Team has the power to propose or take certain initiatives to ensure that Unibail-Rodamco and WFD Unibail-Rodamco harmonize their strategy, policies or decisions where relevant.

In the future, such roles may change at the initiative of the Unibail-Rodamco Management Board, subject to approval by the Unibail-Rodamco Supervisory Board and WFD Unibail-Rodamco Supervisory Board.

The Senior Management Team will be responsible for delivering guidelines and benchmarking, ensuring coordination and guaranteeing the sharing of best practices across the URW Group.

The Advisory Board

We have also established an Advisory Board, which is an informal "Think Tank" chaired by Sir Frank Lowy AC. Its mission it is to provide structured review, analysis and non-binding recommendations to our supervisory boards and the management boards on a variety of business topics as well as on the risks and opportunities in key business areas relevant to us.

Sir Frank Lowy, AC, served as the Westfield Group's Chief Executive Officer for over 50 years before assuming a non-executive role in May 2011. Sir Frank Lowy is the founder and Chairman of the Lowy Institute for International Policy, and formerly held the role of Chairman of Football Federation Australia and Chairman of Scentre Group. Sir Frank Lowy was appointed a Knight Bachelor by Her Majesty Queen Elizabeth II in the 2017 Birthday Honours List for his contribution to the UK economy and for his philanthropy.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

General

To our knowledge, there are neither shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the URW Group.

The main related party transactions relate to transactions with companies accounted for using the equity method. All of these transactions are based on market prices.

(€ in millions)	12/31/2017	12/31/2016
Shopping Centre and Convention and Exhibition companies		
Loans (1)	757.0	722.1
Recognised interest	27.0	18.3
Current account in debit	2.0	1.3
Current account in credit (2)	(8.9)	(240.9)
Asset management fees invoiced and other fees	17.1	16.0

(1) Corresponds to 100% to the financing in the shopping centres investment.
(2) The change is mainly explained by the decrease of the current account Unibail-Rodamco SE had with Warsaw III BV following the reimbursement early in 2017 of a participating loan in the Zlote Tarasy complex.

No transactions with related parties had a material impact on the consolidated financial statements or the URW Group or the UR Group.

For information on related party transactions entered into by Westfield prior to the consummation of the URW Transaction, see Note 43 to the 2017 Westfield Annual Financial Statements included elsewhere in this offering memorandum.

DESCRIPTION OF THE NOTES AND GUARANTEES

This offering memorandum relates to the WEA Finance LLC (the "Issuer") US$500,000,000 aggregate principal amount of 4.125% Guaranteed Senior Notes due 2028 (the "2028 Notes") and US$500,000,000 aggregate principal amount of 4.625% Guaranteed Senior Notes due 2048 (the "2048 Notes" and, together with the 2028 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 Securities Act in reliance upon exemptions from the registration requirements of the Securities Act.

General

The Notes will be guaranteed by certain URW Group 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.

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 2028 Notes will be issued in an aggregate principal amount of US$500,000,000 and the 2048 Notes will be issued in an aggregate principal amount of US$500,000,000. Payments in respect of principal, Make-Whole Amount, if any, and interest of or on the Notes will be paid in US dollars.

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 2028 Notes will mature on September 20, 2028 and the 2048 Notes will mature on September 20, 2048. The 2028 Notes will bear interest from September 20, 2018 and will be payable semi-annually in arrears on each March 20 and September 20, commencing March 20, 2019 at the rate of 4.125% per year to the holders in whose names such Notes are registered at the close of business on March 5 or September 5 immediately preceding the relevant interest payment date. The 2048 Notes will bear interest from September 20, 2018 and will be payable semi-annually in arrears on each March 20 and September 20, commencing March 20, 2019 at the rate of 4.625% per year to the holders in whose names such Notes are registered at the close of business on March 5 or September 5 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 a 360-day year comprised of twelve 30-day months.

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 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.

Guarantees

General

The Notes are guaranteed on a joint and several basis by Unibail-Rodamco SE ("URW"), WFD Unibail-Rodamco N.V. ("WFD UR"), Westfield Corporation Limited ("WCL") and Westfield America Management Limited ("WAML"), in its separate capacities as responsible entity and trustee of each of Westfield America Trust, and of WFD Trust, with respect to the payment of all amounts owing by the Issuer under the Notes. We refer to URW, WFD UR, WCL and WAML (in its separate capacities as responsible entity and trustee of each of Westfield America Trust and of WFD Trust) collectively as the parent guarantors. In addition, the Notes will be fully and unconditionally guaranteed on a joint and several basis by Westfield UK & Europe Finance plc and WCL Finance Pty Limited, each a subsidiary of WCL, and URW America Inc., a subsidiary of WFD UR, which we refer to, together, as the subsidiary guarantors. We refer to the parent guarantors and the subsidiary guarantors collectively as the guarantors. The guarantors' guarantees of the Notes will be joint and several with any guarantees of the Notes by any future 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 jointly and severally pay any and all expenses incurred by the trustee (including reasonable fees and expenses of counsel) incurred by the trustee and 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 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).

In addition, WAML, in its separate capacities as trustee and responsible entity of WFD Trust and of Westfield America Trust, in each such capacity being a parent guarantor under the indenture, will enter into the indenture only in those separate capacities as responsible entity of WFD Trust and of Westfield America Trust. Any liability arising under or in connection with those separate guarantees 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 guarantee as such responsible entity provided under the indenture and any other representation, warranty, agreement or transaction related to the indenture or the Notes.

Release of Subsidiary Guarantee

The terms of the indenture will provide that a parent guarantor 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 parent guarantor 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 parent guarantor 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.

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 Parent Guarantors and Subsidiary Guarantors

Each parent guarantor can by notice to the trustee nominate an additional parent guarantor or an additional subsidiary guarantor. An additional parent guarantor or subsidiary guarantor will become such additional guarantor 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 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 Global Notes 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 Notes

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

The Issuer and the guarantors require that the Global Notes 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 Notes 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 Notes 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 Global Notes. As an indirect holder, an investor's rights relating to Global Notes 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 Global Notes. Each series of Notes offered by this offering memorandum will only be issued in the form of Global Notes except in special circumstances described below.

If you are an investor in Global Notes, 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 Notes. 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 Global Notes. The Issuer, the guarantors and the trustee do not supervise the depositary in any way; and
- the depositary will require that interests in Global Notes be purchased or sold within its system using same-day funds.

Special Situations When Global Notes Will Be Terminated. In a few special situations described below, Global Notes will terminate and interests in them 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.”

The special situations for termination of Global Notes are:

- when the depositary notifies the Issuer that it is unwilling, unable or no longer qualified to continue as depositary and the Issuer does not appoint a successor depositary within 90 days;
- when an event of default on the Notes has occurred and has not been cured and the beneficial holders representing a majority in principal amount of Notes advise the depositary to cease activity as such. Defaults are discussed below under “Default and Related Matters — Events of Default;” or
- when Global Notes terminate, the depositary (and not the Issuer, the guarantors or the trustee) is responsible for deciding the names of the institutions that will be the initial direct holders. (Section 305).

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 summarises:

- 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 US$2,000 and integral multiples of US$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 The Depository Trust Company (referred to as "DTC"). (Section 305).

Form, Denomination, Transfer and Book-Entry Procedures

Each series of Notes is being offered and sold in the United States to qualified institutional buyers in accordance with Rule 144A under the Securities Act. Each series of Notes also may be offered and sold outside the United States in accordance with Regulation S under the Securities Act.

Each series of Notes will be issued only in fully registered form, without interest coupons, in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. Each series of Notes will be issued at the closing of the offering only against payment in immediately available funds.

Restricted and Regulation S Global Notes

Each series of Notes offered and sold in accordance with Rule 144A will, at least initially, be represented by one or more Notes in registered, global form without interest coupons. We refer to these Notes as the "Restricted Global Notes." Each series of Notes offered and sold in offshore transactions in reliance on Regulation S will, at least initially, be represented by one or more Notes in registered, global form without interest coupons. We refer to these Notes as the "Regulation S Global Notes." Together, the Restricted Global Notes and the Regulation S Global Notes are known as the "Global Notes."

Once issued, the Global Notes will be deposited with the trustee as custodian for DTC and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC as described below.

If you have a beneficial interest in the Regulation S Global Note, you must hold it through the Euroclear System (referred to as "Euroclear") or Clearstream Bank, S.A. (referred to as "Clearstream"), (as indirect participants in DTC), through and including the 40th day after the later of the commencement of the offering and the original issue date of the Notes. This period is known as the distribution compliance period. The restriction on transfer of the Regulation S Global Notes applies during this distribution compliance period unless the Notes are transferred to a person that takes delivery as a Restricted Global Note in accordance with the requirements described below. You may not exchange beneficial interests in the Restricted Global Notes for beneficial interests in the Regulation S Global Notes at any time, except as described below. See "— Exchanges Between Global Notes."

The Global Notes will be subject to certain restrictions on transfer and will bear restrictive legends as described under "Notice to Investors." In addition, transfers of beneficial interests in the Global Notes will be subject to the rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time. Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to DTC, a nominee of DTC or to their successors. You may not exchange your beneficial interest in a Global Note for Notes in certificated or non-book entry form except in the limited circumstances described below. See "— Exchange of Book-Entry Notes for Certificated Notes."

Exchanges Between Global Notes

You may transfer your beneficial interest in the Restricted Global Notes at any time to a person who takes delivery in the form of an interest in the Regulation S Global Notes of the same series once the trustee has received a written certificate from you, in the form provided in the supplemental indenture, to the effect that:

- such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or, in the case of an exchange occurring after the 40th day following the issuance of the Notes, Rule 144 under the Securities Act; and
- if such transfer occurs prior to the expiration of the distribution compliance period, that the interest transferred will be held immediately following the transfer through Euroclear or Clearstream.

Prior to the expiration of the distribution compliance period, you may transfer your beneficial interest in a Regulation S Global Note to a person who takes delivery in the form of an interest in a Restricted Global Note of the same series once the trustee has received a written certificate from the transferor, in the form provided in the supplemental indenture, to the effect that:

- the transfer is being made to a person whom the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A;
- the person is purchasing for its own account or for the account or benefit of one or more qualified institutional buyers as to which account it exercises sole investment discretion, in a transaction that meets the requirements of Rule 144A and is in accordance with all applicable securities laws; and
- the transferee has been advised that the transferor is making such transfer in reliance on Rule 144A.

After the expiration of the distribution compliance period, this certification requirement will no longer apply to such transfers.

Once a beneficial interest in one of the Global Notes is exchanged for an interest in another Global Note of the same series, it becomes an interest in the other Global Note, subject to all of the transfer restrictions applicable to beneficial interests in such other Global Note.

If you exchange a beneficial interest in a Regulation S Global Note for a beneficial interest in a Restricted Global Note of the same series or vice versa, instruction will be given by the trustee to DTC through the DTC Deposit Withdraw at Custodian system, or DWAC. Following the receipt of these instructions, adjustments will be made in the records of the security registrar to reflect a decrease in the principal amount of your interest in the Regulation S Global Note and a corresponding increase in the principal amount of your interest in the Restricted Global Note of the same series or vice versa, as applicable.

Exchange of Book-Entry Notes for Certificated Notes

You may not exchange your beneficial interest in a Global Note for a Note in certificated form unless:

- DTC notifies us that it is unwilling or unable to continue as depositary for the Global Note, or if DTC ceases to be able to act as depository for the Global Note, and we fail to appoint a successor depositary within 90 days;
- we notify the trustee that we elect to issue the Notes in certificated form; or
- an event of default has occurred and is continuing with respect to the Notes.

In all cases, certificated Notes delivered in exchange for any Global Note will be registered in the names, and issued in any approved denominations, requested by the depositary. Any certificated Note issued in exchange for an interest in a Global Note must have a legend on its face which indicates the transfer restrictions of that particular Global Note. Any exchange will be made through the DWAC system and an appropriate adjustment will be made in the records of the security registrar to reflect a decrease in the principal amount of the interest in the relevant Global Note.

Book-Entry Procedures for Global Notes

The following descriptions of the operations and procedures of DTC, Euroclear and Clearstream are provided to you solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change from time to time. We take no responsibility for these operations and procedures and urge you to contact the systems or their participants directly to discuss these matters.

The following is based upon information furnished by DTC: DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("participants") deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants ("direct participants") include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the US Securities and Exchange Commission. Persons who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants. The ownership interest and transfer of ownership interest of each actual purchaser of each security held by or on behalf of DTC are recorded on the records of participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

- upon deposit of the Global Notes, DTC will credit, on its internal system, the accounts of participants with portions of the principal amount of the Global Notes; and
- ownership of the interests in the Global Notes will be shown on, and the transfer of ownership of the interests will be effected only through, records maintained by DTC, in the case of participants, or by participants and indirect participants, in the case of other owners of beneficial interests in the Global Notes.

You may hold interests in the Restricted Global Notes directly through DTC, if you are a participant in that system, or indirectly through organizations, including Euroclear and Clearstream, which are participants in that system. You must initially hold your interest in the Regulation S Global Notes through Euroclear or Clearstream, if you are a participant in those systems, or indirectly through organizations which are participants in those systems. After the expiration of the distribution compliance period, you may also hold interests in the Regulation S Global Notes through organizations other than Euroclear and Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their own names on the books of their depositories. The depositories, in turn, will hold such interests in the Regulation S Global Notes in customers' securities accounts in the depositories' names on the books of DTC. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of DTC. Transfers and exchange of interests in Global Notes will also be subject to the restrictions described above under "— Exchanges Between Global Notes" and "— Exchange of Book-Entry Notes for Certificated Notes."

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 DTC 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 depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

As long as DTC or its nominee is the registered holder of a Global Note, DTC or its nominee will be considered the sole owner and holder of the Notes represented by such Global Note for purposes under the relevant indenture, the supplemental indenture and the Notes. Except as described above, if you hold a book-entry interest in a Global Note, you:

- will not have Notes registered in your name;
- will not receive physical delivery of Notes in certificated form; and
- will not be considered the registered owner or holder of the interest in the Global Note under the indenture, the supplemental indenture or the Notes.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes:

- only at the direction of one or more participants to whose account with DTC interests in the Global Notes are credited; and
- only in respect of such portion of the aggregate principal amount of the Notes as to which the participant in question has given such direction.

If there is an event of default under the Notes, however, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute these Notes to its participants.

Although we expect that DTC, Euroclear and Clearstream will follow the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their 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 Global Notes; and
- any other action taken by any such depositary, participant or indirect participant.

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 "— Payment 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 30 business days after the transaction or series of transactions is finally effected, becomes a parent guarantor in accordance with the indenture, which shall be done pursuant to a supplemental indenture (Section 901),

- 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), which shall be done pursuant to a supplemental indenture (Section 901), 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;”
- 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 the Notes or any guarantee, which change or amendment becomes effective on or after the original issue date of the Notes, 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, in whole but not in part, in respect of which such additional amounts would be so payable. The redemption price for the Notes will be equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest to, but not including the date fixed for redemption. However, the Issuer may not redeem the Notes 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 a material 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 organised 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 Code, 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 any series of 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 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.

"***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 Par Call Date and (ii) the principal amount that would have been payable on the Par Call Date if such Notes were redeemed on the Par Call Date, determined by discounting, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), 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.

For the avoidance of doubt, the Issuer shall calculate this Make-Whole Amount and shall notify the trustee and paying agent of such amount in writing.

"***Par Call Date***" means, with respect to the 2028 Notes, June 20, 2028 (the date that is three months prior to the maturity date of the 2028 Notes) and, with respect to the 2048 Notes, March 20, 2048 (the date that is six months prior to the maturity date of the 2048 Notes).

"***Redemption Date***" means the date fixed for redemption by the Issuer.

"***Reinvestment Rate***" means the yield on treasury securities at a constant maturity corresponding to the remaining life (as of the Redemption Date, and rounded to the nearest month) to the Par Call Date of the Notes of the applicable series being redeemed (the "***Treasury Yield***"), plus 20 basis points or 0.20% with respect to the 2028 Notes and 25 basis points or 0.25% with respect to the 2048 Notes. For purposes of calculating the Reinvestment Rate, the Treasury Yield will be equal to the arithmetic mean of the yields published in the Statistical Release under the heading "Week Ending" for "US Government Securities — Treasury Constant Maturities" with a maturity equal to the remaining life. However, if no published maturity exactly corresponds to the remaining life, then the Treasury Yield will be interpolated or extrapolated on a straight-line basis from the arithmetic means of the yields for the next shortest and next longest published maturities. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount will be used. If the format or content of the Statistical Release changes in a manner that precludes determination of the Treasury Yield in the above manner, then the Treasury Yield will be determined in the manner that most closely approximates the above manner, as reasonably determined by the Issuer.

"***Statistical Release***" means that statistical release designated "H.15" or any successor publication that is published daily by the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturities, or, if such statistical release (or a successor publication) is not published at the time of any determination under the indenture, then such other reasonably comparable index that shall be designated by the Issuer.

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 made by the Issuer.

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 US$2,000 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 DTC will be the registered holder of the Notes held as Global Notes, notice by DTC 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 US 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 (in each case, solely 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 by the Management Board of WFD UR or Unibail-Rodamco; *provided* that (a) such firm is not an Affiliate of any member of the Group, (b) such firm is of comparable reputation as determined in good faith by the Management Board of WFD UR or Unibail-Rodamco, in the jurisdiction for which it is being selected to the firms set forth on Schedule I to the supplemental indenture, and (c) a resolution of the Management Board of WFD UR or Unibail-Rodamco confirms 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 parent guarantors 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 international accounting standards within the meaning of the IAS Regulation 1606/2002 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 parent guarantors 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 parent guarantors have previously elected to apply an Alternate GAAP, the parent guarantors 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 UR and WFD UR 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. 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 (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 international accounting standards within the meaning of the IAS Regulation 1606/2002 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 mean those Consolidated Financial Statements that would have been prepared in accordance with international accounting standards within the meaning of the IAS Regulation 1606/2002 as of the date of the supplemental indenture, irrespective of whether the parent guarantors 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 international accounting standards within the meaning of the IAS Regulation 1606/2002 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. The Issuer shall give written notice of any such election to the trustee within 30 days after such election.

"***Group***" means the parent guarantors 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 Guarantor 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.

"***Guarantor 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 other 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.

"***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 a parent guarantor 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 Financial Reporting Standards 9 (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.

"***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$150 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 December 31, 2018.

"***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 States government or United States 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 (the “IRS”) 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 IRS. (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).

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.

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 United States federal income tax and European Union tax consequences of an investment in the Notes and potential Australian, French, United Kingdom and Dutch withholding tax consequences of a payment by a guarantor resident in Australia, France, the United Kingdom or the Netherlands, as applicable, 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 United States federal, state and local tax laws, and the laws of any other relevant taxing jurisdiction, including France. the United Kingdom, Australia and the Netherlands, of investing in the Notes.

United States Federal Income Tax Considerations

The following is a summary of United States federal income tax considerations generally applicable to the ownership and disposition of Notes to United States Holders (as defined below) and non-United States Holders (as defined below) that acquire the Notes for cash at their original issue price pursuant to this offer. The summary is based on the Code, United States Treasury Regulations, judicial decisions, published positions of the IRS and other applicable authorities, all as in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The discussion does not address all of the tax considerations that may be relevant to a particular person or to persons subject to special treatment under United States federal income tax laws, such as certain former citizens and former long-term residents of the United States, a "controlled foreign corporation," a "passive foreign investment company," a corporation that accumulates earnings to avoid US federal income tax, a partnership or other "pass through" entity or an investor in any such entity, a tax-exempt organisation, a bank or other financial institution, a broker, dealer or trader in securities, commodities or currencies, a person holding the notes as part of a hedging, conversion, straddle, constructive sale or other risk reduction transaction, persons required for United States federal income tax purposes to conform the timing of income accruals with respect to the Notes to their financial statements, or an insurance company, all of whom may be subject to tax rules that differ from those summarized below. Moreover, this discussion does not address any tax considerations other than United States federal income tax considerations (e.g., this discussion does not address estate or gift tax or the Medicare tax on certain investment income). This summary deals only with persons who hold the Notes as capital assets within the meaning of the Code (generally, property held for investment).

No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those set forth below. Holders should consult their tax advisors as to the particular United States federal tax consequences to them of acquiring, owning and disposing of the Notes, as well as the effects of state, local and non-United States tax laws.

For purposes of this discussion, a "United States Holder" means a beneficial owner of a Note (as determined for United States federal income tax purposes) that is, or is treated as, a citizen or individual resident of the United States, a corporation (including any entity treated as a corporation for United States federal income tax purposes) created or organised in or under the laws of the United States or any political subdivision thereof or therein, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person. A "non-United States Holder" means any beneficial owner of a Note (as determined for United States federal income tax purposes) (other than a partnership or entity or arrangement treated as a partnership for United States federal income tax purposes) that is not a "United States Holder."

If a partnership (including any entity or arrangement treated as a partnership for United States federal income tax purposes) is a holder of a Note, the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partners and partnerships should consult their tax advisors as to the particular United States federal income tax consequences applicable to them.

United States Holders

Payments of Interest. Payments of interest on the Notes will be taxable to a United States Holder as ordinary interest income at the time such United States Holder receives or accrues such amounts, in accordance with such United States Holder's regular method of tax accounting.

Sale, Exchange or Other Disposition of the Notes. Upon the sale, exchange, redemption or other disposition of a Note, a United States Holder will generally recognize capital gain or loss equal to the difference, if any, between the amount realised upon such sale, exchange, redemption or other disposition (other than with respect to amounts representing accrued and unpaid interest, which will be taxable as described above) and such United States Holder's adjusted tax basis in the Note at the time. A United States Holder's adjusted tax basis in a Note at any particular time will generally equal such United States Holder's initial investment in the Note. Any such gain or loss will be long-term capital gain or loss if the United States Holder's holding period with respect to the Note disposed of is more than one year at the time of the sale, exchange or other disposition. The deductibility of capital losses by a United States Holder is subject to limitations.

Non-United States Holders

Payments of Interest. A non-United States Holder will generally not be subject to United States federal income or withholding tax on interest paid or accrued on the Notes if the interest is not effectively connected with a United States trade or business, *provided* that the non-United States Holder:

(1) does not actually or constructively, directly or indirectly, own 10% or more of WEA Finance LLC's capital or profits interest or 10% or more of WEA's voting stock;

(2) is not a controlled foreign corporation that is related to WEA Finance LLC or WEA (directly or indirectly) through stock ownership; and

(3) certifies to its non-US status and that no withholding is required pursuant to FATCA (discussed below) on IRS Form W-8BEN or Form W-8BEN-E (or other applicable Form W-8).

Alternatively, a non-United States Holder that cannot satisfy the above requirements will generally be exempt from United States federal withholding tax with respect to interest paid or accrued on the Notes if the non-United States Holder is able to establish that such interest is not subject to withholding tax because it is effectively connected with the non-United States Holder's conduct of a trade or business in the United States (and, in the case of certain applicable tax treaties, is attributable to a permanent establishment or fixed base within the United States) (generally, by providing an IRS Form W-8ECI). However, to the extent that such interest is effectively connected with the non-United States Holder's conduct of a United States trade or business (and, in the case of certain applicable tax treaties, is attributable to a permanent establishment or fixed base within the United States), the non-United States Holder will be subject to United States federal income tax on a net basis and, if it is a foreign corporation, may also be subject to a United States branch profits tax imposed at a rate of 30% (or lower applicable treaty rate).

If a non-United States Holder does not satisfy any of the requirements described above, and does not establish that the interest is effectively connected with the non-United States Holder's conduct of a trade or business in the United States (and, in the case of certain applicable treaties, is attributable to a permanent establishment or fixed base within the United States), the non-United States Holder will generally be subject to

US withholding tax, currently imposed at a rate of 30%. Under certain income tax treaties, the United States withholding rate on interest payments may be reduced or eliminated, *provided* the non-United States Holder complies with the applicable certification requirements (generally, by providing an IRS Form W-8BEN or Form W-8BEN-E).

Disposition of Notes. A non-United States Holder will generally not be subject to United States federal income or withholding tax with respect to gain realised on the sale, exchange or other disposition of a Note, unless (1) the non-United States Holder holds the Note in connection with the conduct of a United States trade or business (and, in the case of certain tax treaties, the gain is attributable to a permanent establishment or fixed base within the United States); or (2) in the case of gain realised by an individual, such individual is present in the United States for 183 days or more during the taxable year in which such gain is realised and certain other conditions are met.

If the non-United States Holder holds a Note in connection with the conduct of a United States trade or business (and, in the case of certain tax treaties, the gain is attributable to a permanent establishment or fixed base within the United States), the first exception applies, and the non-United States Holder will generally be subject to United States federal income tax on such gain on a net basis and, if it is a foreign corporation, may be subject to a United States branch profits tax imposed at a rate of 30% (or lower applicable treaty rate). If the non-United States Holder is an individual that is present in the United States for 183 days or more during the taxable year in which gain is realised (and certain other conditions are met), the second exception applies, and the non-United States Holder generally will be subject to United States federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains allocable to United States sources (including gains from the sale, exchange, retirement or other disposition of the Notes) exceed capital losses allocable to United States sources.

To the extent that the amount realised on a sale, exchange, or other disposition of a Note is attributable to accrued but unpaid interest on the Note, such portion of the amount realised will generally be treated in the same manner as described in "Non-United States Holders — Payments of Interest" above.

Information Reporting and Backup Withholding. A non-United States Holder not subject to United States income tax may nonetheless be subject to backup withholding with respect to payments of interest on and amounts realised on the disposition of a Note, unless the non-United States Holder provides the withholding agent with the applicable IRS Form W-8 or otherwise establishes an exemption. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-United States Holder's United States federal income tax liability provided the required information is timely furnished to the IRS. Non-United States Holders should consult their tax advisors as to their qualifications for an exemption from backup withholding and the procedure for obtaining such an exemption. In addition, payments to a non-United States Holder may be reported to the IRS.

Withholding under the US Foreign Account Tax Compliance Act (FATCA)

Under provisions of the Foreign Account Tax Compliance Act, codified as Sections 1471 through 1474 of the Code (generally referred to as "FATCA"), withholding at a rate of 30% generally will be required on interest payments in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition (including a redemption or retirement) of, Notes held by or through certain foreign financial institutions (including investment funds), unless such institution (i) enters into, and complies with, an agreement with the Treasury to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution held by certain US persons and by certain non-US entities that are wholly or partially owned by US persons and to withhold on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country reports such information to its local tax authority, which will exchange such information with the US authorities. An intergovernmental agreement between the United States and an applicable foreign country, or other guidance, may modify these requirements. Accordingly, the entity through which the Notes are held will affect the determination of whether such withholding is required.

Similarly, interest payments in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition (including a redemption or retirement) of, Notes held by an investor that is a non-financial non-US entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which we, or the applicable withholding agent, will in turn provide to the Secretary of the Treasury.

No additional amounts will be paid by the Issuer, the Trustee or the Paying Agent in respect of any tax withheld or deducted under or in respect of FATCA.

Prospective investors are encouraged to consult their tax advisors regarding the possible implications of FATCA on their investment in the Notes.

Certain French Tax Consequences

The following is a general description of certain French tax withholding tax considerations relating to the Notes to the extent that the Notes would qualify as debt instruments for French tax purposes. It is not a description of general French tax considerations relating to the Notes.

Taxation of payments under the guarantee made by Unibail-Rodamco SE

There is no case law or official guidance from the French tax authorities in respect of payments made under a guarantee. There is therefore some uncertainty as to the precise tax qualification applicable in France to such payments, *inter alia* whether the payments made by Unibail-Rodamco SE as a French resident guarantor of the Issuer's obligations under the Notes may be subject to withholding tax in France pursuant to article 182 B of the French *Code général des impôts*, according to which payments made by a person who carries on a business in France to a non-resident person who has no permanent professional installation (*installation professionnelle permanente*) in France, in consideration of services (whatever their nature) rendered or used in France, are subject to withholding tax in France.

Investors should however note that: (i) in accordance with one interpretation of French tax law, payments made under a guarantee are to be treated as a payment in lieu of payments of interest to be made on the Notes by the Issuer and accordingly, the payments to be made by a French resident guarantor under a guarantee should be exempt from withholding tax in France to the extent that payments are not made in a non-cooperative jurisdiction within the meaning of article 238-0 A of the French *Code général des impôts* nor to a person domiciled or established in a non-cooperative jurisdiction; (ii) in accordance with another interpretation of French tax law, payments made under a guarantee are to be treated as payments independent from the payments to be made under the Notes and accordingly, and in the absence of any specific provision to the contrary in the French *Code général des impôts*, such payments should be out of the scope from withholding tax in France.

It cannot be ruled out, however, that the French tax authorities or French courts adopt a view other than these two interpretations and consider such payments to be subject to withholding tax in France. An exemption from this withholding tax could be available under double tax treaties entered into by France.

Taxation of payments under the Notes

Payments of interest and principal by the Issuer under the Notes will not be viewed as French-source income and therefore will not be subject to withholding tax in France, in accordance with the applicable French law.

However, pursuant to Articles 125 A and 125 D of the French *Code général des impôts* and subject to certain limited exceptions, interest and other similar revenues received by individuals who are fiscally domiciled in France are subject to a 12.8 per cent. mandatory withholding tax which is final unless the French tax resident individual opts for the taxation at the progressive scale of personal income tax (in which case the 12.8 per cent. withholding tax is deductible from her or his personal income tax liability in respect of the year in which the payment has been made). Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2 per cent. on interest and other similar revenues paid to individuals who are fiscally domiciled in France. Practical steps to be taken for the purposes of levying this withholding tax and social contributions will depend on the place where the paying agent is located.

Prospective purchasers of the Notes who are French tax resident or have their seat in France for tax purposes or who would hold the Notes through a permanent establishment or a fixed base in France, should be aware that transactions involving the Notes including any purchase or disposal of, or other dealings in the Notes and any transaction involved in the exercise and settlement of the Notes, may have French tax consequences. The tax consequences regarding interest, premium on redemption and capital gains in particular may depend, amongst other things, upon the status of the prospective purchaser (i.e. legal entities or individuals). Prospective purchasers of the Notes should consult their own tax advisers about the French tax implications of purchasing, holding, disposing the Notes and, more generally, of any transactions involving 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 United Kingdom 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 United Kingdom 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."

Certain Dutch Withholding Tax Considerations

The following is a general summary of the Dutch withholding tax consequences relating to the Notes. This discussion is for general information purposes only and is not tax advice. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, this general summary should be treated with corresponding caution. Holders or prospective holders of Notes should consult their own tax advisors regarding the tax consequences relating to the acquisition, holding and disposal of the Notes in light of their particular circumstances.

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where the summary refers to "the Netherlands" it refers only to the part of the Kingdom of the Netherlands located in Europe.

Withholding Tax

All payments made by WFD Unibail-Rodamco as guarantor under its guarantee may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

The European Commission 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 Tax Considerations

Payments Under Guarantees by Australian Resident 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). Consequently, any guarantee payments made by an Australian resident guarantor to a holder of the Notes who is not a resident of Australia for Australian tax law purposes (a "Non-Resident Investor") would be subject to Australian interest withholding tax (unless an exemption applies) to the extent that the payments relate to unpaid interest obligations (but not to the extent they relate to unpaid principal amounts).

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.

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:

	Principal Amount of the Notes	
Initial Purchaser	**2028 Notes**	**2048 Notes**
Citigroup Global Markets Inc.	US$100,000,000	US$100,000,000
Deutsche Bank Securities Inc.	100,000,000	100,000,000
J.P. Morgan Securities LLC	75,000,000	75,000,000
SMBC Nikko Securities America, Inc.	75,000,000	75,000,000
Barclays Capital Inc.	15,000,000	15,000,000
BBVA Securities Inc.	15,000,000	15,000,000
BNP Paribas Securities Corp.	15,000,000	15,000,000
Credit Agricole Securities (USA) Inc.	15,000,000	15,000,000
HSBC Securities (USA) Inc.	15,000,000	15,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	15,000,000	15,000,000
Mizuho Securities USA LLC	15,000,000	15,000,000
RBC Capital Markets, LLC	15,000,000	15,000,000
SG Americas Securities, LLC	15,000,000	15,000,000
TD Securities (USA) LLC	15,000,000	15,000,000
Total	US$500,000,000	US$500,000,000

The Issuer expects the Notes to be ready for delivery in book-entry form through the facilities of The Depository Trust Company ("DTC") and its participants, including Clearstream Banking, *S.A.* ("Clearstream"), and Euroclear Bank SA/NV, as operator of the Euroclear System ("Euroclear"), on or about September 20, 2018, which will be the sixth business day following the pricing of the Notes (such settlement cycle being herein referred to as "T+6"). Trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Purchasers of the Notes who wish to trade any of such Notes on the date of pricing or the next three succeeding business days should consult their advisor.

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 within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and 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 initial purchasers reserve the right to withdraw, cancel or modify offers of notes and to reject orders in whole or in part.

The Notes and the guarantees have not been and will not be registered under the 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, US persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Notice to Investors."

Accordingly, in connection with sales outside the United States, 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, US 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, US 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 Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

United Kingdom

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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the guarantors; and
- 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 in, from or otherwise involving the United Kingdom.

France

Each initial purchaser has represented, warranted and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Securities to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this offering memorandum or any other offering material relating to the Securities and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Prohibition of Sales to EEA Retail Investors

Each initial purchaser has represented, warranted and agreed that:

- it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision: (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive; and (b) the expression "offer" includes 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.

Other

Each initial purchaser has represented, warranted and agreed that:

- it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), by means of any document, any Securities other than

(a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“SFO”) and any rules made thereunder, or (b) in circumstances which do not result in such document being a “prospectus” as defined in the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and 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 Securities which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined within the meaning of the SFO and any rules made thereunder;

- the Securities and 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 Securities 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 organised under the laws of Japan; and
- this offering memorandum has not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) by the Monetary Authority of Singapore, and the offer of the Notes in Singapore is made primarily pursuant to the exemptions under Section 274 and 275 of 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 any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an “Institutional Investor”) pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an “Accredited Investor”) or other relevant person as defined in Section 275(2) of the SFA (a “Relevant Person”) and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, 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 exemption or provision of the SFA.

It is a condition of the offer that where Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor), 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), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,

the shares, debentures and units of shares and debentures of that corporation, and the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Notes except:

(1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(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 do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes on any automated quotation system. 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.

There are references in this offering memorandum to credit ratings. Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Australian Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Australian Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this offering memorandum and any person who receives this offering memorandum is advised that they must not distribute it to any person who is not entitled to receive it.

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. An affiliate of Citigroup Global Markets Inc. will act as trustee under the indenture governing the Notes.

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 may 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 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 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 US person, except pursuant to an effective registration statement or in accordance with an available exemption from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the 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 either (a)(1) is a qualified institutional buyer, (2) is aware that the sale of the Notes to it is being made in reliance on Rule 144A and (3) is acquiring such Notes for its own account or the account of a qualified institutional buyer or (b)(1) is not in the United States or a US person, or acting for the account or benefit of a US 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 Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US person except as set forth below.

3. If the purchaser is a US person, it agrees that it will not resell or otherwise transfer the Notes except (a)(1) to the Issuer, (2) to a person whom such purchaser reasonably believes is a qualified institutional buyer acquiring for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (3) outside of the United States in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S, (4) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (5) pursuant to an effective registration statement under the Securities Act and (b) in accordance with all applicable securities laws of the states of the United States and other jurisdictions, and that the purchaser, and each subsequent holder, will notify any subsequent purchaser of such Notes from it of these resale restrictions. The Notes issued to purchasers that are US persons (including Restricted Global Notes) will bear a legend to the following effect, unless we determine otherwise in compliance with applicable law:

> "NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.
>
> THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS (1) A QUALIFIED INSTITUTIONAL BUYER OR

(2) NOT A US 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. If the purchaser is a qualified institutional buyer, it understands that the Notes offered in reliance on Rule 144A initially will be represented by the Restricted Global Note and that, before interests therein may be transferred to any person who takes delivery in the form of the Regulation S Global Note, the transferor will be required to provide the trustee with a written certification (the form of which can be obtained from the trustee) to the effect that the transfer complies with Rule 903 or Rule 904 of Regulation S, as described in "Description of the Notes and Guarantees — Form, Denomination, Transfer and Book-Entry Procedures."

5. If the purchaser is not a US person, it understands that the Notes offered in reliance on Regulation S initially will be represented by the Regulation S Global Note and that interests therein may be held only through Euroclear or Clearstream through and including the 40th day after the later of the commencement of the offering of the Notes and the closing date of the offering of the Notes, as described in "Description of the Notes and Guarantees — Form, Denomination, Transfer and Book-Entry Procedures." The purchaser further understands that the Regulation S Global Notes 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 US 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."

6. 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.

7. The purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes.

8. 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 — Form, Denomination, Transfer and Book-Entry Procedures — Exchanges between Global Notes."

LEGAL MATTERS

The validity of the issuance of the Notes and the guarantees will be passed upon for the URW Group by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California, special United States counsel for the URW Group, by Clifford Chance Europe LLP, French and English legal counsel for the URW Group as to certain matters of French and English law, by NautaDutilh N.V., Dutch legal counsel for the URW Group as to certain matters of Dutch law and by Allens, Australian legal counsel for the URW Group as to certain matters of Australian 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 Unibail-Rodamco consolidated financial statements for the years ended December 31, 2016 and December 31, 2017 included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards as applicable in the European Union as at the date of the relevant financial statements and have been jointly audited by Deloitte & Associés and Ernst & Young Audit.

The Unibail-Rodamco consolidated interim financial statements as at June 30, 2018 included in this offering memorandum have been prepared in accordance with IAS 34 "Interim Financial Reporting" as applicable in the European Union as at the date of the relevant financial statements and have been jointly reviewed by Deloitte & Associés and Ernst & Young Audit.

The 2017 Westfield Annual Financial Statements and the 2016 Westfield 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).

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

* Note: The financial report for the six months ended June 30, 2018 has been extracted from the interim financial report of the URW Group for that period. The financial reports for the year ended December 31, 2017 and the year ended December 31, 2016 have been extracted from the annual financial reports of Unibail-Rodamco SE and 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 interim and annual financial reports.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2018

I. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The interim financial statements are presented in millions of euros, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist.

Because of the significance on Westfield's ("WFD") side, the following changes of presentation were made in the Consolidated interim financial statements:

- The "Contribution of companies accounted for using the equity method" was included in the "Net operating result";
- The separate presentation of "Net property development and project management income".

The comparative information was restated accordingly.

Further to the Westfield Corporation acquisition, two new segments were included in the Consolidated interim income statement by segment to present the activities of WFD in the United States and in the United Kingdom, respectively.

The segment reporting presentation will be finalised by the end of 2018.

Consolidated interim statement of comprehensive income

Consolidated statement of comprehensive income (€Mn)	Notes	H1-2018	H1-2017	2017
Gross rental income	4.1.1	989.4	908.2	1,822.3
Ground rents paid		*(14.7)*	*(9.3)*	*(18.1)*
Net service charge expenses		*(10.9)*	*(11.9)*	*(22.8)*
Property operating expenses		*(103.2)*	*(92.7)*	*(198.7)*
Operating expenses and net service charges		(128.8)	(113.9)	(239.6)
Net rental income		**860.6**	**794.3**	**1,582.6**
Property development and project management revenue		73.8	-	-
Property development and project management costs		(68.7)	-	-
Net property development and project management income		**5.1**	**-**	**-**
Property services and other activities revenues		134.0	124.5	256.1
Property services and other activities expenses		(85.9)	(85.1)	(176.3)
Net property services and other activities income	**4.1.2**	**48.1**	**39.4**	**79.8**
Share of the result of companies accounted for using the equity method	6.2	66.8	37.1	91.6
Income on financial assets	6.2	13.9	13.2	27.0
Contribution of companies accounted for using the equity method		**80.7**	**50.2**	**118.6**
Corporate expenses		(61.5)	(54.5)	(117.3)
Development expenses		(0.2)	0.9	(3.6)
Depreciation of other tangible assets		(1.0)	(1.1)	(2.2)
Administrative expenses		**(62.7)**	**(54.7)**	**(123.1)**
Acquisition and related costs	**1.3**	**(214.7)**	**-**	**(62.4)**
Proceeds from disposal of investment properties		49.8	1.2	592.5
Carrying value of investment properties sold		(51.0)	-	(518.7)
Result on disposal of investment properties		**(1.2)**	**1.2**	**73.8**
Proceeds from disposal of shares		-	-	27.3
Carrying value of disposed shares		-	-	(27.3)
Result on disposal of shares		**-**	**-**	**0.0**
Valuation gains on assets		590.5	1,249.0	1,770.0
Valuation losses on assets		(255.1)	(175.8)	(405.6)
Valuation movements on assets	**5.5**	**335.4**	**1,073.2**	**1,364.4**
Impairment of goodwill/Negative goodwill		**(0.7)**	**-**	**(9.2)**
NET OPERATING RESULT		**1,050.6**	**1,903.7**	**3,024.6**
Result from non-consolidated companies		0.2	0.9	0.9
Financial income		*64.8*	*57.9*	*119.5*
Financial expenses		*(185.7)*	*(170.0)*	*(347.5)*
Net financing costs	7.1.1	(120.9)	(112.1)	(228.0)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	7.1.2 / 7.2.4	28.9	23.5	21.1
Fair value adjustments of derivatives and debt	7.1.2	(129.3)	(44.4)	(21.9)
RESULT BEFORE TAX		**829.5**	**1,771.6**	**2,796.7**
Income tax expenses	8.1	(77.6)	(27.0)	(74.2)
NET RESULT FOR THE PERIOD		**751.9**	**1,744.6**	**2,722.5**
Net result for the period attributable to:				
- The holders of the Stapled Shares [1]		642.6	1,462.6	2,439.5
- External non-controlling interests	3.2	109.3	282.0	283.0
NET RESULT FOR THE PERIOD		**751.9**	**1,744.6**	**2,722.5**

Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:				
- Unibail-Rodamco SE members		658.4	1,462.6	2,439.5
- WFD Unibail-Rodamco N.V. members		(15.8)		
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES [1]		**642.6**	**1,462.6**	**2,439.5**

(1) *In 2017, Net result for the period (Owners of the parent).*

Average number of shares (undiluted)	11.1	106,260,433	99,625,133	99,744,934
Net result for the period (Holders of the Stapled Shares)		642.6	1,462.6	2,439.5
Net result for the period per share (Holders of the Stapled Shares) (€)		**6.05**	**14.68**	**24.46**

Net result for the period restated (Holders of the Stapled Shares) (2)		613.7	1,439.1	2,418.4
Average number of shares (diluted)	11.1	109,915,551	103,041,027	103,155,132
Diluted net result per share (Holders of the Stapled Shares) (€)		**5.58**	**13.97**	**23.44**

NET COMPREHENSIVE INCOME (€Mn)	**Notes**	**H1-2018**	**H1-2017**	**2017**
NET RESULT FOR THE PERIOD		**751.9**	**1,744.6**	**2,722.5**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		(72.7)	24.8	(16.9)
Other comprehensive income that may be subsequently recycled to profit or loss		**(72.7)**	**24.8**	**(16.9)**
Employee benefits - will not be reclassified into profit or loss		-	-	0.2
Fair Value of Financial assets		(7.2)	-	-
Other comprehensive income not subsequently recyclable to profit or loss		**(7.2)**	**-**	**0.2**
OTHER COMPREHENSIVE INCOME		**(79.9)**	**24.8**	**(16.7)**
NET COMPREHENSIVE INCOME		**672.0**	**1,769.4**	**2,705.8**
- External non-controlling interests		109.4	282.0	283.1
NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)		**562.6**	**1,487.4**	**2,422.7**

(2) *The impact of the fair value of the ORNANE and the related financial expenses are restated from the net result of the period if it has a dilutive impact.*

Consolidated interim statement of financial position

Consolidated Statement of financial position (€ Mn)	Notes	June 30, 2018	Dec. 31, 2017
NON CURRENT ASSETS		**62,344.6**	**41,650.8**
Investment properties	**5.1**	**47,117.7**	**38,524.3**
Investment properties at fair value		*44,770.7*	*37,181.5*
Investment properties at cost		*2,347.0*	*1,342.8*
Shares and investments in companies accounted for using the equity method	6.1	9,965.7	1,913.3
Other tangible assets	5.2	282.1	216.3
Goodwill	5.3	3,888.5	522.4
Intangible assets	5.4	185.4	172.2
Loans and receivables	7.2.1	274.4	76.8
Financial assets	7.2.1	290.5	30.8
Deferred tax assets	8.2	29.3	21.9
Derivatives at fair value	7.3	311.0	172.8
CURRENT ASSETS		**3,002.5**	**1,590.2**
Properties or shares held for sale	5.1 / 6.1	1,255.0	-
Derivatives at fair value	7.3	0.4	57.9
Inventories		93.5	-
Trade receivables from activity		539.8	416.5
Tax receivables		179.2	216.2
Other receivables		350.5	324.9
Cash and cash equivalents	7.2.8	584.1	574.7
TOTAL ASSETS		**65,347.1**	**43,241.0**
Equity attributable to the holders of the Stapled Shares		**25,699.0**	**18,916.2**
Share capital		691.4	499.3
Additional paid-in capital		13,470.2	6,470.7
Consolidated reserves		11,177.8	9,717.0
Hedging and foreign currency translation reserves		(283.0)	(210.3)
Consolidated result		642.6	2,439.5
- Equity attributable to Unibail-Rodamco SE members		***24,297.2***	***18,916.2***
- Equity attributable to WFD Unibail-Rodamco N.V. members		***1,401.8***	**-**
Hybrid securities		**1,989.0**	**-**
External non-controlling interests		**3,860.4**	**3,777.0**
TOTAL SHAREHOLDERS' EQUITY		**31,548.4**	**22,693.2**
NON CURRENT LIABILITIES		**28,832.7**	**16,851.6**
Long-term commitment to non-controlling interests	3.3	186.9	-
Net share settled bonds convertible into new and/or existing shares (ORNANE)	7.2 / 7.3	991.5	1,020.5
Long-term bonds and borrowings	7.2.3	22,571.1	12,889.6
Long-term financial leases	7.2.3	384.9	353.2
Derivatives at fair value	7.3	428.9	315.8
Deferred tax liabilities	8.2	3,691.8	1,752.5
Long-term provisions	9	13.3	30.5
Employee benefits		9.7	9.3
Guarantee deposits		236.9	223.9
Tax liabilities		-	0.1
Amounts due on investments		317.7	256.2
CURRENT LIABILITIES		**4,966.0**	**3,696.2**
Current commitment to non-controlling interests	**3.3**	**1.7**	**7.0**
Amounts due to suppliers and other creditors		**1,334.2**	**953.9**
Amounts due to suppliers		178.2	187.5
Amounts due on investments		661.9	425.9
Sundry creditors		494.1	340.5
Other liabilities		**225.5**	**207.7**
Current borrowings and amounts due to credit institutions	**7.2.3**	**3,068.2**	**2,301.9**
Current financial leases	**7.2.3**	**2.6**	**2.0**
Tax and social liabilities		**311.3**	**210.5**
Short-term provisions	**9**	**22.5**	**13.2**
TOTAL LIABILITIES AND EQUITY		**65,347.1**	**43,241.0**

Consolidated interim statement of cash flows

Consolidated statement of cash flows (€ Mn)	Notes	H1-2018	H1-2017	2017
Operating activities				
Net result		**751.9**	**1,744.6**	**2,722.5**
Depreciation & provisions [(1)]		(20.4)	(14.2)	(7.9)
Impairment of goodwill/Negative goodwill		0.7	-	9.2
Changes in value of property assets		(335.4)	(1,073.2)	(1,364.4)
Changes in value of financial instruments		100.3	20.9	0.9
Charges and income relating to stock options and similar items		5.4	4.2	9.2
Net capital gains/losses on sales of properties [(2)]		1.2	(1.2)	(73.8)
Share of the result of companies accounted for using the equity method		(66.8)	(37.1)	(91.6)
Income on financial assets		(13.9)	(13.2)	(27.0)
Dividend income from non-consolidated companies		(0.1)	(0.1)	(0.1)
Net financing costs	7.1.1	120.9	112.1	228.0
Income tax charge		77.6	27.0	74.2
Westfield's acquisition and related costs	1.3	108.7	-	-
Cash flow before net financing costs and tax		**730.1**	**769.9**	**1,479.2**
Income on financial assets		13.9	13.2	27.0
Dividend income and result from companies accounted for using the equity method or non consolidated		26.7	2.2	5.3
Income tax paid		(14.4)	(7.0)	(25.5)
Change in working capital requirement		(45.6)	11.6	0.5
Total cash flow from operating activities		**710.7**	**789.9**	**1,486.5**
Investment activities				
Property activities		**(4,958.5)**	**(947.3)**	**(1,017.2)**
Acquisition of consolidated shares	3.1	(4,442.1)	0.0	(85.1)
Amounts paid for works and acquisition of property assets	5.6	(558.2)	(682.1)	(1,368.2)
Repayment of property financing		29.0	9.7	23.2
Increase of property financing		(87.8)	(280.8)	(300.6)
Disposal of shares/consolidated subsidiaries		(0.1)	4.7	121.0
Disposal of investment properties	5.6	100.7	1.1	592.5
Financial activities		**0.3**	**(2.1)**	**(7.7)**
Acquisition of financial assets		(5.7)	(6.2)	(10.0)
Disposal of financial assets		2.3	4.1	2.5
Change in financial assets		3.7	(0.1)	(0.2)
Total cash flow from investment activities		**(4,958.2)**	**(949.4)**	**(1,024.9)**
Financing activities				
Capital increase of parent company		12.5	69.8	77.9
Purchase of own shares		-	-	(7.3)
Change in capital from companies with non controlling shareholders		-	0.0	2.2
Hybrid securities		1,989.3	-	-
Distribution paid to parent company shareholders	11.2	(1,079.2)	(508.5)	(1,018.3)
Dividends paid to non-controlling shareholders of consolidated companies		(95.3)	(64.0)	(66.2)
New borrowings and financial liabilities		3,897.7	2,401.9	1,941.4
Repayment of borrowings and financial liabilities		(274.7)	(632.0)	(990.1)
Financial income	7.1.1	69.1	43.1	95.9
Financial expenses	7.1.1	(217.3)	(175.3)	(318.8)
Other financing activities		(22.6)	(0.0)	(10.1)
Total cash flow from financing activities		**4,279.5**	**1,135.0**	**(293.4)**
Change in cash and cash equivalents during the period		**32.0**	**975.5**	**168.2**
Net cash and cash equivalents at the beginning of the year		**565.7**	**396.0**	**396.0**
Effect of exchange rate fluctuations on cash held		**(22.3)**	**(2.6)**	**1.5**
Net cash and cash equivalents at period-end	7.2.8	**575.4**	**1,368.9**	**565.7**

(1) *Includes straightlining of key monies and lease incentives.*
(2) *Includes capital gains/losses on property sales, disposals of short term investment properties and disposals of operating assets.*

Consolidated interim statement of changes in equity

(€Mn)	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated net result	Hedging & foreign currency translation reserves [1]	Equity attributable to the holders of the Stapled Shares	Hybrid securities	External non-controlling interests	Total Shareholders' equity
Equity as at Dec. 31, 2016	**497.0**	**6,402.3**	**8,350.5**	**2,409.0**	**(193.4)**	**17,465.3**	**-**	**3,554.4**	**21,019.7**
Profit or loss of the period	-	-	-	1,462.6	-	**1,462.6**	-	282.0	**1,744.6**
Other comprehensive income	-	-	-	-	24.8	**24.8**	-	-	**24.8**
Net comprehensive income	**-**	**-**	**-**	**1,462.6**	**24.8**	**1,487.4**	**-**	**282.0**	**1,769.4**
Earnings appropriation	-	-	2,409.0	(2,409.0)	-	**-**	-	-	**-**
Dividends related to 2016	-	-	(1,018.3)	-	-	**(1,018.3)**	-	(64.0)	**(1,082.3)**
Stock options and Company Savings Plan	2.2	67.7	-	-	-	**69.9**	-	-	**69.9**
Share based payment	-	-	4.2	-	-	**4.2**	-	-	**4.2**
Transactions with non-controlling interests	-	-	(7.5)	-	-	**(7.5)**	-	8.0	**0.5**
Changes in scope of consolidation and other movements	-	-	0.1	-	-	**0.1**	-	-	**0.1**
Equity as at June 30, 2017	**499.2**	**6,470.0**	**9,737.9**	**1,462.6**	**(168.6)**	**18,001.1**	**-**	**3,780.4**	**21,781.5**
Profit or loss of the period	-	-	-	976.9	-	**976.9**	-	1.0	**977.9**
Other comprehensive income	-	-	0.1	-	(41.7)	**(41.6)**	-	0.1	**(41.5)**
Net comprehensive income	**-**	**-**	**0.1**	**976.9**	**(41.7)**	**935.3**	**-**	**1.1**	**936.4**
Earnings appropriation	-	-	-	-	-	**-**	-	-	**-**
Dividends related to 2016	-	-	-	-	-	**-**	-	(2.2)	**(2.2)**
Stock options and Company Savings Plan	0.3	7.8	-	-	-	**8.1**	-	-	**8.1**
Conversion of Bonds Redeemable for Shares	0.0	0.0	(0.1)	-	-	**(0.1)**	-	-	**(0.1)**
Cancellation of treasury shares	(0.2)	(7.1)	-	-	-	**(7.3)**	-	-	**(7.3)**
Share based payment	-	-	5.0	-	-	**5.0**	-	-	**5.0**
Transactions with non-controlling interests	-	-	(25.9)	-	-	**(25.9)**	-	(4.5)	**(30.4)**
Changes in scope of consolidation and other movements	-	-	0.0	-	-	**0.0**	-	2.2	**2.2**
Equity as at Dec. 31, 2017	**499.3**	**6,470.7**	**9,717.0**	**2,439.5**	**(210.3)**	**18,916.2**	**-**	**3,777.0**	**22,693.2**
Profit or loss of the period	-	-	-	642.6	-	**642.6**	-	109.3	**751.9**
Other comprehensive income	-	-	(7.3)	-	(72.7)	**(80.0)**	-	0.1	**(79.9)**
Net comprehensive income	**-**	**-**	**(7.3)**	**642.6**	**(72.7)**	**562.6**	**-**	**109.4**	**672.0**
Earnings appropriation	-	-	2,439.5	(2,439.5)	-	**-**	-	-	**-**
Dividends related to 2017	-	-	(1,079.2)	-	-	**(1,079.2)**	-	(95.3)	**(1,174.5)**
Stock options and Company Savings Plan	0.5	12.2	-	-	-	**12.7**	-	-	**12.7**
Conversion of Bonds Redeemable for Shares	-	-	(0.1)	-	-	**(0.1)**	-	-	**(0.1)**
Westfield acquisition	191.6	6,987.3	101.9	-	-	**7,280.8**	-	68.4	**7,349.2**
Share based payment	-	-	5.4	-	-	**5.4**	-	-	**5.4**
Restatement of hybrid securities	-	-	-	-	-	**-**	1,989.0	2.0	**1,991.0**
Transactions with non-controlling interests	-	-	1.1	-	-	**1.1**	-	(1.1)	**-**
Changes in scope of consolidation and other movements	-	-	(0.5)	-	-	**(0.5)**	-	-	**(0.5)**
Equity as at June 30, 2018	**691.4**	**13,470.2**	**11,177.8**	**642.6**	**(283.0)**	**25,699.0**	**1,989.0**	**3,860.4**	**31,548.4**

(1) *The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The hedging reserve is used to record the effect of hedging net investments in foreign operations.*

II. NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2018

The activity of the Group is not significantly affected by seasonality, although Unibail-Rodamco-Westfield's ("URW") US operations typically see retailer occupancy and retail sales at their highest in the fourth quarter of each calendar year. This does have an impact on rental income from US' shopping centres as a result of earning additional rent based on specialty shops exceeding a certain level of sales (referred to as "percentage rent"), and due to a higher level of fourth quarter specialty leasing on space not under long term leases.

1.1. Westfield Corporation acquisition

On June 7, 2018, Unibail-Rodamco ("UR") announced it had completed the acquisition of WFD.

WFD comprises WCL, WFDT and WAT. At completion of the Transaction, UR held directly or indirectly 100% of WCL and WFDT, and 40% of WFD Unibail-Rodamco N.V., which owns 100% of WAT, owning 83% of WEA, through WAT; the remaining 17% of WEA being indirectly held by WCL. As a result of the Stapled Share Principle, the same shareholders together hold 100% of UR and of WFD Unibail-Rodamco N.V., of which 60% directly (WFD Unibail-Rodamco N.V. Class A Shares) and 40% indirectly through UR.

As a result of the characteristics of the Transaction, UR is deemed to be the accounting acquirer under IFRS. Consequently, WCL, WFDT and, consistent with the legal set up of the Transaction and governance of WFD Unibail-Rodamco N.V., WAT, are fully consolidated by UR. The holders of the Stapled Shares are entitled to the same rights and obligations with respect to UR and WFD Unibail-Rodamco N.V. As a consequence, the 60% economic interest in WFD Unibail-Rodamco N.V. directly held by such holders is reflected under the caption "Net result for the period attributable to the holders of the Stapled Shares", which is split between:

- "Net result of the period attributable to the holders of the Stapled Shares analysed by amount attributable to Unibail-Rodamco SE members", and
- "Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to WFD Unibail-Rodamco N.V. members" on the face of the consolidated statement of comprehensive income.

On the face of the statement of financial position, the caption "Equity attributable to the holders of the Stapled Shares" is split between "Equity attributable to Unibail-Rodamco SE members" and "Equity attributable to WFD Unibail-Rodamco N.V. members".

1.2. Goodwill as of the acquisition date and main impacts on the consolidated interim statement of comprehensive income for H1-2018

The total consideration of €11,911.4 Mn booked for the acquisition consists of:

- Market value of the 38,319,974 UR shares issued in exchange of WFD shares of €7,280.8 Mn. The share price used was €190.00, corresponding to the closing price of the UR share on June 4, 2018, its last day of quotation;
- Cash consideration of €4,742.7 Mn;
- Net hedging impact of -€112.1 Mn.

The preliminary purchase price allocation of the Westfield Corporation acquisition is presented below:

Preliminary purchase price allocation *(€Mn)*	**Westfield at acquisition date**
Total consideration	**11,911.4**
Identifiable net asset at fair value [(1)]	
Investment properties	9,111.3
Shares and investments in companies accounted for using the equity method	8,010.9
Other tangible assets	63.1
Loans and receivables	199.7
Financial assets	258.3
Deferred tax assets	9.0
Derivatives at fair value	81.0
Other current assets	251.3
Cash and cash equivalents	258.0
	18,242.6
External non-controlling interests	68.2
Long-term commitment to non-controlling interests	181.8
Long-term bonds and borrowings	6,787.6
Deferred tax liabilities	1,869.3
Other non current liabilities	127.6
Other current liabilities	772.3
	9,806.8
Total identifiable net asset at fair value	**8,435.9**
Redundancy costs and acceleration vesting plan	108.7
Total identifiable net asset at fair value restated	**8,544.6**
Preliminary goodwill arising on acquisition	**(3,366.8)**

(1) At this stage, the Group has recorded at fair value the standing assets, the projects included in the pipeline, the financial liabilities and the associated deferred taxes.

The preliminary goodwill amounts to €3,366.8 Mn. The analysis of the allocation of the goodwill is on-going. URW expects that part of this goodwill will be allocated to identifiable assets (such as the property management contracts, the project development and project management contracts, the Airport contracts and the WFD trademark). Beyond this allocation, the Group is confident that the remaining goodwill is supported by expected revenues and costs synergies, workforce, etc.

As the impact was not deemed significant, WFD is consolidated from June 1, 2018 rather than from June 7, 2018. From initial consolidation to June 30, 2018, WFD has contributed €49.1 Mn to the gross rental income and -€78.2 Mn to the net result of the Group.

If the combination had taken place on January 1st, 2018, the contribution of WFD would have been:

- Gross rental income: +€278.9 Mn;
- Net result of the Group: -€117.5 Mn.

1.3. Acquisition and related costs

In 2018, acquisition costs relating to the Westfield Corporation acquisition amounted to -€214.0 Mn, of which -€105.3 Mn were incurred by UR (financial and legal advisory fees, including VAT) and -€108.7 Mn by WFD (redundancy and other employee related costs as well as the costs associated with the accelerated vesting of the WFD employee share plan). In 2017, UR and WFD collectively booked as expenses -€68.0 Mn of WFD related transaction costs.

In addition, -€80.9 Mn of financial advisory and legal fees paid by WFD were included in the opening balance sheet of WFD as at May 31, 2018.

The costs incurred by UR in H1-2018 as well as those accrued at the end of 2017 impact the cash flow from operating activities of the H1-2018.

Lastly, UR paid -€94.7 Mn to hedge the USD cash component of its offer for WFD, of which -€47.3 Mn was registered in 2017 in "Fair value adjustments of derivatives and debt" in its 2017 financial accounts and -€47.4 Mn was accounted for in the purchase consideration in 2018. The fair value gain on the hedge was +€159.6 Mn and was accounted for in the purchase consideration in 2018. The net gain in cash resulting from the FX hedge was +€64.9 Mn.

Consequently, the aggregate amount of expenses associated with the WFD transaction was -€457.6 Mn, or -€392.7 Mn after taking into account the cash gain on the FX hedge.

1.4. Financing of the transaction

To finance the cash component of the total consideration, UR issued four public EMTN bonds for a total amount of €3,000 Mn in May 2018 (see note 7.2.2 "Main financing transactions in the first half of 2018").

In addition, UR issued €2,000 Mn of hybrid securities on April 16, 2018. These hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option and are accounted for in equity (see note 7.2.2 "Main financing transactions in the first half of 2018").

NOTE 2. ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". As these are consolidated interim financial statements, they do not include all of the information required by the IFRS and must be read in relation with the Group's annual consolidated financial statements for the year ended December 31, 2017.

The accounting principles applied for the preparation of these half-yearly consolidated financial statements are in accordance with the IFRS and interpretations as adopted by the European Union as of June 30, 2018. These can be consulted on the website http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/index_en.htm.

2.1. IFRS basis adopted

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2017, except for the application of the new obligatory standards and interpretations described below.

Standards, amendments and interpretations effective as of January 1, 2018

- IFRS 15 Revenue from Contracts with Customers;
- IFRS 9: Financial Instruments;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IAS 40 A: Transfers of Investment Property;
- IFRS 2 A: Classification and Measurement of Share-based Payment Transactions;
- Annual Improvements to IFRS Standards 2014-2016 Cycle.

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at June 30, 2018.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2018

The following standards have been adopted by the European Union as at June 30, 2018, but not applied in advance by the Group:

- IFRS 9 A: Prepayment Features with Negative Compensation;
- IFRS 16: Leases.

The following texts were published by the IASB but have not yet been adopted by the European Union:

- IFRS 17: Insurance Contracts;
- IFRIC 23: Uncertainty over Income Tax Treatments;
- IAS 28 A: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- IAS 19 A: Plan Amendment, Curtailment or Settlement;
- Amendments to References to the Conceptual Framework in IFRS Standards.

The measurement of the potential impacts of these texts on the consolidated accounts of URW is on-going.

2.2. Estimates and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by the management, particularly with regards to the fair value of investment properties and financial instruments as well as the valuation of goodwill and intangible assets.

The most significant estimates are set out in the notes to the consolidated financial statements as at December 31, 2017: for the valuation of investment properties in § 5.1 "Investment properties", for the goodwill and intangible assets, respectively in § 5.4 "Goodwill" and § 5.3 "Intangible assets" and for fair value of financial instruments in § 7.4 "Hedging instruments". Actual future results or outcomes may differ from these estimates. The property portfolio and intangible assets used by the Shopping Centres, Offices and Convention & Exhibition segments are valued by independent appraisers.

NOTE 3. SCOPE OF CONSOLIDATION

3.1. Share deals: acquisitions of the first half of 2018

The acquisitions of the first half of 2018 refer mainly to the Westfield Corporation acquisition (see Note 1 "Significant events of the first half of 2018").

Acquisition of consolidated shares

(€Mn)	**H1-2018**	**H1-2017**	**2017**
Acquisition price of shares	(4,700.6)	-	(85.1)
Cash	258.5	-	-
Acquisition of consolidated shares	**(4,442.1)**	**-**	**(85.1)**

3.2. External non-controlling interests

For H1-2018, this item comprised mainly non-controlling interests in the following entities:

- several shopping centres in France (€75.3 Mn, mainly Les 4 Temps for €39.7 Mn, Parly 2 for €18.2 Mn and Le Forum des Halles for €10.6 Mn);
- Convention & Exhibition entities (€4.6 Mn);
- several shopping centres in Germany (€21.6 Mn), Spain (€8.1 Mn), and Central Europe (-€0.3 Mn).

3.3. Commitment to non-controlling interests

The convertible redeemable preference shares arising from the Westfield Corporation acquisition are included in the captions "Long-term commitment to non-controlling interests" and "Current commitment to non-controlling interests".

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING

4.1. Consolidated interim income statement by segment

		Consolidated Income Statement by segment (€Mn)	H1-2018 Recurring activities	H1-2018 Non-recurring activities (1)	H1-2018 Result	H1-2017 Recurring activities	H1-2017 Non-recurring activities (1)	H1-2017 Result	2017 Recurring activities	2017 Non-recurring activities (1)	2017 Result
SHOPPING CENTRES	FRANCE	Gross rental income	346.4	-	346.4	336.1	-	336.1	682.1	-	682.1
		Operating expenses and net service charges	(25.6)	-	(25.6)	(32.9)	-	(32.9)	(72.4)	-	(72.4)
		Net rental income	**320.9**	**-**	**320.9**	**303.2**	**-**	**303.2**	**609.8**	**-**	**609.8**
		Contribution of companies accounted for using the equity method	4.1	2.4	6.6	4.0	4.6	8.6	8.1	5.7	13.9
		Result on disposal of investment properties and shares	-	0.6	0.6	-	1.3	1.3	-	15.1	15.1
		Valuation movements on assets	-	31.5	31.5	-	397.4	397.4	-	513.3	513.3
		Result Shopping Centres France	**325.0**	**34.6**	**359.6**	**307.2**	**403.3**	**710.5**	**617.9**	**534.2**	**1,152.0**
	UNITED STATES	Gross rental income	38.5	-	38.5	-	-	-	-	-	-
		Operating expenses and net service charges	(18.6)	-	(18.6)	-	-	-	-	-	-
		Net rental income	**19.9**	**-**	**19.9**	**-**	**-**	**-**	**-**	**-**	**-**
		Contribution of companies accounted for using the equity method	23.2	-	23.2	-	-	-	-	-	-
		Result Shopping Centres United States	**43.1**	**-**	**43.1**	**-**	**-**	**-**	**-**	**-**	**-**
	CENTRAL EUROPE	Gross rental income	105.1	-	105.1	84.6	-	84.6	179.0	-	179.0
		Operating expenses and net service charges	(0.9)	-	(0.9)	(1.1)	-	(1.1)	(6.5)	-	(6.5)
		Net rental income	**104.2**	**-**	**104.2**	**83.5**	**-**	**83.5**	**172.4**	**-**	**172.4**
		Contribution of companies accounted for using the equity method	26.4	1.9	28.3	22.8	0.3	23.2	46.6	28.3	74.9
		Result on disposal of investment properties and shares	-	-	-	-	-	-	-	0.0	0.0
		Valuation movements on assets	-	119.0	119.0	-	136.0	136.0	-	296.2	296.2
		Result Shopping Centres Central Europe	**130.6**	**120.9**	**251.5**	**106.3**	**136.3**	**242.7**	**219.0**	**324.5**	**543.5**
	SPAIN	Gross rental income	90.6	-	90.6	87.9	-	87.9	178.0	-	178.0
		Operating expenses and net service charges	(8.9)	-	(8.9)	(8.4)	-	(8.4)	(16.9)	-	(16.9)
		Net rental income	**81.7**	**-**	**81.7**	**79.5**	**-**	**79.5**	**161.0**	**-**	**161.0**
		Contribution of companies accounted for using the equity method	0.1	1.0	1.1	0.1	0.1	0.2	0.2	(0.1)	0.1
		Result on disposal of investment properties and shares	-	(0.6)	(0.6)	-	(0.0)	(0.0)	-	(0.6)	(0.6)
		Valuation movements on assets	-	22.0	22.0	-	128.0	128.0	-	141.2	141.2
		Result Shopping Centres Spain	**81.8**	**22.4**	**104.2**	**79.6**	**128.1**	**207.7**	**161.2**	**140.5**	**301.7**
	UNITED KINGDOM	Gross rental income	10.6	-	10.6	-	-	-	-	-	-
		Operating expenses and net service charges	(3.3)	-	(3.3)	-	-	-	-	-	-
		Net rental income	**7.4**	**-**	**7.4**	**-**	**-**	**-**	**-**	**-**	**-**
		Contribution of companies accounted for using the equity method	5.5	-	5.5	-	-	-	-	-	-
		Result Shopping Centres United Kingdom	**12.8**	**-**	**12.8**	**-**	**-**	**-**	**-**	**-**	**-**
	NORDICS	Gross rental income	77.2	-	77.2	82.9	-	82.9	159.1	-	159.1
		Operating expenses and net service charges	(3.9)	-	(3.9)	(7.7)	-	(7.7)	(13.3)	-	(13.3)
		Net rental income	**73.3**	**-**	**73.3**	**75.2**	**-**	**75.2**	**145.8**	**-**	**145.8**
		Result on disposal of investment properties and shares	-	0.1	0.1	-	-	-	-	0.1	0.1
		Valuation movements on assets	-	16.3	16.3	-	45.7	45.7	-	132.0	132.0
		Result Shopping Centres Nordics	**73.3**	**16.4**	**89.6**	**75.2**	**45.7**	**120.9**	**145.8**	**132.1**	**277.9**
	AUSTRIA	Gross rental income	55.9	-	55.9	53.5	-	53.5	109.1	-	109.1
		Operating expenses and net service charges	(2.0)	-	(2.0)	(1.5)	-	(1.5)	(5.9)	-	(5.9)
		Net rental income	**54.0**	**-**	**54.0**	**52.1**	**-**	**52.1**	**103.2**	**-**	**103.2**
		Valuation movements on assets	-	18.5	18.5	-	22.5	22.5	-	79.4	79.4
		Result Shopping Centres Austria	**54.0**	**18.5**	**72.5**	**52.1**	**22.5**	**74.5**	**103.2**	**79.4**	**182.5**
	GERMANY	Gross rental income	50.3	-	50.3	49.9	-	49.9	99.7	-	99.7
		Operating expenses and net service charges	(3.0)	-	(3.0)	(2.7)	-	(2.7)	(7.1)	-	(7.1)
		Net rental income	**47.3**	**-**	**47.3**	**47.1**	**-**	**47.1**	**92.6**	**-**	**92.6**
		Contribution of companies accounted for using the equity method	14.4	1.5	15.9	14.6	3.5	18.1	29.1	1.5	30.6
		Result on disposal of investment properties and shares	-	(1.2)	(1.2)	-	-	-	-	-	-
		Valuation movements on assets	-	19.3	19.3	-	17.4	17.4	-	58.1	58.1
		Result Shopping Centres Germany	**61.8**	**19.6**	**81.4**	**61.7**	**20.9**	**82.6**	**121.6**	**59.6**	**181.3**
	THE NETHERLANDS	Gross rental income	34.4	-	34.4	33.5	-	33.5	70.2	-	70.2
		Operating expenses and net service charges	(4.8)	-	(4.8)	(4.1)	-	(4.1)	(8.5)	-	(8.5)
		Net rental income	**29.5**	**-**	**29.5**	**29.4**	**-**	**29.4**	**61.7**	**-**	**61.7**
		Result on disposal of investment properties and shares	-	(0.2)	(0.2)	-	(0.1)	(0.1)	-	1.9	1.9
		Valuation movements on assets	-	(43.6)	(43.6)	-	(10.3)	(10.3)	-	(53.1)	(53.1)
		Result Shopping Centres The Netherlands	**29.5**	**(43.8)**	**(14.3)**	**29.4**	**(10.4)**	**19.0**	**61.7**	**(51.2)**	**10.5**
		TOTAL RESULT SHOPPING CENTRES	**811.9**	**188.6**	**1,000.4**	**711.6**	**746.4**	**1,458.0**	**1,430.4**	**1,219.1**	**2,649.5**
OFFICES & OTHERS	FRANCE	Gross rental income	65.1	-	65.1	62.9	-	62.9	126.8	-	126.8
		Operating expenses and net service charges	(1.3)	-	(1.3)	(2.2)	-	(2.2)	(3.2)	-	(3.2)
		Net rental income	**63.8**	**-**	**63.8**	**60.7**	**-**	**60.7**	**123.6**	**-**	**123.6**
		Result on disposal of investment properties and shares	-	(0.1)	(0.1)	-	(0.1)	(0.1)	-	57.2	57.2
		Valuation movements on assets	-	177.6	177.6	-	254.5	254.5	-	336.0	336.0
		Result Offices France	**63.8**	**177.4**	**241.3**	**60.7**	**254.4**	**315.1**	**123.6**	**393.2**	**516.8**
	OTHER COUNTRIES	Gross rental income	10.2	-	10.2	10.6	-	10.6	20.9	-	20.9
		Operating expenses and net service charges	(1.3)	-	(1.3)	(1.8)	-	(1.8)	(3.7)	-	(3.7)
		Net rental income	**8.9**	**-**	**8.9**	**8.9**	**-**	**8.9**	**17.2**	**-**	**17.2**
		Result on disposal of investment properties and shares	-	-	-	-	0.0	0.0	-	0.0	0.0
		Valuation movements on assets	-	4.0	4.0	-	(8.1)	(8.1)	-	6.5	6.5
		Result Offices other countries	**8.9**	**4.0**	**12.9**	**8.9**	**(8.1)**	**0.7**	**17.2**	**6.5**	**23.8**
		TOTAL RESULT OFFICES & OTHERS	**72.8**	**181.4**	**254.2**	**69.6**	**246.3**	**315.8**	**140.8**	**399.7**	**540.5**
CONVENTION & EXHIBITION	FRANCE	Gross rental income	99.1	-	99.1	96.2	-	96.2	181.7	-	181.7
		Operating expenses and net service charges	(52.9)	-	(52.9)	(49.1)	-	(49.1)	(97.8)	-	(97.8)
		Net rental income	**46.3**	**-**	**46.3**	**47.1**	**-**	**47.1**	**83.9**	**-**	**83.9**
		On site property services net income	**32.1**	**-**	**32.1**	**25.9**	**-**	**25.9**	**50.0**	**-**	**50.0**
		Hotels net rental income	**3.5**	**-**	**3.5**	**7.6**	**-**	**7.6**	**11.6**	**-**	**11.6**
		Contribution of companies accounted for using the equity method	0.1	0.0	0.1	0.3	(0.2)	0.1	0.5	(1.4)	(0.8)
		Valuation movements, depreciation, capital gains	(5.9)	(27.7)	(33.6)	(5.7)	91.5	85.8	(12.2)	(142.8)	(155.0)
		Impairment of Goodwill	-	(0.7)	(0.7)	-	-	-	-	(9.2)	(9.2)
		TOTAL RESULT CONVENTION & EXHIBITION	**76.1**	**(28.4)**	**47.7**	**75.3**	**91.3**	**166.6**	**133.8**	**(153.3)**	**(19.5)**
		Net property development and project management income	5.1		5.1						
		Other property services net income	21.8	(1.2)	20.6	19.2	(1.2)	18.0	42.0	(2.4)	39.6
		Administrative expenses	(62.7)		(62.7)	(54.7)	-	(54.7)	(123.1)		(123.1)
		Acquisition and related costs	-	(214.7)	(214.7)	-	-	-		(62.4)	(62.4)
NET OPERATING RESULT			**924.9**	**125.7**	**1,050.6**	**821.0**	**1,082.7**	**1,903.7**	**1,623.9**	**1,400.8**	**3,024.6**
		Result from non-consolidated companies	0.2	-	0.2	0.9	-	0.9	0.9	-	0.9
		Financing result	(120.9)	(100.4)	(221.3)	(112.1)	(20.9)	(133.0)	(228.0)	(0.9)	(228.8)
RESULT BEFORE TAX			**804.2**	**25.3**	**829.5**	**709.8**	**1,061.8**	**1,771.6**	**1,396.8**	**1,399.9**	**2,796.7**
		Income tax expenses	0.3	(77.9)	(77.6)	(1.8)	(25.2)	(27.0)	(17.7)	(56.5)	(74.2)
NET RESULT FOR THE PERIOD			**804.5**	**(52.6)**	**751.9**	**708.0**	**1,036.6**	**1,744.6**	**1,379.1**	**1,343.5**	**2,722.5**
		External non-controlling interests	101.6	7.7	109.3	94.1	187.9	282.0	176.9	106.0	283.0
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES (2)			**702.9**	**(60.3)**	**642.6**	**614.0**	**848.6**	**1,462.6**	**1,202.1**	**1,237.4**	**2,439.5**

(1) *Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.*

(2) *In 2017, Net result for the period (Owners of the parent).*

4.1.1. Gross rental income

Gross rental income by segments

€Mn excluding taxes	H1-2018	H1-2017	2017
Shopping Centres	**809.0**	**728.4**	**1,477.1**
France	346.4	336.1	682.1
United States	38.5	-	-
Central Europe	105.1	84.6	179.0
Spain	90.6	87.9	178.0
United Kingdom	10.6	-	-
Nordics	77.2	82.9	159.1
Austria	55.9	53.5	109.1
Germany	50.3	49.9	99.7
The Netherlands	34.4	33.5	70.2
Offices & Others	**75.4**	**73.6**	**147.8**
France	65.1	62.9	126.8
Other countries	10.2	10.6	20.9
Convention & Exhibition	**105.0**	**106.2**	**197.4**
Total	**989.4**	**908.2**	**1,822.3**

4.1.2. Net property services and other activities income

The Net property services and other activities income consists of on-site property service and other property services net operating result.

(€Mn)	H1-2018	H1-2017	2017
Net property services and other activities income	**48.1**	**39.4**	**79.8**
Convention & Exhibition	26.2	20.2	37.8
Other property services net income	21.8	19.2	42.0

4.2. Other information by segment

4.2.1. Reconciliation between the Results by segment and the income statement of the period (IFRS format)

For H1-2018

(€Mn)		Net rental income	Net property development and project management income, net property services and other activities income	Contribution of companies accounted for using the equity method	Administra-tive expenses, acquisition and related costs	Result on disposal of investment properties and shares	Valuation movements on assets	Impairment of goodwill / Negative goodwill	Total net operating result H1-2018
Shopping Centres	France	320.9	-	6.6	-	0.6	31.5	-	**359.6**
	United States	19.9	-	23.2	-	-	-	-	**43.1**
	Central Europe	104.2	-	28.3	-	-	119.0	-	**251.5**
	Spain	81.7	-	1.1	-	(0.6)	22.0	-	**104.2**
	United Kingdom	7.4	-	5.5	-	-	-	-	**12.8**
	Nordics	73.3	-	-	-	0.1	16.3	-	**89.6**
	Austria	54.0	-	-	-	-	18.5	-	**72.5**
	Germany	47.3	-	15.9	-	(1.2)	19.3	-	**81.4**
	The Netherlands	29.5	-	-	-	(0.2)	(43.6)	-	**(14.3)**
	Total Shopping Centres	**738.0**	**-**	**80.6**	**-**	**(1.2)**	**183.0**	**-**	**1,000.4**
Offices & Others	France	63.8	-	-	-	(0.1)	177.6	**-**	**241.3**
	Others	8.9	-	-	-	-	4.0	**-**	**12.9**
	Total Offices & Others	**72.8**	**-**	**-**	**-**	**(0.1)**	**181.5**	**-**	**254.2**
C. & E. (1)	France	**49.8**	**26.2**	**0.1**	**-**	**0.1**	**(27.9)**	**(0.7)**	**47.7**
Not allocated		-	27.0	(0.0)	(277.4)	-	(1.2)	**-**	**(251.7)**
Total		**860.6**	**53.2**	**80.7**	**(277.4)**	**(1.2)**	**335.4**	**(0.7)**	**1,050.6**

(1) *Convention & Exhibition segment.*

For H1-2017

(€Mn)		Net rental income	Net property services and other activities income	Contribution of companies accounted for using the equity method	Administra-tive expenses, acquisition and related costs	Result on disposal of investment properties and shares	Valuation movements on assets	Total net operating result H1-2017
Shopping Centres	France	303.2	-	8.6	-	1.3	397.4	**710.5**
	Central Europe	83.5	-	23.2	-	0.0	136.0	**242.7**
	Spain	79.5	-	0.2	-	(0.0)	128.0	**207.7**
	Nordics	75.2	-	-	-	-	45.7	**120.9**
	Austria	52.1	-	-	-	-	22.5	**74.5**
	Germany	47.1	-	18.1	-	-	17.4	**82.6**
	The Netherlands	29.4	-	-	-	(0.1)	(10.3)	**19.0**
	Total Shopping Centres	**670.0**	**-**	**50.1**	**-**	**1.3**	**736.6**	**1,458.0**
Offices & Others	France	60.7	-	-	-	(0.1)	254.5	**315.1**
	Others	8.9	-	-	-	0.0	(8.1)	**0.7**
	Total Offices & Others	**69.6**	**-**	**-**	**-**	**(0.1)**	**246.3**	**315.8**
C. & E. (1)	France	**54.7**	**20.2**	**0.1**	**-**	**-**	**91.5**	**166.6**
Not allocated		-	19.2	-	(54.7)	(0.0)	(1.2)	**(36.7)**
Total		**794.3**	**39.4**	**50.2**	**(54.7)**	**1.2**	**1,073.2**	**1,903.7**

(1) *Convention & Exhibition segment.*

The information by segment relating to the investment properties is presented in the note 5.1.

NOTE 5. INVESTMENT PROPERTIES, TANGIBLE AND INTANGIBLE ASSETS, GOODWILL

5.1. Investment properties

5.1.1. Investment properties at fair value

(€Mn)	June 30, 2018	Dec. 31, 2017
Shopping Centres	**39,116.2**	**31,250.9**
France	14,692.8	14,490.4
United States	5,725.7	-
Central Europe	4,198.1	4,069.5
Spain	3,201.1	3,567.8
United Kingdom	2,202.0	-
Nordics	3,303.9	3,360.2
Austria	2,445.5	2,410.6
Germany	2,126.8	2,102.2
The Netherlands	1,220.3	1,250.2
Offices & Others	**2,945.5**	**3,221.1**
France	2,598.1	2,946.4
Other countries	347.4	274.7
Convention & Exhibition	**2,709.0**	**2,709.5**
Total	**44,770.7**	**37,181.5**

(€Mn)	Shopping Centres	Offices & Others	Convention & Exhibition	**Total investment properties**	Properties held for sale	**Total**
Dec. 31, 2017	**31,250.9**	**3,221.1**	**2,709.5**	**37,181.5**	**-**	**37,181.5**
Acquisitions	0.5	6.7	-	7.2	-	**7.2**
Entry into scope of consolidation [(1)]	7,909.9	77.3	-	7,987.2	-	**7,987.2**
Capitalised expenses [(2)]	204.5	31.9	34.2	270.6		**270.6**
Disposals/exits from the scope of consolidation	(0.6)	-	-	(0.6)	-	**(0.6)**
Reclassification and transfer of category [(3)]	(375.1)	(567.9)	11.2	(931.8)	1,173.2	**241.3**
Discounting impact	2.1	0.5	-	2.6	-	**2.6**
Valuation movements	200.9	181.5	(46.0)	336.5		**336.5**
Currency translation	(76.9)	(5.7)	-	(82.6)		**(82.6)**
June 30, 2018	**39,116.2**	**2,945.5**	**2,709.0**	**44,770.7**	**1,173.2**	**45,943.9**

(1) *Acquisition of Westfield Corporation on June 7, 2018 (see note 1 "Significant events of the first half of 2018").*
(2) *Capitalised expenses mainly include:*
- shopping centres in France and in Spain;
- offices in France;
- Convention & Exhibition sites such as Parc des Expositions in Porte de Versailles;
(3) *Includes the reclassification into the category of the properties held for sale (-€1,173.2 Mn) and the transfer from IPUC at cost to investment property under construction at fair value, mainly Trinity office project and Vélizy 2 extension retail project.*

Valuation assumptions and sensitivity

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, URW believes it appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumption on growth rates and exit yields, are used by appraisers to determine the fair values of URW's assets.

In H1-2018, 98% of URW's portfolio was appraised by independent appraisers (including appraisals made as at May 31, 2018 for the WFD assets).

Appraisals of WFD's assets were made as of May 31, 2018, for the purpose of preparing the opening balance sheet of URW. Other than the changes in revaluation of shares, capex, acquisitions, disposals and constant currency effect, no changes have been recorded in the value of the WFD portfolio since May 31, 2018.

The outstanding balances of deferred lease incentives and key monies amortised over the firm term of the lease, which corrected the appraisal value, represented -€102.2 Mn.

The following tables provide a number of quantitative elements used by the appraisers to assess the fair valuation of the Group's assets.

<u>*Shopping centres*</u>

All shopping centres are valued using the discounted cash flow and/or yield methodologies.

Shopping centres - June 30, 2018		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
	Max	7.6%	882	8.5%	7.2%	9.1%
France	Min	2.0%	160	5.3%	3.5%	1.2%
	Weighted average	4.0%	516	5.7%	4.0%	4.2%
	Max	6.9%	587	7.9%	7.7%	3.0%
Central Europe	Min	4.6%	210	6.3%	4.7%	2.2%
	Weighted average	4.8%	392	6.7%	5.0%	2.5%
	Max	8.1%	814	11.0%	7.0%	3.8%
Spain	Min	4.0%	122	7.0%	4.3%	1.6%
	Weighted average	4.7%	330	7.4%	4.6%	3.1%
	Max	5.3%	462	8.7%	5.0%	4.9%
Nordics	Min	3.9%	191	6.4%	3.9%	2.1%
	Weighted average	4.2%	373	6.7%	4.2%	3.1%
	Max	7.3%	481	8.0%	6.6%	3.7%
Germany	Min	3.9%	244	6.0%	3.9%	2.1%
	Weighted average	4.5%	311	6.4%	4.4%	3.0%
	Max	4.3%	396	6.2%	4.1%	2.9%
Austria	Min	4.1%	375	6.1%	4.1%	2.5%
	Weighted average	4.2%	385	6.2%	4.1%	2.7%
	Max	6.7%	413	7.4%	6.6%	3.7%
The Netherlands	Min	4.4%	172	5.8%	4.2%	2.8%
	Weighted average	5.2%	273	6.5%	5.2%	3.0%
	Max	8.9%	2,437	10.0%	8.5%	5.7%
US	Min	3.3%	73	5.5%	4.3%	2.4%
	Weighted average	4.0%	377	6.1%	4.8%	4.6%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development and assets accounted for using the equity method are not included in this table, as well as UK assets.
(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per m².
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

For the US, the split between Flagship and Regional shopping centres is as follows:

Shopping centres - June 30, 2018		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
US Flagships	Max	4.8%	2,437	6.5%	5.8%	5.7%
	Min	3.3%	201	5.5%	4.3%	3.9%
	Weighted average	3.8%	587	5.9%	4.7%	4.8%
US Regionals	Max	8.9%	146	10.0%	8.5%	4.9%
	Min	6.9%	73	9.0%	7.5%	2.4%
	Weighted average	7.8%	103	9.3%	7.8%	3.0%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development and assets accounted for using the equity method are not included in this table.
(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per m².
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Based on an asset value excluding estimated transfer taxes and transaction costs, the Continental European shopping centre division's (Europe segments excluding United Kingdom) Net Initial Yield (NIY) is stable at 4.3% as at June 30, 2018 compared to December 31, 2017.

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€2,903 Mn (or -5.5%) of URW's shopping centre portfolio value (excluding assets under development).

Offices

Appraisers value the Group's Offices using the discounted cash flow and yield methodologies.

Offices - June 30, 2018		Net Initial Yield on occupied space	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
France	Max	11.6%	733	9.0%	8.2%	2.6%
	Min	3.8%	107	4.3%	3.4%	-4.2%
	Weighted average	5.3%	498	5.3%	4.5%	0.7%
Nordics	Max	9.2%	224	9.4%	7.8%	3.3%
	Min	6.4%	166	7.1%	5.2%	2.3%
	Weighted average	7.7%	189	7.7%	6.1%	2.6%
Other countries	Max	13.9%	159	8.8%	8.7%	14.6%
	Min	4.7%	49	5.9%	4.1%	0.4%
	Weighted average	6.6%	105	7.5%	6.1%	2.9%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development and assets accounted for using the equity method are not included in this table, as well as WFD's assets.
(a) Average annual rent (Minimum Guaranteed Rent) per asset per m². The computation takes into account the areas allocated to company restaurants.
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) Compounded Annual Growth Rate of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the office division's Net Initial Yield fell by -15 bps to 5.5% as at June 30, 2018.

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€169 Mn (-4.5%) of URW's office portfolio value (occupied and vacant spaces, excluding assets under development).

Convention & Exhibition

Based on these valuations, the average EBITDA yield (recurring earnings before interest, tax, depreciation and amortization divided by the value of assets, excluding estimated transfer taxes and transaction costs) of Viparis's consolidated venues increased by +9 basis points from December 31, 2017, to 5.4% as at June 30, 2018.

A change of +25 basis points of the WACC as determined at June 30, 2018 would result in a downward adjustment of -€117.9 Mn (-5.0%) of the Convention & Exhibition portfolio value.

5.1.2. Investment properties under construction at cost

(€Mn)	June 30, 2018	Dec. 31, 2017
Shopping Centres	**1,846.7**	**1,021.3**
France	345.5	323.7
United States [1]	245.0	-
Central Europe	33.5	32.6
Spain	122.9	117.6
United Kingdom [1]	486.3	-
Nordics	-	-
Austria	-	-
Germany	305.4	271.6
The Netherlands	308.1	275.8
Offices & Others	**500.3**	**314.3**
France	157.5	314.3
Other countries	342.8	-
Convention & Exhibition	**-**	**7.2**
Total	**2,347.0**	**1,342.8**

[1] WFD's projects under development were assessed at fair value as at May 31, 2018, as a result of acquisition accounting, and the value as at June 30, 2018, has been calculated by adding the June capital expenditures.

As at June 30, 2018, assets under construction valued at cost are notably:

- shopping centres extension and renovation projects such as La Part-Dieu (Lyon) and Mall of The Netherlands (Leidsenhage);
- shopping centres development such as the WFD Milano project (currently included in the UK region);
- office developments such as Sisters in La Défense;
- mixed-used projects such as Gaîté Montparnasse (Paris) and Überseequartier (Hamburg).

Assets still stated at cost were subject to impairment tests as at June 30, 2018. Allowances were booked for a total amount of €18.0 Mn.

(€Mn)	Gross value	Impairment	Total investment properties at cost
Dec. 31, 2017	**1,433.6**	**(90.9)**	**1,342.8**
Acquisitions	1.6	-	**1.6**
Entry into scope of consolidation [1]	1,124.1	-	**1,124.1**
Capitalised expenses [2]	196.0	-	**196.0**
Disposals/exits from the scope of consolidation	(50.5)	-	**(50.5)**
Reclassification and transfer of category [3]	(247.1)	-	**(247.1)**
Discounting impact	-	-	**-**
Impairment / reversal	-	(18.0)	**(18.0)**
Currency translation	(1.8)	-	**(1.8)**
June 30, 2018	**2,455.9**	**(108.9)**	**2,347.0**

(1) *Acquisition of Westfield Corporation on June 7, 2018 (see note 1 "Significant events of the first half of 2018").*
(2) *Capitalised expenses mainly refer to investments in Überseequartier development project as well as Mall of The Netherlands extension and renovation project.*
(3) *Refers mainly to the transfer to investment property under construction at fair value of Trinity office project and Vélizy 2 extension Retail project.*

5.2. Tangible assets

Net value (€Mn)	Operating assets [1]	Furniture and equipment	Total
Dec. 31, 2017	**148.0**	**68.2**	**216.3**
Acquisitions and capitalised expenses [2]	0.0	9.5	**9.5**
Entry into scope of consolidation [3]	-	63.3	**63.3**
Disposals/exits from the scope of consolidation	-	(0.0)	**(0.0)**
Depreciation	(1.0)	(8.0)	**(8.9)**
Impairment / reversal [4]	-	2.1	**2.1**
Currency translation	-	(0.1)	**(0.1)**
June 30, 2018	**147.1**	**135.1**	**282.1**

(1) *Related to the headquarters of the Group located at 7 Place Adenauer (Paris).*
(2) *Increase on Viparis assets and property services entities.*
(3) *Acquisition of Westfield Corporation on June 7, 2018 (see note 1 "Significant events of the first half of 2018").*
(4) *Impairment/reversal on Viparis assets according to the external appraisals.*

5.3. Goodwill

(€Mn)	Gross value	Impairment	Total
Dec. 31, 2017	**2,184.4**	**(1,662.0)**	**522.4**
Entry in the scope of consolidation [(1)]	3,366.8	-	**3,366.8**
Change	(0.7)	-	**(0.7)**
June 30, 2018	**5,550.5**	**(1,662.0)** [(2)]	**3,888.5**

(1) *Acquisition of Westfield Corporation on June 7, 2018 (see note 1 "Significant events of the first half of 2018").*
(2) *Relates mainly to the write off of part of the Rodamco Europe goodwill in 2007.*

Goodwill amounts to €3,888.5 Mn and breaks down as follows:

- €3,366.8 Mn comes from the preliminary goodwill recognised on Westfield Corporation acquisition (see note 1 "Significant events of the first half of 2018");
- €255.7 Mn corresponds to the potential tax optimisation existing at the date of acquisition on the UR assets;
- €266.0 Mn mainly related to the goodwill recognised on UR Germany in 2014 and represents the value of the fee business and the ability to generate and develop projects.

An impairment test was carried out on the goodwill which represents the potential tax optimisation existing on the UR assets. No further impairment was recognised as at June 30, 2018.

The goodwill which corresponds to the value of the fee business and the ability to generate development projects is based on an external appraisal, performed once a year as at December. No indication of an impairment loss was identified in the first semester.

5.4. Intangible assets

Net value (€Mn)	Rights and exhibitions	Other intangible assets	Total
Dec. 31, 2017	**163.8**	**8.3**	**172.2**
Acquisitions	-	0.7	**0.7**
Amortisation	(1.0)	(1.2)	**(2.3)**
Impairment / reversal [(1)]	14.8	-	**14.8**
June 30, 2018	**177.6**	**7.8**	**185.4**

(1) *The amount of reversal relates mainly to reversal on the Convention & Exhibition's intangible assets according to the external appraisals.*

A change of +25 basis points of the WACC of Viparis' intangible assets as determined at June 30, 2018 would result in a negative adjustment of -€25.6 Mn (-5.3%) on the appraisal value of the intangible assets.

5.5. Valuation movements on assets

This item reflects changes in market valuation of investment properties, impairment and reversal on tangible and intangible assets.

(€Mn)	H1-2018	H1-2017	2017
Investment properties at fair value	**336.5**	**1,080.6**	**1,440.1**
Shopping Centres	201.0	741.2	1,190.8
Offices & Others	181.5	246.3	342.5
Convention & Exhibition	(46.0)	93.0	(93.2)
Investment properties at cost	**(18.0)**	**(4.7)**	**(23.7)**
Tangible and intangible assets	**16.9**	**(2.7)**	**(52.0)**
Total	**335.4**	**1,073.2**	**1,364.4**

5.6. Amounts paid for works and acquisition/disposal of property assets (Consolidated statement of cash flows)

In the first half of 2018, amounts paid for works and acquisition of property assets amount to €558.2 Mn. They comprise acquisitions, transaction capitalised costs, works and capitalised expenses and are adjusted for the changes on amounts due on investments of the period.

Disposal of investment properties include disposals of the first half of 2018 and a receipt of a differed payment.

NOTE 6. SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

6.1. Changes in shares and investments in companies accounted for using the equity method

(€Mn)	June 30, 2018	Dec. 31, 2017
Shares in Shopping Centres and Convention & Exhibition companies	9,154.8[1]	1,165.5
Loans granted to Shopping Centres and Convention & Exhibition companies	810.9	747.8
Total shares and investments in companies accounted for using the equity method	**9,965.7**	**1,913.3**

(1) *An amount of €81.8 Mn of shares in companies accounted for using the equity method was reclassified on the line "Properties or shares held for sale" in the Consolidated Statement of financial position as at June 30, 2018.*

The increase of the "Shares in Shopping Centres and Convention & Exhibition companies" corresponds mainly to the acquisition of WFD (see note 1 "Significant events of the year") for the amount of €7,996.5 Mn as at June 30, 2018, of which €6,531.4 Mn in the US and €1,465.1 Mn in the UK.

The companies accounted for using the equity method acquired through the Westfield Corporation acquisition are jointly controlled.

The main items of the statements of financial position of joint ventures are presented in aggregate in the tables below. These items are stated in Group share including restatements for consolidation purposes.

(€Mn)	June 30, 2018	Dec. 31, 2017
Investment properties	11,247.7	1,392.7
Other non-current assets	1.4	1.9
Current assets	208.1	58.6
Total assets	**11,457.2**	**1,453.2**
Restated shareholders' equity	8,757.5	778.0
Deferred tax liabilities	109.1	103.9
Internal borrowings	169.3	107.6
External borrowings [1]	2,209.9	417.7
Other non-current liabilities	4.0	4.1
Current liabilities	207.4	41.9
Total liabilities	**11,457.2**	**1,453.2**

(1) *Includes current and non-current borrowings.*

6.2. Share of the result of companies accounted for using the equity method and income on financial assets

The contribution of affiliates breaks down as follows:

(€Mn)	H1-2018			H1-2017		
	Recurring activities	Non-recurring activities [1]	Result	Recurring activities	Non-recurring activities [1]	Result
Income from stake in Shopping Centres and Convention & Exhibition companies	60.0[2]	6.8	**66.8**	28.7	8.3	**37.1**
Total share of income from companies accounted for using the equity method	**60.0**	**6.8**	**66.8**	**28.7**	**8.3**	**37.1**
Interests on the loans granted to Shopping Centres companies	13.9	-	**13.9**	13.2	-	**13.2**
Total interests on loans granted to companies accounted for using the equity method	**13.9**	**-**	**13.9**	**13.2**	**-**	**13.2**

(1) *Corresponds mainly to the fair value adjustment on the underlying investment properties.*
(2) *Includes €28.7 Mn related to WFD (€23.2 Mn in the United States and €5.5 Mn in the United Kingdom).*

6.3. Transactions with related-parties (joint-ventures and associates)

To the Group's knowledge, there are neither shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the Group.

The main related party transactions refer to transactions with companies accounted for using the equity method.

(€Mn)	June 30, 2018	Dec. 31, 2017
Shopping Centres and Convention & Exhibition companies		
Loans [1]	813.0	757.0
Recognised interest	13.9	27.0
Current account in debit	2.9	2.0
Current account in credit	(8.7)	(8.9)
Asset management fees invoiced and other fees [2]	29.9	17.1

(1) *Corresponds to 100% of the financing in the shopping centres investment. The increase relates mainly to the acquisition of Westfield Corporation.*
(2) *The increase is mainly due to project management income on WFD.*

All of these transactions are based on market prices.

No transactions with related parties had a material impact on the Group consolidated financial statements.

NOTE 7. FINANCING AND FINANCIAL INSTRUMENTS

7.1. Financing result

7.1.1. Net financing costs

(€Mn)	H1-2018	H1-2017	2017
Security transactions	1.8	2.1	4.5
Other financial interest	4.8	2.5	4.9
Interest income on derivatives	58.2	53.3	110.1
Subtotal financial income	**64.8**	**57.9**	**119.5**
Security transactions	(0.4)	-	(0.4)
Interest on bonds and EMTNs	(139.7)	(128.7)	(258.0)
Interest and expenses on borrowings	(30.0)	(22.8)	(50.4)
Interest on partners' advances	(14.1)	(14.4)	(29.2)
Other financial interest	(1.9)	(1.7)	(2.4)
Interest expenses on derivatives	(10.6)	(11.7)	(25.8)
Financial expenses before capitalisation of financial expenses	**(196.7)**	**(179.3)**	**(366.2)**
Capitalised financial expenses	11.0	9.3	18.7
Subtotal net financial expenses	**(185.7)**	**(170.0)**	**(347.5)**
Total net financial costs	**(120.9)**	**(112.1)**	**(228.0)**

Financial income and expenses from the consolidated statement of cash flows correspond to cash amounts of financial interest paid and received during the period. They do not include any non-cash items such as accrued interest and amortisation of issuance costs.

7.1.2. Fair value adjustment of debts and derivatives

(€Mn)	H1-2018	H1-2017	2017
Mark-to-market of the ORNANEs	28.9	23.5	21.1
Currency impact	(16.9)	31.0	70.3
Restructuring of hedges and mark-to-market of derivatives	(108.2)	(75.9)	(90.1)
Debt discounting and other items	(4.2)	0.5	(2.2)
Total non-recurring financial result	**(100.4)**	**(20.9)**	**(0.9)**

7.2. Financial assets and liabilities

7.2.1. Loans and receivables and financial assets

As at June 30, 2018, loans and receivables and financial assets from the consolidated statement of financial position include mainly WFD equity interests in subsidiaries and unlisted investments.

7.2.2. Main financing transactions in the first half of 2018

- Four public EMTN bonds were issued in May 2018 for a total amount of € 3,000 Mn with the following features:

Amount	Maturity (years)
€800 Mn	3.0
€800 Mn	7.3
€900 Mn	12.7
€500 Mn	20.0

The weighted average maturity, coupon and spread over mid-swaps were ca. 10 years, 1.27% and 50bps, respectively.

- Two private placements were issued under URW's EMTN programme for a total amount of €540 Mn:
  - ✓ A €500 Mn Floating Rate Note (FRN) with a 2-year maturity;
  - ✓ A €40 Mn indexed bond swapped back to floating with a 15-year maturity.

In total, €3,540 Mn of bonds were issued with a weighted average maturity of 9 years versus an average duration of 14 years in 2017.

- A €400 Mn "green" revolving credit facility, with a 5-year maturity was signed on May 3, 2018.

- A USD 3,000 Mn (€2,573 Mn) revolving credit facility was signed by the Group on June 28, 2018, with a maturity of 4 years.

- In addition, URW issued €2,000 Mn of hybrid securities on April 16, 2018 in two tranches:
  - ✓ €1,250 Mn callable after 5.5 years;
  - ✓ €750 Mn callable after 8 years.

The hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option[1] and are required to be classified as equity under IFRS.

URW also accessed the money market by issuing short-term paper (BMTN and "*billets de trésorerie*"). The average amount of short-term paper outstanding in H1-2018 was €1,100 Mn (€1,378 Mn on average in 2017) including €948 Mn of *billets de trésorerie*.

As at June 30, 2018, the total amount of undrawn credit lines came to €6,995 Mn (€6,203 Mn as at December, 2017) and cash on-hand came to €584 Mn (€575 Mn as at December 31, 2017). The undrawn credit lines include USD929 Mn (ca. €797 Mn) from the Group's USD revolving credit facility.

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[1] Details on the hybrid securities at:
https://www.urw.com/-/media/Corporate~o~Sites/UR-Corporate/Files/Homepage/Investors/FINANCING~o~ACTIVITY/BOND~o~ISSUES/UR-Prospectus/2018_Prospectus-Hybrid.ashx

7.2.3. Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity (€Mn)	Current	Non-current		Total	Total
	Less than 1 year	1 year to 5 years	More than 5 years	June 30, 2018	Dec. 31, 2017
Net share settled bonds convertible into new and/or existing shares (ORNANE)	**-**	**991.5**	**-**	**991.5**	**1 ,020.8**
Principal debt	-	1,000.0	-	1,000.0	1,000.3
Mark-to-market of debt	-	(8.5)	-	(8.5)	20.5
Accrued interest	-	-	-	-	-
Bonds and EMTNs	**1,717.5**	**6,433.9**	**11,283.2**	**19,434.6**	**11,437.4**
Principal debt	1,725.6	6,449.2	11,283.6	19,458.4 (1)	11,378.1
Accrued interest	91.0	-	-	91.0	132.3
Issuance costs	(28.3)	-	-	(28.3)	(19.9)
Bond redemption premiums	(63.7)	-	-	(63.7)	(53.1)
Mark-to-market of debt	(7.1)	(15.3)	(0.4)	(22.8)	-
Bank borrowings	**338.3**	**2,772.7**	**511.2**	**3,622.2**	**1,285.9**
Principal debt	269.6	2,772.6	513.8	3,556.0	1,287.2
Accrued interest	70.5	-	-	70.5	5.2
Borrowings issue fees	(14.3)	-	-	(14.3)	(15.5)
Bank overdrafts & current accounts to balance out cash flow	8.7	-	-	8.7	9.0
Mark-to-market of debt	3.8	0.1	(2.6)	1.3	-
Other financial liabilities	**1,012.4**	**363.8**	**1,206.3**	**2,582.5**	**2,467.9**
Interbank market instruments and negotiable instruments	1,012.5	222.0	-	1,234.5	1,172.3
Accrued interest on interbank market instruments and negotiable instruments	(0.1)	-	-	(0.1)	(0.1)
Current accounts with non-controlling interests (2)	-	141.8	1,206.3	1,348.1	1,248.4
Other	-	-	-	-	47.3 (3)
Financial leases	**2.6**	**12.1**	**372.8**	**387.5**	**355.2**
Total	**3,070.8**	**10,574.0**	**13,373.5**	**27,018.3**	**16,567.2**

(1) *Include currency impacts on debt raised in foreign currency for an amount of +€123 Mn as at June 30, 2018 (+€30.2 Mn as at Dec. 31, 2017). The amount shown in the Financial Resources note (€19,335 Mn) corresponds to the amount of bonds after impact of derivatives instruments on debt raised in foreign currencies.*

(2) *They are considered as non-current as they are financing the related assets.*

(3) *Deferred payment for implemented hedging covering the EUR/USD foreign exchange risk for the full USD requirements of Westfield Corporation acquisition.*

The variation of financial debt by flows breaks down as follows:

	Dec. 31, 2017	Cash flows [1] Increase [2]	Cash flows [1] Decrease	Variation of accrued interests [3]	Non-cash flows Scope movements	Non-cash flows Currency translation	Non-cash flows Fair value impact	Non-cash flows Others	June 30, 2018
Net share settled bonds convertible into new and/or existing shares (ORNANE)	**1,020.8**	-	(0.3)	-	-	-	(29.0)	-	**991.5**
Bonds and EMTNs	**11,437.4**	3,515.7	0.0	(41.2)	4,521.9	(2.0)	0.6	2.1	**19,434.6**
Bank borrowings	**1,285.9**	23.6	(31.1)	14.4	2,319.4	11.1	(0.3)	(0.8)	**3,622.2**
Other financial liabilities	**2,467.9**	349.5	(234.8)	-	-	-	-	(0.1)	**2,582.5**
Financial leases	**355.2**	-	(1.0)	-	33.2	0.1	-	-	**387.5**
Total	**16,567.2**	**3,888.8**	**(267.2)**	**(26.8)**	**6,874.5**	**9.2**	**(28.7)**	**1.2**	**27,018.3**

(1) *The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.*
(2) *Net of bonds and EMTNs issuance costs and bank borrowings issue fees.*
(3) *The variation of accrued interest is included in lines Financial income / Financial expenses of the Consolidated statement of cash flows.*

7.2.4. Net share settled bonds convertible into new and/or existing shares (ORNANE)

As at June 30, 2018, the ORNANE are presented in the table below.

(€Mn)	Debt at fair value	Total fair value recognised in the profit and loss
ORNANE issued in 2012	-	0.1
ORNANE issued in 2014	501.9	23.3
ORNANE issued in 2015	489.6	5.5
Total	**991.5**	**28.9**

7.2.5. Characteristics of bonds and EMTNs (excluding ORNANE) issued on the first half of 2018

The new bonds and EMTNs issued in H1-2018 have the following characteristics:

Issue date	Rate	Amount at June 30, 2018 (€Mn)	Maturity
May 2018	Fixed rate 0.125%	800.0	May 2021
May 2018	Fixed rate 1.125%	800.0	September 2025
May 2018	Fixed rate 1.875%	900.0	January 2031
May 2018	Fixed rate 2.250%	500.0	May 2038
May 2018	Float rate (Erb3M + 10bps) (floored at 0%)	500.0	June 2020
May 2018	Fixed rate 2 % during 2 years then Constant Maturity Swap 10 years (floored at 0%. capped at 5%)	40.0	June 2033
Total		**3,540.0**	

7.2.6. Covenants

As at June 30, 2018, the LTV[1] ratio amounted to 38.0%, (37.1% on a pro-forma basis and 33.2% for UR on a stand-alone basis, both as at December 31, 2017).

The ICR[2] ratio stood at 7.1x for 2018 (>5x on a 2017 pro-forma basis and 6.7x in 2017 for UR on a stand-alone basis) as a result of strong rental growth, a controlled cost of debt and the WFD acquisition.

The ratios show ample headroom vis-à-vis the following bank covenants usually set at:

- For URW bank loans (in Europe):
  - a maximum loan to value of 60%;
  - a minimum ICR of 2x and;

- For the US revolving credit facility:
  - a maximum loan to value of 65%;
  - a minimum ICR of 1.5x;
  - a maximum of 50% for the Secured debt ratio[3];
  - a minimum of 1.5x for the Unencumbered leveraged ratio[4].

These covenants are tested twice a year based on the Group's consolidated financial statements.

As at June 30, 2018, 96% of the Group's credit facilities and bank loans allowed a loan to value of up to 60% for the Group or the borrowing entity, as the case may be.

There are no financial covenants (such as loan to value or ICR) in the EMTN, the CP and the USCP programs of UR.

The WFD bond indentures (144A and Regulation S bonds) contain financial covenants based on the Group's financial statements:

- a maximum loan to value of 65%;
- a minimum ICR of 1.5x;
- a maximum of 45% for the Secured debt ratio;
- a minimum of 1.25x for the Unencumbered leveraged ratio.

The medium to long-term corporate debt issued by various entities of URW benefits from cross guarantees from entities within the Group.

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[1] Loan-to-Value (LTV): Net financial debt / Total assets, including transfer taxes. Total assets include portfolio valuation and the Westfield goodwill.

[2] Interest Cover Ratio (ICR) = Recurring EBITDA / Recurring Net Financial Expenses (including capitalised interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortisation.

[3] Secured debt ratio = Secured debt / Total assets.

[4] Unencumbered leverage ratio = unencumbered assets / unsecured debt.

7.2.7. Market value of the debt

The market value of URW's fixed-rate and index-linked debt is presented in the table below.

	June 30, 2018		Dec. 31, 2017	
(€Mn)	**Carrying value**	**Market value**	**Carrying value**	**Market value**
Fixed-rate and index-linked debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	21,713.9 (1)	22,004.7	13,333.2 (1)	13,911.8

(1) *ORNANE included, at market value (see § 7.2.3 "ORNANE").*

Financial debt is valued at market value based on market rates and on spread issuers at each closing date.

7.2.8. Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	June 30, 2018	Dec. 31, 2017
Amounts accounted for in B/S		
Net share settled bonds convertible into new and/or existing shares (ORNANE)	991.5	1,020.8
Long-term bonds and borrowings	22,571.1	12,889.6
Current borrowings and amounts due to credit institutions	3,068.2	2,301.6
Total financial liabilities	**26,630.8**	**16,212.0**
Adjustments		
Mark-to-market of debt	30.0	(20.5)
Current accounts with non-controlling interests	(1,348.1)	(1,248.4)
Impact of derivatives instruments on debt raised in foreign currency	(124.3)	(30.2)
Accrued interest / issuance fees	(55.1)	(48.9)
Total financial liabilities (nominal value) (1)	**25,133.3**	**14,864.0**
Cash & cash equivalents	(584.1)	**(574.7)**
Net financial debt	**24,549.2**	**14,289.3**

(1) *Bank overdrafts & current accounts to balance out cash flow are included in the total financial liabilities, in 2018 for €8.7 Mn and in 2017 for €9.0 Mn.*

Net cash at period-end

(€Mn)	June 30, 2018	Dec. 31, 2017
Available for sale investments [1]	8.4	297.9
Cash	575.7	276.8
Total Asset	**584.1**	**574.7**
Bank overdrafts & current accounts to balance out cash flow	(8.7)	(9.0)
Total Liabilities	**(8.7)**	**(9.0)**
Net cash at period-end	**575.4**	**565.7**

[1] *This item includes investments in money-market SICAV (marketable securities).*

7.3. Fair value hierarchy of financial assets and liabilities

The table below presents the fair value breakdown among the three hierarchical levels defined by IFRS 13.

(€Mn)	**Fair value measurement at June 30, 2018**			
	Total	Level 1	Level 2	Level 3
Assets				
Fair value through profit or loss				
Derivatives	311.4	-	311.4	-
Available for sale investments	8.4	8.4	-	-
Total	**319.8**	**8.4**	**311.4**	**-**
Liabilities				
Fair value through profit or loss				
ORNANE	991.5	991.5	-	-
Derivatives	428.9	-	428.9	-
Total	**1,420.4**	**991.5**	**428.9**	**-**

7.4. Management of exchange risks

7.4.1. Measure of exposure to foreign exchange risks as at June 30, 2018 (€Mn)

The Group has extended its activities and investments in countries outside the Eurozone following the WFD acquisition. When converted into euros, the income and value of the Group's investments may be influenced by fluctuations in exchange rates against the euro. The Group's policy objective is to apply a consistent LTV by currency allowing it to match part of the foreign currency asset value and income with debt and financial expenses in the same currency, thus reducing the exchange rate effects on net asset value and earnings. Foreign exchange risk can be hedged by either matching investments in a specific currency with debt in the same currency, or using derivatives to achieve the same risk management goal.

Currency risk during the building period of pipeline investments is covered as early as possible after signing the actual building contract.

Currency	Assets[(1)]	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
USD	12,850.6	(7,423.4)	**5,427.2**	600.4	**6,027.6**
GBP	4,102.7	(1,224.9)	**2,877.8**	(520.4)	**2,357.5**
SEK	2,759.8	(991.6)	**1,768.2**	-	**1,768.2**
Others	525.4	(684.4)	**(159.0)**	609.5	**450.5**
Total	**20,238.5**	**(10,324.3)**	**9,914.2**	**689.6**	**10,603.8**

(1) *Since the analysis for the allocation of the remaining goodwill arising on Westfield Corporation acquisition is on-going, the amount remains in euros at this stage.*

7.4.2. Exposure sensitivity to currency exchange rate

The main exposures kept are in USD, GBP and SEK. A change of 10% change of EUR/USD, EUR/GBP or EUR/SEK (i.e. a 10% increase of EUR against the USD, GBP or SEK) would have an impact on shareholders' equity and the recurring result as follows:

(€Mn)	June 30, 2018	
	Recurring result Gain/(Loss)	**Equity Gain/(Loss)**
Impact of an increase of +10% in the EUR/USD exchange	(20.5)	(547.9)
Impact of an increase of +10% in the EUR/GBP exchange	(6.6)	(214.3)
Impact of an increase of +10% in the EUR/SEK exchange	(5.1)	(160.7)

NOTE 8. TAXES

8.1. Income tax expenses

(€Mn)	H1-2018	H1-2017	2017
Recurring deferred and current tax on:			
- Allocation / reversal of provision concerning tax issues	16.0	(0.4)	(1.4)
- Other recurring results	(15.7)	(1.4)	(16.3)
Total recurring tax	**0.3**	**(1.8)**	**(17.7)**
Non-recurring deferred and current tax on:			
- Change in fair value of investment properties and impairment of intangible assets [(1)]	(59.6)	1.5	(51.7)
- Other non-recurring results	(18.3)	(18.6)	(27.8)
- 3% tax levied on cash dividends (French companies)	-	(8.1)	30.6
- Impairment of goodwill justified by taxes	-	-	(7.6)
Total non-recurring tax	**(77.9)**	**(25.2)**	**(56.5)**
Total tax	**(77.6)**	**(27.0)**	**(74.2)**
Total tax due	(14.4)	(11.7)	(25.5)

(1) *H1-2017 is impacted by the reversal of deferred tax liabilities following the entry of company into a specific tax regime for property companies.*

8.2. Deferred taxes

H1-2018 change

(€Mn)	Dec. 31, 2017	Increase	Decrease	Reclassifi-cations	Scope impacts	Currency translation	June 30, 2018
Deferred tax liabilities	**(1,849.0)**	**(62.8)**	**2.3**	**-**	**(1,863.3)**	**4.2**	**(3,768.6)**
Deferred tax on investment properties	(1,813.0)	(61.3)	2.1	-	(1,863.3)	4.2	(3,731.3)
Deferred tax on intangible assets	(36.0)	(1.5)	0.2	-	-	-	(37.3)
Other deferred tax	**96.5**	**0.6**	**(15.9)**	**(1.6)**	**(6.0)**	**3.2**	**76.8**
Tax loss carry-forward [(1)]	91.7	0.5	(10.3)	8.1	-	(0.2)	89.9
Other [(1)]	4.8	0.1	(5.6)	(9.7)	(6.0)	3.4	(13.0)
Total deferred tax liabilities	**(1,752.5)**	**(62.2)**	**(13.6)**	**(1.6)**	**(1,869.3)**	**7.4**	**(3,691.8)**
Deferred tax assets							
Tax loss carry-forward	27.9	0.3	(0.2)	(8.1)	-	-	19.9
Other deferred tax assets	(6.0)	(3.5)	-	9.7	9.0	0.2	9.4
Total deferred tax assets	**21.9**	**(3.2)**	**(0.2)**	**1.6**	**9.0**	**0.2**	**29.3**

(1) *Deferred tax assets and liabilities within a same tax group are offset.*

Deferred tax liabilities on properties refer to:

1) those countries where there is no tax efficient status comparable to that of France (SIIC), providing a tax exemption on recurring income and capital gains on property sales with an obligation to distribute part of their net result, or
2) to countries where such tax efficient status does exist, but where the structure of URW in its current form and under current legislation would lead to tax amounts to be paid in case of capital gains on property sales.

It is expected that the Dutch tax authorities will deny the FBI status for UR's Dutch activities for 2010 onwards. The Group does not agree with this position. As at June 30, 2018, a deferred tax liability of €86.7 Mn was booked on the Dutch investment properties. A deferred tax asset for the same amount based on tax losses carry-forward was recognised. Both amounts were netted. In this context of uncertainty, no other deferred tax asset has been recognised for significant Dutch tax-loss carry forwards.

NOTE 9. PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgment of the management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from the subsequent actual events.

H1-2018 change

(€Mn)	Dec. 31, 2017	Allocations	Reversals used	Reversals not used	Changes in scope of consolida-tion (2)	Other movements	June 30, 2018
Long-term provisions	**30.5**	**1.0**	**(0.7)**	**(17.6)**	**-**	**-**	**13.3**
Provisions for litigation	22.7	0.2	(0.1)	(17.3) (1)	-	-	5.6
Other provisions	7.8	0.8	(0.6)	(0.3)	-	-	7.7
Short-term provisions	**13.2**	**1.8**	**(1.8)**	**(1.7)**	**11.5**	**(0.4)**	**22.5**
Provisions for litigation	11.0	1.0	(1.2)	(1.5)	8.9	(0.4)	17.8
Other provisions	2.2	0.8	(0.6)	(0.2)	2.6	-	4.7
Total	**43.7**	**2.8**	**(2.5)**	**(19.3)**	**11.5**	**(0.4)**	**35.8**

(1) *Relates to the reversal of tax provision.*
(2) *Corresponds to the entry of WFD into the scope.*

NOTE 10. EMPLOYEE BENEFITS

10.1. Share-based payments

Company Savings Plan

Subscription to the Company Savings Plan is offered to employees in France who have been with the Group for more than three months. The subscription period is opened once per year, after the share capital increase reserved to employees has been authorized by the Management Board, which also sets the subscription price. The subscription price is equal to the average of the opening share prices on the Eurolist of Euronext Paris over the 20 trading days preceding the decision of the Management Board, less a 20% discount. The Group also makes a top-up contribution applied exclusively to voluntary contributions (including profit-sharing), made by employees to the Group E Fund (fund fully vested in UR shares). These voluntary contributions are limited to a maximum of one quarter of the annual salary with a cap of €25,000 (for shares acquired at the discount).
The total cost of subscriptions to the Company Savings Plan (employer contribution and difference between the subscription price and the share price on the date of the capital increase) amounted to €3.0 Mn in the first half of 2018 compared to €1.5 Mn in 2017.

Stock option plans

There are currently three plans for stock options granted to Directors and employees of the Group, all subject to performance conditions. These stock options have a duration of seven years and may be exercised at any time, in one or more installments, as from the 4th anniversary of the date of their allocation. The right to exercise stock options is subject to UR's share price performance being higher in percentage terms than that of the EPRA benchmark index over the reference period.
For the plans granted in March 2017 and March 2018, an internal performance metric The Recurring Earnings per Share (REPS) has been introduced in addition to the external performance condition (TSR).

The performance-related stock-options allocated in March 2018 were valued at €5.93 for those with a TSR condition and at €6.82 for those with Recurring Earnings per Share condition (REPS), using a Monte Carlo model.

This valuation is based on an initial exercise price of €190.09, a share price at the date of allocation of €187.45, a vesting period of four years, an estimated duration of 4.7 years, a market volatility of 14.7%, a dividend representing 5.0% of the share value, a risk-free interest rate of 0.15% and a volatility of EPRA Eurozone Retail and Office index of 11.2% with a correlation EPRA/UR of 83.5%.

Stock options are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to stock options came to €1.6 Mn in the first half of 2018 and €2.5 Mn in the first half of 2017.

The table below shows allocated stock options not exercised at the period-end:

Plan		Exercise period (1)	Adjusted subscription price (€) (2)	Number of options granted	Adjustments in number of options (2)	Number of options cancelled	Number of options exercised	Potential additional number of shares (3)
2010 plan (n° 6)	2011	from 11/03/2015 to 10/03/2018	141.54	753,950	15,059	182,626	586,383	-
2011 plan (n° 7)	2011	from 10/06/2015 to 09/06/2018	152.03	26,000	-	-	26,000	-
	2012	from 15/03/2016 to 14/03/2019	146.11	672,202	-	156,067	486,429	29,706
	2013	from 05/03/2017 to 04/03/2020	173.16	617,066	-	150,361	354,047	112,658
	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	187,442	22,031	396,614
2015 plan (n°8)	2015	from 04/03/2019 to 03/03/2022	256.81	615,860	-	161,088	-	454,772
	2015	from 05/09/2019 to 04/09/2022	238.33	7,225	-	2,125	-	5,100
	2016	from 09/03/2020 to 08/03/2023	227.24	611,608	-	96,053	1,913	513,642
2017 plan (n°9)	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	46,754	-	564,857
	2018	from 06/03/2022 to 05/03/2025	190.09	630,135	-	-	-	630,135
Total				**5,151,744**	**15,059**	**982,516**	**1,476,803**	**2,707,484**

(1) *Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.*
(2) *Adjustments reflect distribution paid from retained earnings.*
(3) *All the options are subject to one or more performance conditions.*

Performance share plan

All the shares are subject to external performance conditions, except those allocated in May 2018 which are only subject to internal performance conditions.
The shares allocated in March 2018 and in March 2017 are subject to external and internal performance conditions.

The awards allocated in May 2018 were valued, using a Monte Carlo model, at €152.68 for the French tax resident and €155.98 for other beneficiaries. This valuation is based on a share price at the date of allocation of €191.50, a vesting period of three years for French tax resident and four years for others, and a dividend representing 5.0% of the share value.

The awards allocated in March and May 2018 were valued, using a Monte Carlo model, as follows:

	External performance condition (TSR)	Internal performance condition (REPS)
French tax resident beneficiaries	€68.47	€149.54
Others beneficiaries	€69.99	€152.68

This valuation is based on a share price at the date of allocation of €187.45, a vesting period of three years for French tax resident and four years for other beneficiaries, a market volatility of 14.7%, a volatility of EPRA Eurozone Retail and Office index of 11.2% with a correlation EPRA/UR of 83.5%, a dividend representing 5.0% of the share value and risk-free interest rates of -0.18%.

Performance shares are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to performance shares came to €2.1 Mn in the first half of 2018 and €1.8 Mn in the first half of 2017.

The table below shows allocated performance shares not exercised at the period-end:

Starting date of the vesting period (1)	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares (2)
2012	44,975	10,479	34,496	-
2013	36,056	7,632	28,424	-
2014	36,516	9,579	26,937	-
2015	37,554	9,748	18,699	9,107
2016	36,745	5,716	-	31,029
2017	39,770	3,110	-	36,660
March 2018	82,539	-	-	82,539
May 2018	38,130	-	-	38,130
Total	**352,285**	**46,264**	**108,556**	**197,465**

(1) *For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested. For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.*

(2) *All the shares are subject to one or more performance conditions.*

10.2. Remuneration of the Management Board and the Supervisory Board

On May 17, 2018, UR's combined General Meeting of shareholders approved the new remuneration policy and all its components applicable to the Management Board members, as well as the annual fees to be received by the Supervisory members, subject to and as from the completion of the Westfield Corporation acquisition.

The remuneration policy of members of the Management Board and the Supervisory Board, applicable as from June 7th, 2018 is described in the section 10.4.1 of the Prospectus dated March 28, 2018, approved by the AMF with the visa number 18-0102.

NOTE 11. SHARE CAPITAL AND DIVIDENDS

11.1. Number of shares

Change in share capital

	Total number of shares
As at Dec. 31, 2017	**99,856,676**
Capital increase following the acquisition of Westfield Corporation	38,319,974
Capital increase reserved for employees under Company Savings Plan	40,388
Exercise of stock options	39,939
Shares granted	26,240
As at June 30, 2018	**138,283,217**

Average number of shares diluted and undiluted

	H1-2018	H1-2017	2017
Average number of shares (undiluted)	**106,260,433**	**99,625,133**	**99,744,934**
Dilutive impact			
Potential shares via stock options [(1)]	34,266	21,741	6,714
Attributed performance shares (unvested) [(1)]	143,845	27,436	26,129
Potential shares via ORNANE	3,469,345	3,359,055	3,369,693
Potential shares via ORA	7,662	7,663	7,662
Average number of shares (diluted)	**109,915,551**	**103,041,027**	**103,155,132**

[(1)] *Correspond only to shares or stock options and attributed performance shares which are in the money and for which the performance conditions are fulfilled.*

11.2. Dividends

On May 17, 2018, UR's combined General Meeting of shareholders resolved to distribute a dividend of €10.80 per share.

The cash dividend amounted to €1,079.2 Mn. An interim dividend of €539.5 Mn was paid on March 29, 2018. The balance dividend was paid on May 30, 2018.

NOTE 12. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

All significant commitments are shown below. The Group does not have any complex commitments.

12.1. Commitments given

Commitments given (€Mn)	Description	Maturities	June 30, 2018	Dec. 31, 2017
1) Commitments related to the scope of the consolidated Group			**115.1**	**98.7**
Commitments for acquisitions	- Purchase undertakings and earn-out	2019 to 2020	51.3	34.1
Commitments given as part of specific transactions	- Warranties and bank letters of credit given in the course of the ordinary business	2019+	63.8	64.6
2) Commitments related to Group financing			**1,428.6**	**937.2**
Financial guarantees given	- Mortgages and first lien lenders (1)	2018 to 2027	1,428.6	937.2
3) Commitments related to Group operational activities			**2,940.4**	**1,957.9**
Commitments related to development activities	- Properties under construction: residual commitments for works contracts and forward purchase agreements	2018+	1,220.0	891.7
	- Residual commitments for other works contracts	2018+	10.7	26.2
	- Commitments subject to conditions precedent	2019 to 2027	276.2	328.3
Commitments related to operating contracts	- Commitments for construction works (2)	2018 to 2064	435.2	459.4
	- Rental of premises and equipment (3)	2018 to 2026	722.6	47.3
	- Other	2018+	275.7	205.1
Total commitments given			**4,484.0**	**2,993.8**

(1) *The outstanding balances at the reporting date of the debts and drawn credit lines which are secured by mortgages. The gross amount of mortgages, before taking into account subsequent debt reimbursement and unused credit lines, was €1,462.9 Mn as at June 30, 2018 (€970.8 Mn as at Dec. 31, 2017).*

(2) *Under the 50-year lease contract to operate Porte de Versailles (Paris), an amount of €497,0 Mn for renovation works and €227.2 Mn for the maintenance works (i.e. €724.2 Mn, of which €295.1 Mn have already been invested) have to be spent, representing an initial commitment of €362.1 Mn in Group share.*

(3) *Relates mainly to the lease payables of WFD.*

Commitments relating to Group financing

The €2,000 Mn hybrid securities issued on April 16, 2018 are deeply subordinated perpetual instruments with a coupon deferral option. The interests are to be paid when a mandatory payment event occurred, such as the approval of a dividend payment.

Other unquantifiable commitments given related to the scope of the consolidated Group

- For a number of recent acquisitions of properties in France, Unibail-Rodamco SE has committed to the French tax authorities to retain these interests for at least five years, in accordance with the SIIC tax regime.

- For a number of disposals, the Group granted usual representations and warranties to the purchasers.

- The agreements in connection with joint investments with partners may include usual clauses like (i) a lock-up period during which the shareholders have to retain their interest in shared subsidiaries or (ii) arrangements pursuant to which the parties can organise the exit of the shareholders (for example: right of first offer, tag-along right in case the partner sells its shares to a third party).

Other commitments given related to Group operational activities

- The Group's 50% subsidiary SCI Propexpo has committed that the Espace Champerret venue in Paris, France, will continue to be used as an exhibition hall until 2066.

- In a number of countries in which the Group is operating, specific tax regimes for real estate companies exist. For many companies of the Group, eligible for such regimes, it has been opted for to use those specific regimes. Although the details of those regimes are not exactly the same for all countries, one of the standard elements is a requirement to distribute all/nearly all of the recurring income, a large part of the capital gains and all dividends received from other companies that opted for the application of such specific regime.

- In 2014, the City of Brussels selected UR as the co-developer, with its partners BESIX and CFE, of the NEO project. BESIX has the possibility to increase its interest in the Mall of Europe from 12.5% to 20%.
  CFE has an option to sell its shares in the Mall of Europe to UR from December 31 following the opening of the shopping centre and during a period of one year. If the put is not exercised, the Group has an option to buy CFE's shares in the Mall of Europe.
  BESIX has an option to sell its shares in the Mall of Europe to UR from the end of the second full year after the opening of the shopping centre and lasting 38 months from such date.
  Unibail-Rodamco SE together with the parent companies of BESIX and CFE provided guarantees to the City of Brussels with respect of all payment obligations of the joint ventures which will develop the project.
  Several counter guarantees were provided between Unibail-Rodamco SE, BESIX and CFE, to ensure that each joint venture shall not bear any financial consequence beyond its program and that the ultimate shareholder shall not bear more than its share in each joint venture.

12.2. Commitments received

Commitments received (€Mn)	Description	Maturities	June 30, 2018	Dec. 31, 2017
1) Commitments related to the scope of the consolidated Group			**37.5**	**35.7**
Commitments for acquisitions	- Sales undertakings	2019 to 2020	1.8	-
Commitments received as part of specific transactions	- Representations and warranties	2019	35.7	35.7
2) Commitments related to Group financing			**6,994.6**	**6,203.4**
Financial guarantees received	- Undrawn credit lines (1)	2018+	6,994.6	6,203.4
3) Commitments related to Group operational activities			**733.5**	**624.7**
Other contractual commitments received related to operations	- Bank guarantees on works and others	2018+	10.1	12.4
	- Other	2019 to 2024	181.8	122.9
Assets received as security, mortgage or pledge, as well as guarantees received	- Guarantees received relating to Hoguet regulation (France)	2019	124.5	150.4
	- Guarantees received from tenants	2018+	355.8	286.8
	- Guarantees received from contractors on works	2018 to 2023	61.3	52.1
Total commitments received			**7,765.6**	**6,863.8**

(1) *These agreements are usually accompanied by a requirement to meet specific target ratios based on revalued shareholders' equity, Group portfolio valuation and debt. Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these thresholds on target ratios are not expected to be attained during the current year. A total amount of €420 Mn is guaranteed by mortgages as at June 30, 2018.*

Commitments relating to entities' interests in joint ventures and associates

Following the acquisition of a stake in the German shopping centre CentrO in May 2014, the vendor has provided an unlimited tax guarantee in proportion to the stake acquired for any tax claim related to previous years that may arise after the acquisition date. The vendor has also guaranteed a certain amount of tax losses carried forward available at the date of acquisition.

12.3. Contingent liabilities

The Group is involved in an arbitration procedure with PEAB involving claims regarding the development of Mall of Scandinavia. The process involves claims by both sides and is expected to take time to resolve.
Based on the risk analysis as of June 30, 2018, no provision was recorded in the consolidated accounts.

NOTE 13. SUBSEQUENT EVENTS

The Group disposed of a number of and entered into another agreement to dispose of non-core assets.

On July 2, 2018, URW disposed of Orebro hotel in Stockholm.

On July 24, 2018, URW announced it had entered into an agreement to sell the Capital 8 office building to Invesco. The closing of this transaction is expected to occur in Q4-2018.

The total Net Disposal Price (NDP)[1] of these two assets was €791 Mn.

On July 31, URW disposed of four shopping centres in Spain (El Faro, Bahia Sur, Los Arcos and Vallsur) for a NDP of €449 Mn.

In addition, on August 23, URW disposed of Horton Plaza in San Diego and generated a NDP of €81 Mn.

[1] Net Disposal Price (NDP): Total Acquisition Cost (TAC) incurred by the acquirer minus all transfer taxes and transaction costs.

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying consolidated interim financial statements of Unibail-Rodamco SE, for the period from January 1 to June 30, 2018;
- the verification of the information presented in the half-yearly management report.

These consolidated interim financial statements are the responsibility of the management Board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the consolidated interim financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the consolidated interim financial statements.

Paris-La Défense, August 29, 2018

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Pascal Colin	Jean-Yves Jégourel

On January 29, 2018, the Management Board approved the consolidated financial statements of Unibail-Rodamco SE for the year ended December 31, 2017 and authorised their publication.

These consolidated financial statements will be submitted to the approval of the Annual General Meeting expected to be in May 2018.

5.1. CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist.

5.1.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€Mn)	Notes	2017	2016
Gross rental income	4.3.1	1,822.3	1,770.3
Ground rents paid	4.3.2	(18.1)	(17.4)
Net service charge expenses	4.3.2	(22.8)	(29.2)
Property operating expenses	4.3.2	(198.7)	(195.2)
Net rental income		**1,582.6**	**1,528.5**
Corporate expenses		(117.3)	(116.8)
Development expenses		(3.6)	(5.9)
Depreciation of other tangible assets		(2.2)	(2.2)
Administrative expenses	**4.3.4**	**(123.1)**	**(124.9)**
Acquisition and related costs	**4.3.5**	**(62.4)**	**(1.3)**
Revenues from other activities		256.1	261.3
Other expenses		(176.3)	(175.1)
Net other income	**4.3.3**	**79.8**	**86.2**
Proceeds from disposal of investment properties		592.5	973.9
Carrying value of investment properties sold		(518.7)	(882.7)
Result on disposal of investment properties	**5.6**	**73.8**	**91.2**
Proceeds from disposal of shares		27.3	25.9
Carrying value of disposed shares		(27.3)	(20.9)
Result on disposal of shares	**3.3.2**	**0.0**	**5.0**
Valuation gains on assets		1,770.0	2,244.0
Valuation losses on assets		(405.6)	(238.2)
Valuation movements on assets	**5.5**	**1,364.4**	**2,005.8**
Impairment of goodwill/Negative goodwill	**5.4**	**(9.2)**	**-**
NET OPERATING RESULT BEFORE FINANCING COST		**2,906.0**	**3,590.5**
Result from non-consolidated companies		0.9	0.4
Financial income		*119.5*	*88.8*
Financial expenses		*(347.5)*	*(343.7)*
Net financing costs	7.2.1	(228.0)	(254.9)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	7.2.2/7.3.4	21.1	37.0
Fair value adjustments of derivatives and debt	7.2.2/7.4.2	(21.3)	(276.8)
Debt discounting	7.2.2	(0.7)	(0.6)
Share of the result of companies under the equity method	6.3	91.6	(13.3)
Income on financial assets	6.3	27.0	18.3
RESULT BEFORE TAX		**2,796.7**	**3,100.6**
Income tax expenses	8.2	(74.2)	(283.2)
NET RESULT FOR THE PERIOD		**2,722.5**	**2,817.4**
Non-controlling interests	3.4.2	283.0	408.4
NET RESULT (OWNERS OF THE PARENT)		**2,439.5**	**2,409.0**
Average number of shares (undiluted)	11.2	99,744,934	99,153,052
Net result for the period (Owners of the parent)		2,439.5	2,409.0
Net result for the period per share (Owners of the parent) (€)		**24.5**	**24.3**
Net result for the period restated (Owners of the parent)*	11.2	2,418.4	2,372.0
Average number of shares (diluted)	11.2	103,155,132	102,762,477
Diluted net result per share (Owners of the parent) (€)		**23.4**	**23.1**

* *The impact of the fair value of the ORNANE and the related financial expenses are restated from the net result of the period if it has a dilutive impact.*

5.

Net comprehensive income *(€Mn)*	Notes	**2017**	2016
NET RESULT FOR THE PERIOD		**2,722.5**	**2,817.4**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		(16.9)	(130.0)
Cash flow hedge		-	0.7
Revaluation of shares available for sale		-	(0.4)
Other comprehensive income which can be reclassified to profit or loss		**(16.9)**	**(129.7)**
Employee benefits – will not be reclassified into profit or loss		**0.2**	**-**
Other comprehensive income		**(16.7)**	**(129.7)**
NET COMPREHENSIVE INCOME		**2,705.8**	**2,687.7**
Non-controlling interests		283.1	408.4
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)		**2,422.7**	**2,279.3**

5.1.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€Mn)	Notes	12/31/2017	12/31/2016
Non current assets		**41,650.8**	**39,509.3**
Investment properties	**5.1**	**38,524.3**	**36,380.9**
Investment properties at fair value		*37,181.5*	*35,426.9*
Investment properties at cost		*1,342.8*	*954.0*
Other tangible assets	5.2	216.3	219.8
Goodwill	5.4	522.4	539.9
Intangible assets	5.3	172.2	229.4
Loans and receivables	7.3.1	76.8	113.3
Financial assets		30.8	25.1
Deferred tax assets	8.3	21.9	24.0
Derivatives at fair value	7.4.2	172.8	268.8
Shares and investments in companies under the equity method	6.2	1,913.3	1,708.2
Current assets		**1,590.2**	**1,235.8**
Derivatives at fair value	**7.4.2**	**57.9**	**-**
Trade receivables from activity		**416.5**	**369.0**
Other trade receivables		**541.1**	**466.6**
Tax receivables	4.2	216.2	217.7
Other receivables	7.3.1	251.6	136.4
Prepaid expenses		73.3	112.5
Cash and cash equivalents	**7.3.9**	**574.7**	**400.1**
Available for sale investments		297.9	38.2
Cash		276.8	362.0
TOTAL ASSETS		**43,241.0**	**40,745.0**
Shareholders' equity (Owners of the parent)		**18,916.2**	**17,465.3**
Share capital		499.3	497.0
Additional paid-in capital		6,470.7	6,402.3
Bonds redeemable for shares		1.1	1.2
Consolidated reserves		9,715.9	8,349.3
Hedging and foreign currency translation reserves		(210.3)	(193.4)
Consolidated result		2,439.5	2,409.0
Non-controlling interests		**3,777.0**	**3,554.4**
TOTAL SHAREHOLDERS' EQUITY		**22,693.2**	**21,019.7**
Non current liabilities		**16,851.6**	**16,209.9**
Long-term commitment to purchase non-controlling interests	3.4.1	-	40.9
Net share settled bonds convertible into new and/or existing shares (ORNANE)	7.3.3/7.3.4	1,020.5	1,049.4
Long-term bonds and borrowings	7.3.3	12,889.6	12,223.7
Long-term financial leases	7.3.3	353.2	355.4
Derivatives at fair value	7.4.2	315.8	327.9
Deferred tax liabilities	8.3	1,752.5	1,690.2
Long-term provisions	9	30.5	33.6
Employee benefits	10.3.1	9.3	9.2
Guarantee deposits		223.9	208.1
Tax liabilities		0.1	0.1
Amounts due on investments		256.2	271.4
Current liabilities		**3,696.2**	**3,515.4**
Current commitment to purchase non-controlling interests	**3.4.1**	**7.0**	**-**
Amounts due to suppliers and other current debt		**1,161.6**	**1,314.3**
Amounts due to suppliers		187.5	150.4
Amounts due on investments	**1**	425.9	326.5
Sundry creditors	**6.6**	340.5	625.0
Other liabilities		207.7	212.3
Current borrowings and amounts due to credit institutions	**7.3.3**	**2,301.9**	**2,005.6**
Current financial leases	**7.3.3**	**2.0**	**6.1**
Tax and social security liabilities		**210.5**	**179.1**
Short-term provisions	**9**	**13.2**	**10.3**
TOTAL LIABILITIES AND EQUITY		**43,241.0**	**40,745.0**

5.1.3. CONSOLIDATED STATEMENT OF CASH FLOWS

(€Mn)	Notes	2017	2016
OPERATING ACTIVITIES			
Net result		**2,722.5**	**2,817.4**
Depreciation & provisions[1]		(7.9)	(0.1)
Impairment of goodwill/Negative goodwill		9.2	-
Changes in value of property assets		(1,364.4)	(2,005.8)
Changes in value of financial instruments		0.2	239.8
Discounting income/charges		0.7	0.6
Charges and income relating to stock options and similar items		9.2	9.8
Net capital gains/losses on disposal of shares		0.0	(5.0)
Net capital gains/losses on sales of properties[2]		(73.8)	(91.2)
Share of the result of companies under the equity method		(91.6)	13.3
Income on financial assets		(27.0)	(18.3)
Dividend income from non-consolidated companies		(0.1)	(0.4)
Net financing costs	7.2.1	228.0	254.9
Income tax charge		74.2	283.2
Cash flow before net financing costs and tax		**1,479.2**	**1,498.2**
Income on financial assets		27.0	18.3
Dividend income and result from companies under equity method or non consolidated		5.3	7.4
Income tax paid		(25.5)	(12.6)
Change in working capital requirement		0.5	46.7
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**1,486.5**	**1,558.0**
INVESTMENT ACTIVITIES			
Property activities		**(1,017.2)**	**(377.5)**
Acquisition of consolidated shares	3.3.1	(85.1)	(13.6)
Amounts paid for works and acquisition of property assets	5.6	(1,368.2)	(1,343.7)
Exit tax payment		-	(0.1)
Repayment of property financing		23.2	54.4
Increase of property financing	6.6	(300.6)	(29.4)
Disposal of shares/consolidated subsidiaries	3.3.2	121.0	31.6
Disposal of investment properties	5.6	592.5	923.3
Financial activities		**(7.7)**	**(9.5)**
Acquisition of financial assets		(10.0)	(11.3)
Disposal of financial assets		2.5	1.7
Change in financial assets		(0.2)	0.1
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**(1,024.9)**	**(386.9)**
FINANCING ACTIVITIES			
Capital increase of parent company		77.9	95.4
Purchase of own shares		(7.3)	-
Change in capital from companies with non controlling shareholders		2.2	0.1
Distribution paid to parent company shareholders	11.3	(1,018.3)	(963.1)
Dividends paid to non-controlling shareholders of consolidated companies		(66.2)	(54.8)
New borrowings and financial liabilities		1,941.4	2,519.0
Repayment of borrowings and financial liabilities		(990.1)	(2,311.9)
Financial income	7.2.1	95.9	82.3
Financial expenses	7.2.1	(318.8)	(336.3)
Other financing activities	7.3.7	(10.1)	(114.1)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**(293.4)**	**(1,083.4)**
Change in cash and cash equivalents during the period		**168.2**	**87.8**
Cash at the beginning of the year		**396.0**	**320.1**
Effect of exchange rate fluctuations on cash held		**1.5**	**(11.9)**
CASH AT PERIOD-END	**7.3.9**	**565.7**	**396.0**

(1) Includes straightlining of key money and lease incentives.
(2) Includes capital gains/losses on property sales, disposals of short term investment properties and disposals of operating assets.

5.1.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€Mn)	Share capital	Additional paid-in capital	Bonds Redeemable for Shares	Consolidated reserves	Consolidated net result	Hedging & foreign currency translation reserves*	Total Owners of the parent	Non-controlling interests	Total Shareholders' equity
Equity as at 12/31/2015	**493.5**	**6,310.2**	**1.2**	**6,967.3**	**2,334.0**	**(64.1)**	**16,042.1**	**3,196.5**	**19,238.6**
Profit or loss of the period	-	-	-	-	2,409.0	-	2,409.0	408.4	2,817.4
Other comprehensive income	-	-	-	(0.4)	-	(129.3)	(129.7)	-	(129.7)
Net comprehensive income	**-**	**-**	**-**	**(0.4)**	**2,409.0**	**(129.3)**	**2,279.3**	**408.4**	**2,687.7**
Earnings appropriation	-	-	-	2,334.0	(2,334.0)	-	-	-	-
Dividends related to 2015	-	-	-	(963.1)	-	-	(963.1)	(54.8)	(1,017.9)
Stock options and Company Savings Plan	3.5	92.0	-	-	-	-	95.5	-	95.5
Conversion of Bonds Redeemable for Shares	0.0	0.1	(0.0)	-	-	-	0.0	-	0.0
Share based payment	-	-	-	9.8	-	-	9.8	-	9.8
Transactions with non-controlling interests	-	-	-	(3.6)	-	-	(3.6)	10.0	6.4
Changes in scope of consolidation and other movements	-	-	-	5.2	-	-	5.2	(5.8)	(0.6)
Equity as at 12/31/2016	**497.0**	**6,402.3**	**1.2**	**8,349.3**	**2,409.0**	**(193.4)**	**17,465.3**	**3,554.4**	**21,019.7**
Profit or loss of the period	-	-	-	-	2,439.5	-	2,439.5	283.0	2,722.5
Other comprehensive income	-	-	-	0.1	-	(16.9)	(16.8)	0.1	(16.7)
Net comprehensive income	**-**	**-**	**-**	**0.1**	**2,439.5**	**(16.9)**	**2,422.7**	**283.1**	**2,705.8**
Earnings appropriation	-	-	-	2,409.0	(2,409.0)	-	-	-	-
Dividends related to 2016	-	-	-	(1,018.3)	-	-	(1,018.3)	(66.2)	(1,084.5)
Stock options and Company Savings Plan	2.5	75.5	-	-	-	-	78.0	-	78.0
Conversion of Bonds Redeemable for Shares	0.0	0.0	(0.1)	-	-	-	(0.1)	-	(0.1)
Cancellation of treasury shares	(0.2)	(7.1)					(7.3)		(7.3)
Share based payment	-	-	-	9.2	-	-	9.2	-	9.2
Transactions with non-controlling interests	-	-	-	(33.4)	-	-	(33.4)	3.5	(29.9)
Changes in scope of consolidation and other movements	-	-	-	0.1	-	-	0.1	2.2	2.3
EQUITY AS AT 12/31/2017	**499.3**	**6,470.7**	**1.1**	**9,715.9**	**2,439.5**	**(210.3)**	**18,916.2**	**3,777.0**	**22,693.2**

* *The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The hedging reserve is used to record the effect of hedging net investments in foreign operations.*

5.2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ◆ SIGNIFICANT EVENTS OF THE YEAR

The activity of the Group is not significantly affected by seasonality.

Westfield Corporation acquisition

On December 12, 2017, Unibail-Rodamco announced it had entered into an agreement to acquire Westfield Corporation. Since the announcement, Unibail-Rodamco has obtained the unanimous positive opinions of its works councils, in accordance with Clause 2 of the Implementation Agreement dated December 12, 2017. The transaction remains subject to the conditions precedent described in the Implementation Agreement.

Acquisitions

The main acquisitions since December 31, 2016 were:

- on October 23, 2017, the creation of a joint venture with Commerz Real pursuant to which the Group acquired 50% of the shopping centre Metropole Zlicin, located in Prague. CGI Metropole is considered as a joint control company, and is accounted for using the equity method;
- on December 29, 2017, the Group acquired a 45% stake in the companies holding the shopping centre Polygone Riviera from its joint-venture partner. As at December 31, 2017, the Group owned a 95% interest in this asset. On January 4, 2018, the Group acquired the remaining 5% stake in the asset.
The acquisition price was paid early January 2018 and is classified under "Amounts due on investments" in the consolidated statement of financial position.
This acquisition is considered as an equity transaction under IFRS 3, and the impact is recorded in net equity.

Disposals

The main disposals since December 31, 2016 were:

Asset deals:

- on October 2, 2017, the disposal of the So Ouest Plaza office building;
- on November 8, 2017, the disposal of Barnasud;
- on December 22, 2017, the disposal of the Channel Outlet Store and L'Usine Roubaix.

Share deals:

- the disposal of a number of non-core assets in Sweden, including Eurostop Arlanda, Arninge Centrum and Eurostop Örebro.

NOTE 2 ◆ ACCOUNTING POLICIES

In accordance with EC regulation no. 1606/2002 of July 19, 2002, on the application of international accounting standards, Unibail-Rodamco has prepared its consolidated financial statements for the financial year ending December 31, 2017 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date.

These can be consulted on the website:

http://ec.europa.eu/finance/company-reporting/ifrs-financial statements/index_en.htm.

2.1. IFRS basis adopted

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2016, except for the application of the new obligatory standards and interpretations described below.

Standards, amendments and interpretations effective as of January 1, 2017

- IAS 7 A: Disclosure Initiative.
- IAS 12 A: Recognition of Deferred Tax Assets for Unrealised Losses.

These standards and amendments do not have a significant impact on the Group's accounts as at December 31, 2017.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2017

The following norms and amendments have been adopted by the European Union as at December 31, 2017 but not applied in advance by the Group:

- IFRS 4 A: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IFRS 16: Leases;
- IFRS 9: Financial instruments;
- IFRS 15: Revenue from contracts with customers;
- Clarifications to IFRS 15 Revenue from Contracts with Customers.

The following texts were published by the IASB but have not yet been adopted by the European Union:

- IFRS 17: Insurance Contracts;
- IFRIC 22: Foreign Currency Transactions and Advance Consideration;
- IFRIC 23: Uncertainty over Income Tax Treatments;
- IFRS 2 A: Classification and Measurement of share-based Payment Transactions;

- Improvements to IFRS (2014-2016 cycle);
- IAS 40 A: Transfers of Investment Property;
- IFRS 9 A: Prepayment Features with Negative Compensation;
- IAS 28 A: Long-term Interests in Associates and Joint Ventures;
- Improvements to IFRS (2015-2017 cycle).

The measurement of the potential impacts of these texts on the consolidated accounts of Unibail-Rodamco is on-going.

On IFRS 9, IFRS 15 and IFRS 16, the Group does not expect significant impacts on its financial statements.

2.2. Estimates and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by management, particularly with regards to the fair value of investment properties and financial instruments as well as the valuation of goodwill and intangible assets.

The most significant estimates are set out in the following sections: for the valuation of investment properties in § 5.1 “Investment properties”, for the intangible assets and goodwill, respectively in § 5.3 “Intangible assets” and § 5.4 “Goodwill” and for fair value of financial instruments in § 7.4 “Hedging instruments”. Actual future results or outcomes may differ from these estimates. The property portfolio and intangible assets used by the Shopping Centres, Offices and Convention & Exhibition segments are valued by independent appraisers.

NOTE 3 ◆ SCOPE OF CONSOLIDATION

3.1. Accounting principles

◆ 3.1.1. Scope and methods of consolidation

The scope of consolidation includes all companies controlled by Unibail-Rodamco and all companies in which the Group exercises joint control or significant influence.

According to IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group considers all facts and circumstances when assessing whether it controls an investee. The control over an investee is reassessed if facts and circumstances indicate that there are changes to one or more of the elements above mentioned.

The method of consolidation is determined by the type of control exercised:

- control: the companies are fully consolidated;
- joint control: it is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement:
  - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party shall account for the assets which it has rights to, liabilities which it has obligations for, revenues and expenses relating to its interests in a joint operation,
  - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method;
- significant influence: accounting for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but it is not control or joint control of those policies. It is presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

◆ 3.1.2. Foreign currency translation

◆ *Group companies with a functional currency different from the presentation currency*

The Group’s consolidated financial statements are presented in euros. The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency, the euro, are translated into the presentation currency as follows:

- the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into euro at foreign exchange rates ruling at the accounting date;
- income and expenses are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions;
- all resulting exchange rate differences are recognised as a separate component of equity (currency translation reserve);
- when a Group’s company is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

◆ *Foreign currency transactions*

The Group's entities can realise operations in a foreign currency which is not their own functional currency. These transactions in foreign currencies are translated into euro at the spot exchange rate on the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate on that date. Foreign exchange differences arising on translation or on settlement of these transactions are recognised in the income statement account, with the exception of:

- unrealised translation results on net investments;
- unrealised translation results on intercompany loans that, in substance, form part of the net investment.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity, whereas those relating to the ineffective portion are recognised in the income statement account.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at exchange rates on the dates the fair value was determined, and are reported as part of the fair value gain or loss.

◆ 3.1.3. Business combinations

To decide whether a transaction is a business combination the Group notably considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company, the extent of the acquired processes and, particularly, the auxiliary services provided by the acquired entity. If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are booked as expenses. For the companies accounted for using the equity method, acquisition costs are capitalised in the value of the shares.

At the date of acquisition and in accordance with IFRS 3 Revised, identifiable assets, liabilities and contingent liabilities of the acquired company are valued individually at their market value regardless of their purpose based upon current best estimates at such date. It is possible that further adjustments to initial evaluation may be recognised within twelve months of the acquisition in accordance with IFRS rules.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in income statement.

Under IFRS 3 Revised, the acquisition of additional shares from non-controlling shareholders is regarded as an equity transaction and therefore no additional goodwill is recognised.

Consequently, when non-controlling shareholders have an agreement to sell, non-controlling interests are reclassified as debt at the present value of the exercise price. The difference between the latest value and the net carrying value of the non-controlling interests is recognised as equity – Owners of the parent. Any subsequent change in debt is also accounted for as equity – Owners of the parent. Income from non-controlling interests and dividends are booked in equity – Owners of the parent.

3.2. Description of significant controlled partnerships

The significant controlled partnerships are presented below.

Viparis and Propexpo

The Viparis entities are equally held by Unibail-Rodamco SE and its partner, the CCIR (Paris-Île-de-France Regional Chamber of Commerce and Industry). The relevant activities for these entities are the management of the Convention & Exhibition venues. The Managing Director, who holds the executives powers for the management of these relevant activities, is designated by Unibail-Rodamco SE.

The Chairman, who has a non-executive role, is nominated by the partner and has no casting vote.

Each partner has the same number of directors in the Management Board. In the event of a tie vote, the directors designated by the Group have a casting vote.

There is no casting vote held by other governance or supervisory bodies (Shareholders' General Meetings) which could question this control.

The Group therefore considers that it has the full control of the Viparis entities and thus the Viparis entities are fully consolidated.

Propexpo is a real estate company which owns part of the Viparis assets and is equally held by Unibail-Rodamco SE and CCIR.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The Managing Director, a Group company, cannot be removed without the agreement of the Group.

The executive Chairman is designated by the Group, whereas the non-executive Vice-President is designated by the CCIR.

There is no casting vote held by other governance or supervisory bodies (Shareholders' General Meetings) which could question this control.

The governance of both Propexpo managed by the Group and the Viparis entities which control the on site property services are defined by the shareholders' agreement between the Group and CCIR as with respect to Viparis.

Propexpo is therefore fully consolidated.

Unibail-Rodamco Germany GmbH

Unibail-Rodamco Germany GmbH is jointly held by the Group (51%) and by Canada Pension Plan Investment Board (CPPIB) (49%).

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The Group is entitled to nominate three members of Unibail-Rodamco Germany GmbH's Supervisory Board and CPPIB two members. According to the governance, the Group has the control on Unibail-Rodamco Germany GmbH which remains fully consolidated.

Parly 2 shopping centre

The Parly 2 shopping centre (Paris region) is held by the Group and Abu Dhabi Investment Authority (ADIA).

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of the shopping centre.

The Managing Director is a Unibail-Rodamco company designated for an indefinite term, which holds powers in order to administrate the companies and obtain the authorizations needed for their activities.

There is no casting vote held by other governance or supervisory bodies (Management Boards, Shareholders' General Meetings) which could question this control.

As a result, the Group controls the asset which is fully consolidated.

Forum des Halles shopping centre & parking

The shopping centre and the parking Forum des Halles located in Paris are held by the Group (65%) and an insurance company, AXA (35%).

The Managing Director is a Unibail-Rodamco company designated for an indefinite term, which holds powers in order to administrate the Company and obtain the authorizations needed for its activities and cannot be removed without the agreement of the Group.

These assets are therefore fully consolidated.

Les Quatre Temps shopping centre

The asset is held at 53.3% by the Group and at 46.7% by two insurance companies.

The Managing Director is a Unibail-Rodamco company designated for an indefinite term, which holds large powers in order to administrate the Company and obtain the authorizations needed for its activities and cannot be removed without the agreement of the Group.

The asset is therefore fully consolidated.

3.3. Share deals: acquisitions and disposals

◆ 3.3.1. Acquisitions of consolidated shares (Consolidated statement of cash flows)

◆ *Acquisition of consolidated shares*

(€Mn)	**2017**	2016
Acquisition price of shares	(85.1)	(13.1)
Cash and current accounts	-	(0.5)
ACQUISITION OF CONSOLIDATED SHARES	**(85.1)[1]**	**(13.6)[2]**

(1) Relates mainly to the acquisition of CGI Metropole in Prague region (see note 1 "Significant events of the year").
(2) Relates mainly to the acquisition of Le Blériot, an office building located in Paris region.

◆ 3.3.2. Disposals of consolidated shares (Consolidated statement of cash flows)

◆ *Disposal of shares/consolidated subsidiaries*

(€Mn)	**2017**	2016
Net price of shares sold	27.7	25.9
Cash and current accounts	88.5	5.7
DISPOSAL OF SHARES/CONSOLIDATED SUBSIDIARIES*	**116.2**	**31.6**

* *In 2017, corresponds mainly to the disposals of some non-core assets in Sweden (see note 1 "Significant events of the year").*
In 2016, corresponds mainly to the disposal of Europark shopping centre in Budapest.

◆ *Disposal of interests in subsidiaries not resulting in a loss of control*

(€Mn)	**2017**	2016
Net price of shares sold	0.5	-
Current accounts	4.3	-
DISPOSAL OF INTERESTS IN SUBSIDIARIES NOT RESULTING IN A LOSS OF CONTROL	**4.8**	**-**

3.4. Non-controlling interests and related liabilities

◆ 3.4.1. Commitment to purchase non-controlling interests

Unibail-Rodamco has given long-term commitments to purchase some non-controlling interests.

These commitments are accounted for in debts and are revalued at the present value of the exercise price.

Further to the purchase of 45% of the non-controlling interests in the shopping centre Polygone Riviera (see note 1"Significant events of the year"), the long-term commitment has been reversed.

◆ 3.4.2. Non-controlling interests

In 2017, this item comprised mainly non-controlling interests in the following entities:

- several shopping centres in France (€218.4 Mn, mainly Les Quatre Temps for €101.6 Mn, Parly 2 for €43.7 Mn and Le Forum des Halles for €45.3 Mn);
- Convention & Exhibition entities (-€16.1 Mn);
- several shopping centres in Germany (€43.1 Mn) and in Spain (€38.2 Mn).

NOTE 4 ◆ NET RECURRING RESULT AND SEGMENT REPORTING

4.1. Accounting principles

Segment information is presented in respect of the Group's divisions and geographical segments, based on the Group's management and internal reporting structure and in accordance to IFRS 8.

Contributions of affiliates are also presented according to the Group's divisions and geographical segments.

◆ *Business segments*

The Group presents its result by segment: Shopping Centres, Offices, Convention & Exhibition and Property services.

The Convention & Exhibition segment comprises management of exhibition venues (Viparis) and the leasing of the hotels (Pullman-Montparnasse, Cnit-Hilton and Novotel Confluence in Lyon).

◆ *Geographical segments*

Geographical segments are determined on the basis of the Group's definition of a home region. A home region is defined as a region with more than €1 Bn in property investment, a local organisation dedicated to all three business lines: the "owner function" (asset selection and management including pipeline), Shopping Centres management, the finance function and a regional consolidated reporting.

The following are considered home regions based on specific operational and strategic factors:

- France, including France and Belgium;
- Central Europe, including the Czech Republic, Poland and Slovakia;
- Spain;
- Nordics, including Sweden, Denmark and Finland;
- Austria;
- Germany;
- The Netherlands.

4.2. Net recurring result definition

The income statement by segment is split between recurring and non-recurring activities. The non-recurring result before tax consists of the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments on the full cancelled commitment period when the maturity of the financial instrument is beyond the current period, bond tender premiums, currency gains/losses on revaluation of balance sheet items, the net result on disposals, impairment of goodwill or recognition of negative goodwill, as well as costs directly related to a business combination and other non-recurring items.

The income tax is split between recurring taxes and non-recurring taxes.

Recurring tax is the outcome of:

- the amount of income tax effectively due on recurring income, after deduction of any tax losses;
- plus/minus changes in a deferred tax asset recognised on tax losses stemming from recurring income (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits);
- plus/minus changes in deferred tax assets not related to tax losses and deferred tax liabilities relating to recurring result (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits).

The Group did not pay the French 3% dividend tax on non SIIC dividend payments made in 2017 considering the favorable decision of the Court of Justice of the European Union dated May 17, 2017 and confirmed by the French Constitutional Court on October 6, 2017. The tax profit arising from the expected repayment of the tax paid in previous years (€31 Mn) is accounted for in the non-recurring result and the corresponding receivable is included in the "Tax receivables" item of the Consolidated statement of financial position as per December 31, 2017.

4.3. Consolidated income statement by segment

(€Mn)		2017 Recurring activities	2017 Non-recurring activities*	2017 Result	2016 Recurring activities	2016 Non-recurring activities*	2016 Result
SHOPPING CENTRES							
France	Gross rental income	682.1	-	682.1	651.2	-	651.2
	Operating expenses & net service charges	(72.4)	-	(72.4)	(70.7)	-	(70.7)
	Net rental income	**609.8**	**-**	**609.8**	**580.5**	**-**	**580.5**
	Contribution of affiliates	8.1	5.7	13.9	7.0	8.8	15.8
	Gains/losses on sales of properties	-	15.1	15.1	-	6.1	6.1
	Valuation movements	-	513.3	513.3	-	520.2	520.2
	Result Shopping Centres France	**617.9**	**534.2**	**1,152.0**	**587.5**	**535.2**	**1,122.6**
Central Europe	Gross rental income	179.0	-	179.0	159.6	-	159.6
	Operating expenses & net service charges	(6.5)	-	(6.5)	(3.4)	-	(3.4)
	Net rental income	**172.4**	**-**	**172.4**	**156.2**	**-**	**156.2**
	Contribution of affiliates	46.6	28.3	74.9	30.7	(74.2)	(43.5)
	Gains/losses on sales of properties	-	0.0	0.0	-	3.1	3.1
	Valuation movements	-	296.2	296.2	-	410.9	410.9
	Result Shopping Centres Central Europe	**219.0**	**324.5**	**543.5**	**186.9**	**339.8**	**526.7**
Spain	Gross rental income	178.0	-	178.0	163.3	-	163.3
	Operating expenses & net service charges	(16.9)	-	(16.9)	(17.3)	-	(17.3)
	Net rental income	**161.0**	**-**	**161.0**	**146.0**	**-**	**146.0**
	Contribution of affiliates	0.2	(0.1)	0.1	0.5	(0.1)	0.5
	Gains/losses on sales of properties	-	(0.6)	(0.6)	-	20.8	20.8
	Valuation movements	-	141.2	141.2	-	370.1	370.1
	Result Shopping Centres Spain	**161.2**	**140.5**	**301.7**	**146.5**	**390.8**	**537.3**
Nordics	Gross rental income	159.1	-	159.1	158.4	-	158.4
	Operating expenses & net service charges	(13.3)	-	(13.3)	(18.5)	-	(18.5)
	Net rental income	**145.8**	**-**	**145.8**	**139.9**	**-**	**139.9**
	Gains/losses on sales of properties	-	0.1	0.1	-	(0.5)	(0.5)
	Valuation movements	-	132.0	132.0	-	161.6	161.6
	Result Shopping Centres Nordics	**145.8**	**132.1**	**277.9**	**139.9**	**161.1**	**301.0**
Austria	Gross rental income	109.1	-	109.1	102.1	-	102.1
	Operating expenses & net service charges	(5.9)	-	(5.9)	(3.5)	-	(3.5)
	Net rental income	**103.2**	**-**	**103.2**	**98.6**	**-**	**98.6**
	Valuation movements	-	79.4	79.4	-	141.0	141.0
	Result Shopping Centres Austria	**103.2**	**79.4**	**182.5**	**98.6**	**141.0**	**239.6**
Germany	Gross rental income	99.7	-	99.7	96.6	-	96.6
	Operating expenses & net service charges	(7.1)	-	(7.1)	(6.7)	-	(6.7)
	Net rental income	**92.6**	**-**	**92.6**	**89.9**	**-**	**89.9**
	Contribution of affiliates	29.1	1.5	30.6	28.5	3.9	32.4
	Valuation movements	-	58.1	58.1	-	124.4	124.4
	Result Shopping Centres Germany	**121.6**	**59.6**	**181.3**	**118.4**	**128.3**	**246.7**
The Netherlands	Gross rental income	70.2	-	70.2	73.3	-	73.3
	Operating expenses & net service charges	(8.5)	-	(8.5)	(11.8)	-	(11.8)
	Net rental income	**61.7**	**-**	**61.7**	**61.5**	**-**	**61.5**
	Gains/losses on sales of properties	-	1.9	1.9	-	0.1	0.1
	Valuation movements	-	(53.1)	(53.1)	-	1.3	1.3
	Result Shopping Centres The Netherlands	**61.7**	**(51.2)**	**10.5**	**61.5**	**1.4**	**62.9**
TOTAL RESULT SHOPPING CENTRES		**1,430.4**	**1,219.1**	**2,649.5**	**1,339.4**	**1,697.6**	**3,037.0**

5.

(€Mn)		2017 Recurring activities	2017 Non-recurring activities*	2017 Result	2016 Recurring activities	2016 Non-recurring activities*	2016 Result
OFFICES							
France	Gross rental income	126.8	-	126.8	140.9	-	140.9
	Operating expenses & net service charges	(3.2)	-	(3.2)	(5.2)	-	(5.2)
	Net rental income	**123.6**	**-**	**123.6**	**135.7**	**-**	**135.7**
	Gains/losses on sales of properties	-	57.2	57.2	-	61.4	61.4
	Valuation movements	-	336.0	336.0	-	219.8	219.8
	Result Offices France	**123.6**	**393.2**	**516.8**	**135.7**	**281.2**	**416.9**
Other countries	Gross rental income	20.9	-	20.9	21.7	-	21.7
	Operating expenses & net service charges	(3.7)	-	(3.7)	(4.1)	-	(4.1)
	Net rental income	**17.2**	**-**	**17.2**	**17.6**	**-**	**17.6**
	Gains/losses on sales of properties	-	0.0	0.0	-	5.2	5.2
	Valuation movements	-	6.5	6.5	-	15.0	15.0
	Result Offices other countries	**17.2**	**6.5**	**23.8**	**17.6**	**20.2**	**37.8**
TOTAL RESULT OFFICES		**140.8**	**399.7**	**540.5**	**153.3**	**301.4**	**454.7**
CONVENTION & EXHIBITION							
France	Gross rental income	181.7	-	181.7	186.0	-	186.0
	Operating expenses & net service charges	(97.8)	-	(97.8)	(96.4)	-	(96.4)
	Net rental income	**83.9**	**-**	**83.9**	**89.6**	**-**	**89.6**
	Contribution of affiliates	0.5	(1.4)	(0.8)	0.7	(0.7)	(0.1)
	On site property services	**50.0**	**-**	**50.0**	**61.8**	**-**	**61.8**
	Hotels net rental income	**11.6**	**-**	**11.6**	**13.0**	**-**	**13.0**
	Valuation movements, depreciation and capital gains	(12.2)	(142.8)	(155.0)	(11.4)	43.8	32.4
	Impairment of Goodwill	-	(9.2)	(9.2)	-	-	-
TOTAL RESULT CONVENTION & EXHIBITION		**133.8**	**(153.3)**	**(19.5)**	**153.6**	**43.0**	**196.7**
Other property services net operating result		42.0	(2.4)	39.6	35.8	(2.4)	33.4
Other net income		0.9	-	0.9	0.4	-	0.4
TOTAL OPERATING RESULT AND OTHER INCOME		**1,747.9**	**1,463.1**	**3,211.0**	**1,682.5**	**2,039.6**	**3,722.2**
General expenses		(119.5)	(62.4)	(181.8)	(119.0)	(1.3)	(120.4)
Development expenses		(3.6)	-	(3.6)	(5.9)	-	(5.9)
Financing result		(228.0)	(0.9)	(228.8)	(254.9)	(240.4)	(495.3)
RESULT BEFORE TAX		**1,396.8**	**1,399.9**	**2,796.7**	**1,302.7**	**1,797.9**	**3,100.6**
Income tax expenses		(17.7)	(56.5)	(74.2)	(11.1)	(272.1)	(283.2)
NET RESULT FOR THE PERIOD		**1,379.1**	**1,343.5**	**2,722.5**	**1,291.6**	**1,525.8**	**2,817.4**
Non-controlling interests		176.9	106.0	283.0	177.4	231.0	408.4
NET RESULT – OWNERS OF THE PARENT		**1,202.1**	**1,237.4**	**2,439.5**	**1,114.2**	**1,294.8**	**2,409.0**
Average number of shares and ORA		99,752,597			99,160,738		
RECURRING EARNINGS PER SHARE (€)		**12.05**			**11.24**		
RECURRING EARNINGS PER SHARE GROWTH		**7.2%**			**7.5%**		

* *Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.*

4.3.1. Gross rental income

Revenue recognition

ACCOUNTING TREATMENT OF INVESTMENT PROPERTY LEASES

Assets leased as operating leases are recorded in the statement of financial position as investment property assets. Gross rental revenue is recorded on a straight-line basis over the firm duration of the lease.

In case of an Investment property Under Construction (IPUC), revenues are recognised once spaces are delivered to tenants.

RENTS AND KEY MONEY

Gross rental income consists of rents and similar income (*e.g.* occupancy compensation, key money, parking revenues) invoiced for Shopping Centres and Offices properties over the period.

Under IAS 17 and SIC 15, the effects of rent-free periods, step rents, other rents incentives and key monies are spread over the fixed term of the lease.

The property management fees re-invoiced to the tenants are classified in gross rental income.

Gross rental income from the Convention & Exhibition segment includes turnover generated by the rental of exhibition space and the provision of unavoidable associated support services to this space.

Charges invoiced to tenants are not included in rental income but deducted from net service charge expenses.

Gross rental income by segments

(€Mn excluding taxes)	2017	2016
Shopping Centres	**1,477.1**	**1,404.6**
France	682.1	651.2
Central Europe	179.0	159.6
Spain	178.0	163.3
Nordics	159.1	158.4
Austria	109.1	102.1
Germany	99.7	96.6
The Netherlands	70.2	73.3
Offices	**147.8**	**162.6**
France	126.8	140.9
Other countries	20.9	21.7
Convention & Exhibition	**197.4**	**203.2**
TOTAL	**1,822.3**	**1,770.3**

Minimum guaranteed rents under leases

As at December 31, 2017, minimum future rents due under leases until the next possible termination date break down as follows:

Minimum future rents per year *(€Mn)*

Year	Shopping Centres	Offices	Total
2018	1,231.2	160.8	1,392.0
2019	981.8	145.0	1,126.8
2020	692.9	112.6	805.5
2021	443.0	103.4	546.4
2022	293.7	101.1	394.7
2023	189.9	80.4	270.3
2024	146.2	75.3	221.5
2025	101.6	69.1	170.7
2026	75.0	32.9	107.9
2027	57.8	28.2	86.0
2028	46.9	19.0	65.9
Beyond	26.8	3.5	30.3
TOTAL	**4,286.7**	**931.3**	**5,218.1**

◆ 4.3.2. Operating expenses & net service charges

The operating expenses & net service charges are composed of ground rents paid, net service charge expenses and property operating expenses.

◆ *Ground rents paid*

GROUND LEASEHOLDS

Based on the analysis of existing contracts, IAS 17 and IAS 40, a leasehold may be classified as either an operating lease or a finance lease. The classification is made on a contract-by-contract basis and depends on the risks and rewards transferred to the Group.

For the leaseholds recognised as operating leases, rental payments are recognised as expenses in the income statement. Rental payments made at the beginning of the contract are classified as prepaid expenses and expensed over the life of the contract.

For the leaseholds recognised as financial leases, future cash flows are discounted. An asset and a financial liability are recognised for the same amount.

Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in note 5.

Ground rents correspond to variable lease payments (or straight-lining of initial payments) for properties built on land subject to leasehold or operated under an operating contract (concession). This item mainly applies to the Conventions and Exhibitions venue of Le Bourget in Paris and to some shopping centres, in particular in France and in Austria.

◆ *Net service charge expenses*

These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

◆ *Property operating expenses*

These expenses comprise service charges borne by the owner, works-related expenses, litigation expenses, charges relating to doubtful accounts and expenses relating to property management, and expenses related to venue sites on Convention & Exhibition segment.

◆ 4.3.3. Net other income

The Net other income consists of on-site property service and other property services net operating result.

Revenues from other activities mainly cover:

- fees for property management and maintenance services provided to Offices and Shopping Centres. These fees are invoiced by property service companies for their property management activities on behalf of owners outside the Group;
- fees invoiced for leasing activity and for project development and consulting services. These fees are capitalised by the company owning the asset. The internal margins generated on these leasing, construction and renovation operations are eliminated;
- fees for property services received by companies in the Convention & Exhibition segment.

Other expenses comprise charges relating to property services, general costs and depreciation charges for related fixed assets.

(€Mn)	**2017**	2016
Net other income	**79.8**	**86.2**
Convention & Exhibition	37.8	50.4
Other property services	42.0	35.8

◆ 4.3.4. Administrative expenses

This item comprises personnel costs, head office and Group administrative expenses, expenses relating to development projects and not capitalised and depreciation charges and rents relating mainly to Unibail-Rodamco's headquarters in Paris and Schiphol.

◆ 4.3.5. Acquisition and related costs

In 2017, this item comprises mainly the acquisition costs related to the Westfield acquisition.

4.4. Other information by segment

4.4.1. Reconciliation between the results by segment and the income statement of the period (IFRS format)

For 2017

(€Mn)	Net rental income	Administrative expenses, acquisition and related costs	Net other income	Result on disposal of investment properties and shares	Valuation movements on assets	Impairment of goodwill/ Negative goodwill	Net operating result before financing cost	Share of the result of companies under equity method & income on financial assets	Total
SHOPPING CENTRES									
France	609.8	-	-	15.1	513.3	-	1,138.2	13.9	1,152.0
Central Europe	172.4	-	-	0.0	296.2	-	468.6	74.9	543.5
Spain	161.0	-	-	(0.6)	141.2	-	301.7	0.1	301.7
Nordics	145.8	-	-	0.1	132.0	-	277.9	-	277.9
Austria	103.2	-	-	-	79.4	-	182.5	-	182.5
Germany	92.6	-	-	-	58.1	-	150.7	30.6	181.3
The Netherlands	61.7	-	-	1.9	(53.1)	-	10.5	-	10.5
Total Shopping Centres	**1,346.4**	**-**	**-**	**16.6**	**1,167.1**	**-**	**2,530.1**	**119.4**	**2,649.5**
OFFICES									
France	123.6	-	-	57.2	336.0	-	516.8	-	516.8
Others	17.2	-	-	0.0	6.5	-	23.8	-	23.8
Total Offices	**140.8**	**-**	**-**	**57.2**	**342.5**	**-**	**540.5**	**-**	**540.5**
C. & E.*									
France	95.5	-	37.8	0.0	(142.8)	(9.2)	(18.7)	(0.8)	(19.5)
Total C. & E.	**95.5**	**-**	**37.8**	**0.0**	**(142.8)**	**(9.2)**	**(18.7)**	**(0.8)**	**(19.5)**
NOT ALLOCATED									
Total Not Allocated	**-**	**(185.5)**	**42.0**	**-**	**(2.4)**	**-**	**(145.9)**	**-**	**(145.9)**
TOTAL 2017	**1,582.6**	**(185.5)**	**79.8**	**73.8**	**1,364.4**	**(9.2)**	**2,906.0**	**118.6**	**3,024.6**

* *Convention & Exhibition segment.*

For 2016

(€Mn)	Net rental income	Administrative expenses, acquisition and related costs	Net other income	Result on disposal of investment properties and shares	Valuation movements on assets	Impairment of goodwill/ Negative goodwill	Net operating result before financing cost	Share of the result of companies under equity method & income on financial assets	Total
SHOPPING CENTRES									
France	580.5	-	-	6.1	520.2	-	1,106.9	15.8	1,122.6
Central Europe	156.2	-	-	3.1	410.9	-	570.2	(43.5)	526.7
Spain	146.0	-	-	20.8	370.1	-	536.8	0.5	537.3
Nordics	139.9	-	-	(0.5)	161.6	-	301.0	-	301.0
Austria	98.6	-	-	-	141.0	-	239.6	-	239.6
Germany	89.9	-	-	-	124.4	-	214.4	32.4	246.7
The Netherlands	61.5	-	-	0.1	1.3	-	62.9	-	62.9
Total Shopping Centres	**1,272.6**	**-**	**-**	**29.6**	**1,729.7**	**-**	**3,031.9**	**5.1**	**3,037.0**
OFFICES									
France	135.7	-	-	61.4	219.8	-	416.9	-	416.9
Others	17.6	-	-	5.2	15.0	-	37.8	-	37.8
Total Offices	**153.3**	**-**	**-**	**66.6**	**234.8**	**-**	**454.7**	**-**	**454.7**
C. & E.*									
France	102.6	-	50.4	-	43.7	-	196.7	(0.1)	196.6
Total C. & E.	**102.6**	**-**	**50.4**	**-**	**43.7**	**-**	**196.7**	**(0.1)**	**196.6**
NOT ALLOCATED									
Total Not allocated	**-**	**(126.2)**	**35.8**	**-**	**(2.4)**	**-**	**(92.8)**	**-**	**(92.8)**
TOTAL 2016	**1,528.5**	**(126.2)**	**86.2**	**96.2**	**2,005.8**	**-**	**3,590.5**	**5.0**	**3,595.5**

* *Convention & Exhibition segment.*

4.4.2. Statement of financial position by segment

For 2017

(€Mn)	Investment properties	Goodwill	Shares and investments in companies under the equity method	Other non current assets	Other current assets	Total Assets	Total Liabilities excluding shareholders' equity
SHOPPING CENTRES							
France	14,814.2	2.9	196.3	13.6	287.6	15,314.6	762.8
Central Europe	4,102.1	110.5	1,005.0	16.0	32.8	5,266.5	667.0
Spain	3,685.4	-	1.9	26.4	82.2	3,795.8	304.2
Nordics	3,360.2	48.9	-	0.0	34.5	3,443.7	587.9
Austria	2,410.6	72.9	-	0.0	31.9	2,515.3	501.6
Germany	2,373.8	256.7	707.3	31.3	90.2	3,459.3	255.5
The Netherlands	1,525.9	-	-	-	5.9	1,531.8	19.4
Total Shopping Centres	**32,272.2**	**491.9**	**1,910.5**	**87.4**	**565.1**	**35,327.1**	**3,098.5**
OFFICES							
France	3,260.7	-	-	157.2[2]	140.2	3,558.0	140.5
Others	274.7	-	-	-	2.9	277.6	3.1
Total Offices	**3,535.4**	**-**	**-**	**157.2**	**143.1**	**3,835.6**	**143.6**
C. & E.[1]							
France	2,716.7	20.1	2.8	204.7[3]	123.2	3,067.5	223.2
Total C. & E.	**2,716.7**	**20.1**	**2.8**	**204.7**	**123.2**	**3,067.5**	**223.2**
NOT ALLOCATED							
Total Not allocated	**-**	**10.3**	**-**	**241.6[4]**	**758.9[5]**	**1,010.7**	**17,082.4**
TOTAL 12/31/2017	**38,524.3**	**522.4**	**1,913.3**	**690.8**	**1,590.2**	**43,241.0**	**20,547.8**

(1) Convention & Exhibition segment.
(2) Corresponds mainly to the operating asset of the Group's headquarters.
(3) Relates mainly to tangible and intangible assets.
(4) Refers mainly to the derivatives.
(5) Includes mainly cash and cash equivalents.

For 2016

(€Mn)	Investment properties	Goodwill	Shares and investments in companies under the equity method	Other non current assets	Other current assets	Total Assets	Total Liabilities excluding shareholders' equity
SHOPPING CENTRES							
France	13,960.4	2.9	185.3	12.3	249.1	14,410.1	713.9
Central Europe	3,607.8	110.5	831.3	13.0	31.1	4,593.6	796.3
Spain	3,484.2	-	1.8	75.8	24.5	3,586.3	368.2
Nordics	3,337.3	49.8	-	0.0	39.0	3,426.0	588.2
Austria	2,278.5	72.9	-	0.0	31.2	2,382.5	477.1
Germany	2,099.1	256.7	686.2	36.5	86.1	3,164.5	240.3
The Netherlands	1,498.7	-	-	0.0	23.7	1,522.4	27.8
Total Shopping Centres	**30,265.9**	**492.8**	**1,704.5**	**137.6**	**484.7**	**33,085.6**	**3,211.8**
OFFICES							
France	3,162.8	-	-	150.5[2]	139.5	3,452.8	142.1
Others	280.4	-	-	-	6.9	287.3	0.5
Total Offices	**3,443.3**	**-**	**-**	**150.5**	**146.4**	**3,740.1**	**142.7**
C. & E.[1]							
France	2,671.7	36.9	3.6	254.4[3]	124.4	3,091.0	222.5
Total C. & E.	**2,671.7**	**36.9**	**3.6**	**254.4**	**124.4**	**3,091.0**	**222.5**
NOT ALLOCATED							
Total Not allocated	**-**	**10.3**	**-**	**337.7[4]**	**480.4[5]**	**828.4**	**16,148.3**
TOTAL 12/31/2016	**36,380.9**	**539.9**	**1,708.2**	**880.3**	**1,235.8**	**40,745.0**	**19,725.3**

(1) Convention & Exhibition segment.
(2) Corresponds mainly to the operating asset of the Group's headquarters.
(3) Relates mainly to tangible and intangible assets.
(4) Refers mainly to the derivatives.
(5) Includes mainly cash and cash equivalents.

4.4.3. Investments by segment

(€Mn)	2017 Investments in investment properties at fair value	2017 Investments in investment properties at cost[(2)]	2017 Total investments	2016 Investments in investment properties at fair value	2016 Investments in investment properties at cost[(2)]	2016 Total investments
SHOPPING CENTRES						
France	343.0	99.2	442.1	408.8	130.4	539.2
Central Europe	125.4	63.5	188.9	39.5	120.2	159.7
Spain	78.9	16.2	95.1	82.0	19.0	101.0
Nordics	24.9	-	24.9	98.9	-	98.9
Austria	53.2	-	53.2	72.0	-	72.0
Germany	12.0	204.5	216.5	22.7	25.1	47.9
The Netherlands	30.2	50.2	80.3	31.4	22.3	53.7
Total Shopping Centres	**667.5**	**433.6**	**1,101.1**	**755.4**	**317.0**	**1,072.4**
OFFICES						
France	41.7	61.6	103.4	47.9	59.0	106.9
Others	11.3	-	11.3	5.3	9.4	14.7
Total Offices	**53.0**	**61.6**	**114.7**	**53.2**	**68.4**	**121.6**
C. & E.[(1)]						
France	134.7	4.8	139.5	153.7	5.1	158.8
Total C. & E.	**134.7**	**4.8**	**139.5**	**153.7**	**5.1**	**158.8**
TOTAL	**855.2**	**500.0**	**1,355.3**	**962.3**	**390.5**	**1,352.7**

(1) Convention & Exhibition segment.
(2) Before transfer between category of investment property.

NOTE 5 ◆ INVESTMENT PROPERTIES, TANGIBLE AND INTANGIBLE ASSETS, GOODWILL

5.1. Investment properties

5.1.1. Accounting principles

◆ *Investment properties (IAS 40 & IFRS 13)*

Under the accounting treatment recommended by IAS 40, investment properties are shown at their market value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (*i.e.* an exit price). Expectations about future improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest.

Unibail-Rodamco complies with the IFRS 13 fair value measurement rule and the position paper[(1)] on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Transaction costs incurred for an asset deal are capitalised in the value of the investment property. Capitalised expenses include capital expenditures, evictions costs, capitalised financial interests, letting fees and other internal costs related to development projects.

Investment Properties Under Construction (IPUC) are covered by IAS 40 and are eligible to be measured at fair value. In accordance with the Group's investment properties valuation method, they are measured at fair value by an external appraiser twice a year. Projects for which the fair value is not reliably determinable are measured at cost until such time that a fair value measurement becomes reliable, or until one year before the construction completion.

According to the Group, a development project is eligible for a fair value measurement once all three of the following criteria are fulfilled:

- all administrative authorisations needed to complete the project are obtained;
- the construction has started and costs are committed toward the contractor; and
- substantial uncertainty in future rental income has been eliminated.

If the time to delivery is less than one year, the project is accounted for at fair value.

For properties measured at fair value, the market value adopted by Unibail-Rodamco is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. The gross value is reduced by disposal costs and transfer taxes[(2)], depending on the country and on the tax situation of the property, in order to arrive at a net market value.

For the Shopping Centres and Offices portfolios, the independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore,

(1) EPRA position paper on IFRS 13 – Fair value measurement and illustrative disclosures, February 2013.
(2) Transfer taxes are valued on the assumption that the property is sold directly, even though the cost of these taxes can, in certain cases, be reduced by selling the property's holding company.

the resulting valuations are cross-checked against the initial yield, value per m² and the fair market values established through actual market transactions.

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

The sites of the Convention & Exhibition portfolio are qualified as Investment property.

For the Convention & Exhibition portfolio, the valuation methodology adopted is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession, or over the life of the long-term lease (notably the Porte de Versailles long-term lease) or leasehold, if it exists or otherwise over a 10-year period, with an estimation of the asset's value at the end of the given time period, based either on the residual contractual value for concessions or on capitalised cash flows over the last year.

The valuations carried out by the appraisers took into account total net income, which comprised net rents and ancillary services, as well as net income from car parks. The cost of maintenance works, major repairs, refurbishments, redevelopments and extensions, as well as concession or leasehold fees, are included in projected cash flow figures.

The income statement for a given year (Y) records the change in value for each property, which is determined as follows:

market value Y – [market value Y-1 + amount of works and other costs capitalised in year Y].

Capital gains on disposals of investment properties are calculated by comparison with their latest market value recorded in the closing statement of financial position for the previous financial year.

Properties under construction carried at cost are subject to impairment tests, determined on the basis of the estimated fair value of the project. The fair value of a project is assessed by the Development & Investment teams through a market exit capitalisation rate and the targeted net rents at completion. When the fair value is lower than net book value, an impairment provision is booked.

Properties held for sale are identified separately in the statement of financial position.

◆ 5.1.2. Investment properties at fair value

(€Mn)	12/31/2017	12/31/2016
Shopping Centres	**31,250.9**	**29,580.8**
France	14,490.4	13,724.1
Central Europe	4,069.5	3,576.5
Spain	3,567.8	3,359.3
Nordics	3,360.2	3,337.3
Austria	2,410.6	2,278.5
Germany	2,102.2	2,032.0
The Netherlands	1,250.2	1,273.1
Offices	**3,221.1**	**3,182.8**
France	2,946.4	2,902.4
Other countries	274.7	280.4
Convention & Exhibition	**2,709.5**	**2,663.4**
TOTAL	**37,181.5**	**35,426.9**

(€Mn)	Shopping Centres	Offices	Convention & Exhibition	Total investment properties	Properties held for sale	Total
12/31/2015	**27,062.8**	**3,487.4**	**2,451.7**	**33,001.8**	**268.8**	**33,270.6**
Acquisitions	135.2	2.3	-	137.5	-	137.5
Entry into scope of consolidation	9.2	-	-	9.2	-	9.2
Capitalised expenses	611.1	50.7	153.7	815.4	0.1	815.6
Disposals/exits from the scope of consolidation	(64.3)	(526.7)	0.0	(591.0)	(268.9)	(860.0)
Reclassification and transfer of category	266.0	(53.7)	(0.0)	212.2	-	212.2
Discounting impact	(6.4)	-	-	(6.4)	-	(6.4)
Valuation movements	1,734.4	234.8	58.0	2,027.2	-	2,027.2
Currency translation	(167.0)	(12.0)	-	(179.0)	-	(179.0)
12/31/2016	**29,580.8**	**3,182.8**	**2,663.4**	**35,426.9**	**-**	**35,426.9**
Acquisitions	61.4	5.9	-	67.2	-	67.2
Capitalised expenses(1)	668.4	47.2	134.7	850.2	-	850.2
Disposals/exits from the scope of consolidation(2)	(232.6)	(364.7)	-	(597.2)	-	(597.2)
Reclassification and transfer of category	10.7	8.8	4.7	24.3	-	24.3
Discounting impact	2.1	-	-	2.1	-	2.1
Valuation movements	1,190.8	342.5	(93.2)	1,440.1	-	1,440.1
Currency translation	(30.7)	(1.4)	-	(32.1)	-	(32.1)
12/31/2017	**31,250.9**	**3,221.1**	**2,709.5**	**37,181.5**	**-**	**37,181.5**

(1) Capitalised expenses mainly include:
- shopping centres in France, Sweden, Spain and Austria;
- offices in France;
- Convention & Exhibition sites such as Parc des Expositions de la Porte de Versailles.

(2) Disposals mainly include one office building in France and several non-core assets in Sweden, France and Spain (see note 1 "Significant events of the year").

◆ *Valuation assumptions and sensitivity*

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, Unibail-Rodamco believes it appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumption on growth rates and exit yields, are used by appraisers to determine the fair values of Unibail-Rodamco's assets.

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

The outstanding balances of deferred lease incentives and key monies amortised over the firm term of the lease, which corrected the appraisal value, represented -€73.0 Mn.

The following tables provide a number of quantitative elements used by the appraisers to assess the fair valuation of the Group's assets.

SHOPPING CENTRES

All shopping centres are valued using the discounted cash flow and/or yield methodologies.

Shopping Centres – 12/31/2017		Net initial yield	Rent in € per sqm[(1)]	Discount Rate[(2)]	Exit yield[(3)]	CAGR of NRI[(4)]
France	Max	7.7%	901	13.0%	9.0%	11.8%
	Min	2.0%	122	5.3%	3.5%	1.6%
	Weighted average	4.0%	537	5.7%	4.0%	4.2%
Central Europe	Max	6.8%	583	7.9%	7.6%	3.2%
	Min	4.7%	205	6.4%	4.7%	2.3%
	Weighted average	4.9%	416	6.7%	5.0%	2.5%
Spain	Max	8.2%	813	11.3%	7.0%	3.7%
	Min	4.0%	117	7.0%	4.2%	2.3%
	Weighted average	4.7%	320	7.5%	4.7%	3.3%
Nordics	Max	5.2%	488	8.7%	5.0%	5.3%
	Min	4.0%	201	6.5%	3.9%	2.9%
	Weighted average	4.3%	387	6.8%	4.2%	3.3%
Germany	Max	7.2%	471	8.0%	6.6%	4.1%
	Min	3.9%	252	5.9%	3.9%	2.4%
	Weighted average	4.5%	310	6.4%	4.5%	3.3%
Austria	Max	4.4%	395	6.2%	4.1%	3.0%
	Min	4.1%	377	6.1%	4.1%	2.7%
	Weighted average	4.2%	386	6.2%	4.1%	2.9%
The Netherlands	Max	8.6%	406	9.0%	8.8%	4.7%
	Min	4.4%	124	5.8%	4.2%	2.8%
	Weighted average	5.0%	256	6.3%	5.0%	3.3%

Net initial yield, discount rate and exit yield weighted by Gross Market Value (GMV).

(1) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m².
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalize the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Based on an asset value excluding estimated transfer taxes and transaction costs, the Shopping Centre division's net initial yield decreased to 4.3% as at December 31, 2017, from 4.4% as at December 31, 2016.

A change of +25 basis points in net initial yield, the main output of the appraisal models, would result in a downward adjustment of -€1,793 Mn (or -5.5%) of the shopping centre portfolio value (excluding assets under development or accounted for using the equity method), including transfer taxes and transaction costs.

OFFICES

Appraisers value the Group's offices using the discounted cash flow and yield methodologies.

Offices – 12/31/2017		Net initial yield on occupied space	Rent in € per sqm[(1)]	Discount Rate[(2)]	Exit yield[(3)]	CAGR of NRI[(4)]
France	Max	11.4%	734	9.5%	8.2%	2.4%
	Min	3.9%	106	4.2%	3.4%	-5.1%
	Weighted average	5.5%	502	5.3%	4.5%	0.2%
Nordics	Max	9.4%	219	9.4%	7.8%	2.6%
	Min	6.2%	108	7.1%	5.2%	1.4%
	Weighted average	7.6%	196	7.9%	6.3%	2.2%
Other countries	Max	11.7%	159	13.8%	9.8%	26.8%
	Min	2.7%	23	5.9%	4.1%	0.6%
	Weighted average	5.3%	114	7.4%	5.9%	11.1%

Net initial yield, discount rate and exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in this table.

(1) Average annual rent (minimum guaranteed rent) per asset per m². The computation takes into account the areas allocated to company restaurants.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalize the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Office division's net initial yield fell by -23 basis points to 5.6% as at December 31, 2017.

A change of +25 basis points in net initial yield, the main output of the appraisal models, would result in a downward adjustment of -€146 Mn (-4.4%) of the office portfolio value (occupied and vacant spaces, excluding assets under development or accounted for using the equity method), including transfer taxes and transaction costs.

CONVENTION & EXHIBITION

Based on these valuations, the average EBITDA yield (recurring earnings before interest, tax, depreciation and amortization divided by the value of assets, excluding estimated transfer taxes and transaction costs) of Viparis consolidated venues decreased by -8 basis points from December 31, 2016, to 5.3% as at December 31, 2017.

A change of +25 basis points of the WACC as determined at December 31, 2017 would result in a downward adjustment of -€121.0 Mn (-5.1%) of the Convention & Exhibition portfolio value.

◆ 5.1.3. Investment properties under construction at cost

(€Mn)	12/31/2017	12/31/2016
Shopping Centres	**1,021.3**	**685.2**
France	323.7	236.3
Central Europe	32.6	31.3
Spain	117.6	124.9
Nordics	-	-
Austria	-	-
Germany	271.6	67.1
The Netherlands	275.8	225.6
Offices	**314.3**	**260.5**
France	314.3	260.5
Other countries	-	-
Convention & Exhibition	**7.2**	**8.3**
TOTAL	**1,342.8**	**954.0**

As at December 31, 2017, assets under construction valued at cost are notably:

- offices developments such as Trinity and Phare-Sisters in La Défense;
- shopping centres extension and renovation projects such as Mall of The Netherlands;
- mixed-used projects such as Überseequartier and Gaîté Montparnasse.

Assets still stated at cost were subject to impairment tests as at December 31, 2017. Allowances were booked for a total amount of €23.7 Mn.

(€Mn)	Gross value	Impairment	Total investment properties at cost
12/31/2015	**775.0**	**(66.8)**	**708.2**
Acquisitions	41.3	-	41.3
Entry into scope of consolidation	32.0	-	32.0
Capitalised expenses	349.2	-	349.2
Disposals/exits from the scope of consolidation	(0.1)	-	(0.1)
Reclassification and transfer of category	(170.9)	-	(170.9)
Discounting impact	0.6	-	0.6
Impairment/reversal	-	(4.7)	(4.7)
Currency translation	(1.6)	-	(1.6)
12/31/2016	**1,025.4**	**(71.5)**	**954.0**
Acquisitions(1)	155.1	-	155.1
Capitalised expenses(2)	282.7	-	282.7
Disposals/exits from the scope of consolidation	(1.6)	-	(1.6)
Reclassification and transfer of category	(28.6)	4.3	(24.3)
Discounting impact	0.5	-	0.5
Impairment/reversal	-	(23.7)	(23.7)
Currency translation	0.1	-	0.1
12/31/2017	**1,433.6**	**(90.9)**	**1,342.8**

(1) Mostly relates to acquisitions for Überseequartier project.
(2) Includes mainly the capital expenditures related to investments in the Mall of The Netherlands extension and renovation project and to the Trinity and Überseequartier new development projects.

5.2. Tangible assets

5.2.1. Accounting principles

Under the preferential method proposed by IAS 16, operating assets are valued at their historic cost, less cumulative depreciation and any decrease in value. Depreciation is calculated using the "component accounting" method, where each asset is broken down into major components based on their useful life. The four components of a property are the main structure, the facade, technical equipment and finishing fixtures and fittings, depreciated respectively over 60, 30, 20 and 15 years for Offices properties and 35, 25, 20 and 15 years for Shopping Centres assets.

The property owned and occupied by the Group, located at 7, Place Adenauer, Paris 16th, is classified in "Tangible assets".

If the appraisal value of a property is lower than net book value, an impairment provision is booked.

5.2.2. Changes in tangible assets

Net value *(€Mn)*	Operating assets(1)	Furniture and equipment	Total
12/31/2015	**151.3**	**65.0**	**216.3**
Acquisitions and capitalised expenses	0.9	23.6	24.5
Depreciation	(2.2)	(14.8)	(17.0)
Impairment/reversal	-	(3.8)	(3.8)
Other movements	-	(0.2)	(0.2)
12/31/2016	**150.1**	**69.7**	**219.8**
Acquisitions and capitalised expenses(2)	0.1	16.4	16.5
Disposals/exits from the scope of consolidation	-	(1.5)	(1.5)
Depreciation	(2.2)	(17.1)	(19.2)
Impairment/reversal(3)	-	0.6	0.6
12/31/2017	**148.0**	**68.2**	**216.3**

(1) Related to the headquarters of the Group located at 7 Place Adenauer (Paris).
(2) Increase on Viparis assets and property services entities.
(3) Impairment/reversal on Viparis assets according to the external appraisals.

5.3. Intangible assets

5.3.1. Accounting principles

Intangible assets (IAS 38)/Impairment of assets (IAS 36)

An intangible asset is recognised when it is identifiable and separable and can be sold, transferred, licensed, rented, or exchanged, either individually or as part of a contract with an attached asset or a liability, or which arises from contractual or other legal rights regardless of whether those rights are transferable or separable. After initial recognition, intangible assets are recognised at cost less any amortisation charges and impairment losses.

Intangible assets with a finite life are amortised on a linear basis over the life of the asset. The useful life of an asset is reviewed each year and an impairment test is carried out whenever there is an indication of impairment.

Intangible assets with an indefinite useful life are not amortised but their life span is reviewed each year. These assets are subject to impairment tests annually or whenever there is an indication of impairment, which consists of comparing the book value with the recoverable amount of the intangible. The recoverable amount of an asset or a cash-generating unit is the maximum between its fair value less disposal costs and its value in use. It is assessed on the basis of the present value of expected future cash flows from the continued use of the asset and its terminal value. Impairment tests are carried out by grouping assets together into cash-generating units. In the case of reduction in value, a corresponding impairment charge is recognised in the income statement.

The intangible assets qualified as "Rights and exhibitions" relate mainly to the Viparis entities and are valued by external appraisers. If the appraisal value of an intangible asset is lower than net book value, an impairment provision is booked.

5.3.2. Changes in intangible assets

Net value *(€Mn)*	Rights and exhibitions	Other intangible assets	Total
12/31/2015	**233.8**	**8.3**	**242.1**
Acquisitions	-	4.4	4.4
Amortisation	(2.4)	(1.9)	(4.2)
Impairment/reversal	(12.8)	-	(12.8)
12/31/2016	**218.5**	**10.9**	**229.4**
Acquisitions	-	3.9	3.9
Amortisation	(2.1)	(6.5)	(8.6)
Impairment/reversal*	(52.6)	-	(52.6)
12/31/2017	**163.8**	**8.3**	**172.2**

* *The amount of impairment relates mainly to impairment on the Convention & Exhibition's intangible assets according to the external appraisals.*

A change of +25 basis points of the WACC of Viparis intangible assets as determined at December 31, 2017 would result in a negative adjustment of -€24.2 Mn (-5.7%) on the appraisal value of the intangible assets.

5.4. Goodwill

5.4.1. Accounting principles

Goodwill only arises upon a business combination and is initially measured as the residual cost of the business combination after recognising the acquiree's identifiable assets, liabilities, and contingent liabilities. Subsequently the goodwill is carried at cost and is subject to regular reviews by the Group and impairment tests at least once per year or whenever there is an indication of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units expected to benefit from the acquisition. The recoverable amount of a cash-generating unit is determined using the most appropriate method, most commonly the discounted cash flows method, and is applied to the full cash-generating unit rather than each legal entity.

Goodwill may arise on acquiring an asset *via* a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference may appear that is reflected in the goodwill. Therefore, in this case the impairment test consists in a comparison between the accounting value of the goodwill and the potential tax optimisation existing at the date of reporting.

5.4.2. Changes in goodwill

(€Mn)	Gross value	Impairment	**Total**
12/31/2015	**2,186.9**	**(1,644.1)**	**542.8**
Change	(1.7)	(1.2)	(2.9)
12/31/2016	**2,185.2**	**(1,645.3)**	**539.9**
Change	(0.8)[1]	(16.8)	(17.6)
12/31/2017	**2,184.4**	**(1,662.0)[2]**	**522.4**

(1) Corresponds to the exit of the goodwill following the disposal of some assets.
(2) Relates mainly to the write off of part of the Rodamco Europe goodwill in 2007.

Goodwill amounts to €522.4 Mn and breaks down as follows:

- €255.7 Mn corresponds to the potential tax optimisation existing at the date of acquisition on the assets;
- €266.7 Mn mainly related to the goodwill recognised on Unibail-Rodamco Germany in 2014 and represents the value of the fee business and the ability to generate and develop projects.

An impairment test was carried out on the goodwill which represents the potential tax optimisation existing on the assets. An impairment of €7.6 Mn was recognised as at December 31, 2017 on the income tax expenses in the consolidated statement of comprehensive income.

The goodwill which corresponds to the value of the fee business and the ability to generate development projects is based on an external appraisal, performed once a year as at December.

An impairment of €9.2 Mn was recognised as at December 31, 2017.

5.5. Valuation movements on assets

This item reflects changes in market valuation of investment properties, impairment and reversal on tangible and intangible assets.

(€Mn)	**2017**	2016
Investment properties at fair value	1,440.1	2,027.2
◆ *Shopping Centres*	*1,190.8*	*1,734.4*
◆ *Offices*	*342.5*	*234.8*
◆ *Convention & Exhibition*	*(93.2)*	*58.0*
Investment properties at cost	(23.7)	(4.7)
Tangible and intangible assets	(52.0)	(16.6)
TOTAL	**1,364.4**	**2,005.8**

5.6. Amounts paid for works and acquisition/disposal of property assets (Consolidated statement of cash flows)

In 2017, amounts paid for works and acquisition of property assets amount to €1,368.2 Mn. They comprise acquisitions, transaction capitalised costs, works and capitalised expenses and are adjusted for the changes on amounts due on investments of the period.

In 2017, asset disposals amounted to €592.5 Mn (total net disposal price) of which €437.1 Mn of offices and €155.4 Mn of shopping centres.

In addition, the net disposal price of the underlying assets disposed under share deals (see note 3.3.2 "Disposals of consolidated shares") is €117.8 Mn.

NOTE 6 ◆ SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

6.1. Accounting principles

The accounting principles are detailed in note 3.1.1 “Scope and methods of consolidation”.

6.2. Changes in shares and investments in companies accounted for using the equity method

These shares and investments are those in the 23 companies accounted for using the equity method, of which 10 are under significant influence and 13 are jointly controlled. The list of these companies is given in note 14 “List of consolidated companies”.

(€Mn)	12/31/2017	12/31/2016
Shares in Shopping Centres and Convention & Exhibition companies	1,165.5	992.7
Loans granted to Shopping Centres and Convention & Exhibition companies	747.8	715.5
TOTAL SHARES AND INVESTMENTS IN COMPANIES UNDER THE EQUITY METHOD	**1,913.3**	**1,708.2**

The increase of the “Shares in Shopping Centres and Convention & Exhibition companies” corresponds mainly to the consolidation of CGI Metropole (see note 1 “Significant events of the year”).

6.3. Share of the result of companies accounted for using the equity method and income on financial assets

The contribution of affiliates breaks down as follows:

	2017			2016		
(€Mn)	Recurring activities	Non-recurring activities*	Result	Recurring activities	Non-recurring activities*	Result
Result from stake in Shopping Centres and Convention & Exhibition companies	57.5	34.1	91.6	49.1	(62.4)	(13.3)
TOTAL SHARE OF THE RESULT OF COMPANIES UNDER THE EQUITY METHOD	**57.5**	**34.1**	**91.6**	**49.1**	**(62.4)**	**(13.3)**
Interests on the loans granted to Shopping Centres companies	27.0	-	27.0	18.3	-	18.3
TOTAL INTERESTS ON LOANS GRANTED TO COMPANIES UNDER THE EQUITY METHOD	**27.0**	**-**	**27.0**	**18.3**	**-**	**18.3**

* *Correspond mainly to the fair value adjustment and related deferred tax on the underlying investment properties.*

6.4. Joint ventures

According to IFRS 11, joint ventures are those entities in which the Group has joint control established by contractual agreement and rights to the net assets of the arrangement.

◆ 6.4.1. Description of the main joint ventures accounted for using the equity method

◆ *CentrO*

CentrO, a leading shopping centre located in Oberhausen, is jointly held by the Group and Canada Pension Plan Investment Board (CPPIB).

The joint venture is governed by a Board of Directors with six members, three of which are designated by Unibail-Rodamco and three designated by CPPIB.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The decision-making process for all these relevant activities required the approval of both partners.

Therefore these companies which are joint ventures are accounted for using the equity method.

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6.4.2. Consolidated financial position of the joint ventures

The main jointly controlled assets accounted for using the equity method are:

- CentrO in Oberhausen;
- Paunsdorf Center in Leipzig;
- Rosny 2 in Paris region;
- Palais des Sports in Paris;
- Metropole Zlicin in Prague.

The main items of the statements of financial position and income statement of joint ventures are presented in aggregate in the tables below.

These items are stated in Group share including restatements for consolidation purposes.

Shopping Centres and Convention & Exhibition companies

(€Mn)	**12/31/2017**	12/31/2016*
Investment properties	1,392.7	1,239.8
Other non-current assets	1.9	25.8
Current assets	58.6	51.5
TOTAL ASSETS	**1,453.2**	**1,317.1**
Restated shareholders' equity	778.0	644.9
Deferred tax liabilities	103.9	122.7
Internal borrowings	107.6	118.1
External borrowings	394.1	392.9
Other non-current liabilities	4.1	3.0
Current liabilities	65.5	35.5
TOTAL LIABILITIES	**1,453.2**	**1,317.1**

* *Unibail-Rodamco Benidorm SL was accounted for using the equity method from January 1, 2016 to June 24, 2016.*

(€Mn)	**2017**	2016*
Net rental income	54.2	52.5
Change in fair value of investment properties	24.3	20.9
Net result	54.7	55.5

* *Unibail-Rodamco Benidorm SL was accounted for using the equity method from January 1, 2016 to June 24, 2016.*

6.5. Associates

Associates are those entities, not controlled by the Group, but in which it has a significant influence according to IAS 28 R.

6.5.1. Description of the main associates accounted for using the equity method

Zlote Tarasy complex

The Group is the sole limited partner in a partnership which holds 100% of a holding company (Warsaw III) which owns 100% of Zlote Tarasy complex (Warsaw). In compliance with the restrictions imposed on Unibail-Rodamco by the Polish competition authorities in connection with the acquisition by the Group of the shopping centres Arkadia and Wilenska in July of 2010, the management of Warsaw III and the shopping centre and parking is not performed by the Group. Consequently, the Group does not control this asset and its investment in the Zlote Tarasy complex is accounted for using the equity method.

6.5.2. Consolidated financial position of associates

The main associates are the following assets:

- Zlote Tarasy complex (Warsaw);
- Ring-Center (Berlin);
- Gropius Passagen (Berlin).

The main items of the statements of financial position and income statement of associates are presented in aggregate in the tables below. These items are stated in Group share including restatements for consolidation purposes.

◆ *Shopping Centres companies*

(€Mn)	12/31/2017	12/31/2016
Investment properties	1,051.4	1,009.5
Other non-current assets	15.3	15.9
Current assets	68.7	292.5
TOTAL ASSETS	**1,135.4**	**1,317.9**
Restated shareholders' equity	297.4	257.4
Deferred tax liabilities	125.7	120.1
Internal borrowings	640.3	597.5
External borrowings	46.2	320.1
Other non-current liabilities	4.0	3.7
Current liabilities	21.8	19.1
TOTAL LIABILITIES	**1,135.4**	**1,317.9**

(€Mn)	2017	2016
Net rental income	53.0	50.2
Change in fair value of investment properties	25.5	54.6
Net result	36.9	(68.7)

6.6. Transactions with related-parties (joint ventures and associates)

The consolidated financial statements include all companies in the Group's scope of consolidation (see note 14 "List of consolidated companies").

The parent company is Unibail-Rodamco SE.

To the Group's knowledge, there are neither shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the Group.

The main related party transactions relate to transactions with companies accounted for using the equity method.

(€Mn)	12/31/2017	12/31/2016
Shopping Centre and Convention & Exhibition companies		
Loans[1]	757.0	722.1
Recognised interest	27.0	18.3
Current account in debit	2.0	1.3
Current account in credit[2]	(8.9)	(240.9)
Asset management fees invoiced and other fees	17.1	16.0

(1) Corresponds to 100% of the financing in the shopping centres investment.
(2) The change is mainly explained by the decrease of the current account Unibail-Rodamco SE had with Warsaw III BV following the reimbursement early in 2017 of a participating loan in the Zlote Tarasy complex.

All of these transactions are based on market prices.

No transactions with related parties had a material impact on the Group consolidated financial statements.

NOTE 7 ◆ FINANCING AND FINANCIAL INSTRUMENTS

7.1. Accounting principles

◆ 7.1.1. Financial instruments (IAS 32/IAS 39/IFRS 7/IFRS 13)

◆ *Classification and measurement of non-derivative financial assets and liabilities*

◆ Loans and receivables

Loans and receivables, acquired or granted, not held for the purpose of trading or sale, are recorded on the statement of financial position as "Loans and receivables". After initial recording, they are measured at amortised cost based on the effective interest rate. They may be subject to impairment when necessary.

◆ Financial assets

They comprise shares of non-consolidated companies and bonds held to maturity. After initial recording, they are measured at amortised cost. They may be subject to impairment when necessary.

◆ Financial assets available for sale

These are non-derivative financial assets held for an undetermined period that may be sold by the Group at any time. They are measured at their fair value at the accounting date and recorded as available for sale investments. Interest accrued or received on fixed-income securities is recorded as income based on the effective interest rate. Changes in market value other than income are recorded in other comprehensive income. Fair value variations are recorded in the income statement if the asset is sold or significantly impaired.

◆ Non-derivative financial liabilities

Non-derivative financial liabilities are measured after initial booking at amortised cost using the effective interest rate.

Being a financial debt with an embedded derivative, and based on the option provided by IAS 39, the ORNANE convertible bond, net of write off of the issuance costs, are accounted for fully, at inception, at fair value, on a separate line in the statement of financial position, with subsequent changes recorded on a separate line in the income statement. The interest expenses are booked based on the contractual interest rates and are classified in the statement of comprehensive income on the line "Net financing costs".

◆ *Classification and measurement of financial derivatives and hedge accounting*

The Group uses derivative financial instruments to hedge its exposure to movements in interest and currency exchange rates.

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives, apart from those designated as cash flow hedges or as net investment hedges (see below), are recognised in the income statement for the period.

Unibail-Rodamco has a macro-hedging strategy for its debt. Except for some currency derivatives, it has chosen not to use the hedge accounting proposed by IAS 39. All such derivatives are therefore measured at their market value and any fair value variations are recorded in the income statement.

Regarding the currency derivatives, they aim at hedging the investments made in countries outside the euro-zone. The majority of currency swaps and forward contracts are therefore designated as a net investment hedge. The portion of the gain or loss on these instruments that is determined to be an effective hedge is recognised directly in equity (currency translation reserve). The ineffective portion is recognised directly in the income statement, as fair value adjustments of derivative and debt.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement.

Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of the "financing result" as these instruments are designated as hedging instruments.

◆ 7.1.2. Discounting of deferred payments

Long-term liabilities and receivables are discounted when this has a significant impact:

- deferred payments on assets deals, share deals, acquisitions of lands and ground leases have been discounted up to the payment date;
- provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover;
- guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.

◆ 7.1.3. Borrowing costs generated by construction projects (IAS 23)

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest costs capitalised are calculated using the Group's weighted average costs of borrowing applied to the average value of the work completed during each quarter, unless specific financing exists for the project. In this case, the specific interest costs of the project are capitalised.

Capitalisation of borrowing costs starts when an Investment Property Under Construction is recognised as an asset and ends when the project is transferred to standing investment property at the delivery date to the tenant or earlier when the project is technically completed.

7.2. Financing result

7.2.1. Net financing costs

(€Mn)	2017	2016
Security transactions	4.5	2.1
Other financial interest	4.9	3.4
Interest income on derivatives	110.1	83.3
Subtotal financial income	**119.5**	**88.8**
Security transactions	(0.4)	-
Interest on bonds and EMTNs	(258.0)	(257.4)
Interest and expenses on borrowings	(50.4)	(47.5)
Interest on partners' advances	(29.2)	(29.5)
Other financial interest	(2.4)	(1.8)
Interest expenses on derivatives	(25.8)	(22.3)
Financial expenses before capitalisation of financial expenses	**(366.2)**	**(358.6)**
Capitalised financial expenses	18.7	14.9
Subtotal net financial expenses	**(347.5)**	**(343.7)**
TOTAL NET FINANCIAL COSTS	**(228.0)**	**(254.9)**

Financial income and expenses from the consolidated statement of cash flows correspond to cash amounts of financial interest paid and received during the period. They do not include any non-cash items such as accrued interest and amortisation of issuance costs.

7.2.2. Fair value adjustment of derivatives and debts

(€Mn)	2017	2016
Premium and costs paid on the repurchased bonds and ORNANEs and on repayments of borrowings	-	(74.3)
Mark-to-market of the ORNANEs	21.1	37.0
Currency impact	70.3	4.2
Restructuring of hedges and mark-to-market of derivatives	(90.1)	(205.1)
Debt discounting and other items	(2.2)	(2.2)
TOTAL NON-RECURRING FINANCIAL RESULT	**(0.9)**	**(240.4)**

7.3. Financial assets and liabilities

7.3.1. Loans and receivables

As at December 31, 2016, loans and receivables from the consolidated statement of financial position included a receivable on disposal of asset with a deferred payment.

As at December 31, 2017, the deferred payment has been reclassified to current assets.

7.3.2. Main financing transactions in 2017

In total, medium- to long-term financing transactions completed in 2017 amounted to €3,506 Mn and include:

- the signing of €1,651 Mn medium- to long-term bank loan and credit facilities with an average maturity of 5.0 years;
- five public EMTN bonds issued in February, May and June 2017 for a total amount of €1,700 Mn with the following features:
  - €600 Mn with an 11-year maturity,
  - €500 Mn with a 12-year maturity,
  - €500 Mn with a 20-year maturity,
  - SEK 600 Mn, equivalent to €60 Mn, with a 5-year maturity,
  - SEK 400 Mn Floating Rate Note (FRN), equivalent to €40 Mn, with a 5-year maturity;
- the issue of two private placements under Unibail-Rodamco's EMTN program for a total equivalent amount of €155 Mn through two taps (€105 Mn and €50 Mn) of its outstanding 2030 bond, increasing the size of the bond to €655 Mn.

In total, these bonds were issued for an average duration of *ca.* 14 years, *vs.* an average duration of 12 years in 2016.

In addition, Unibail-Rodamco accessed the money market by issuing short term paper (BMTN, *billets de trésorerie* and "US Commercial Paper" (USCP));

- the average amount of short term paper outstanding in 2017 was equivalent to €1,378 Mn (€1,252 Mn in 2016). This higher amount is due to an increase of the issuances in the first half of 2017 ahead of the French elections to secure additional liquidity.

As at December 2017, the total amount of undrawn credit lines came to €6,203 Mn and cash on-hand came to €575 Mn (€400 Mn as at December 31, 2016).

7.3.3. Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity *(€Mn)*	Current: Less than 1 year	Non-current: 1 year to 5 years	Non-current: More than 5 years	Total 12/31/2017	Total 12/31/2016
Net share settled bonds convertible into new and/or existing shares (ORNANE)	**0.3**	**1,020.5**	**-**	**1,020.8**	**1,049.4**
Principal debt	0.3	1,000.0	-	1,000.3	1,007.8
Mark-to-market of debt	-	20.5	-	20.5	41.6
Accrued interest	-	-	-	-	0.0
Bonds and EMTNs	**1,016.2**	**3,077.8**	**7,343.4**	**11,437.4**	**10,342.9**
Principal debt(1)	956.9	3,077.8	7,343.4	11,378.1(1)	10,287.9
Accrued interest	132.3	-	-	132.3	113.2
Issuance costs	(19.9)	-	-	(19.9)	(15.5)
Bonds redemption premium	(53.1)	-	-	(53.1)	(42.7)
Bank borrowings	**65.9**	**540.0**	**680.0**	**1,285.9**	**1,391.3**
Principal debt	67.2	540.0	680.0	1,287.2	1,398.0
Accrued interest	5.2	-	-	5.2	5.2
Borrowings issue fees	(15.5)	-	-	(15.5)	(16.1)
Bank overdrafts & current accounts to balance out cash flow	9.0	-	-	9.0	4.1
Mark-to-market of debt	-	-	-	-	0.2
Other financial liabilities	**1,219.5**	**151.1**	**1,097.3**	**2,467.9**	**2,495.1**
Interbank market instruments and negotiable instruments	1,172.3	-	-	1,172.3	1,220.8
Accrued interest on interbank market instruments and negotiable instruments	(0.1)	-	-	(0.1)	(0.1)
Current accounts with non-controlling interests(2)	-	151.1	1,097.3	1,248.4	1,274.3
Other(3)	47.3	-	-	47.3	-
Financial leases	**2.0**	**8.7**	**344.5**	**355.2**	**361.6**
TOTAL	**2,303.9**	**4,798.1**	**9,465.2**	**16,567.2**	**15,640.3**

(1) Include currency impacts on debt raised in foreign currency for an amount of +€30.2 Mn as at 12/31/2017 (+€99.5 Mn as at 12/31/2016). The amount shown in the Financial Resources note (€11,348 Mn) corresponds to the amount of bonds after impact of derivatives instruments on debt raised in foreign currencies.
(2) They are considered as non-current as they are financing the related assets.
(3) Deferred payment for implemented hedging covering the EUR/USD foreign exchange risk for the full USD requirements of Westfield acquisition.

The variation of financial debt by flows breaks down as follows:

	12/31/2016	Cash flows(1): Increase(2)	Cash flows(1): Decrease	Variation of accrued interests(3)	Non-cash flows: Scope movements	Non-cash flows: Currency translation	Non-cash flows: Fair value impact	Non-cash flows: Others	12/31/2017
Net share settled bonds convertible into new and/or existing shares (ORNANE)	1,049.4	-	(7.5)	-	-	-	(21.1)	-	1,020.8
Bonds and EMTNs	10,342.9	1,833.6	(688.0)	19.1	-	(80.1)	-	9.9	11,437.4
Bank borrowings	1,391.3	(5.7)	(112.1)	-	0.5	5.7	(0.2)	6.4	1,285.9
Other financial liabilities	2,495.1	95.1	(169.2)	-	-	-	-	46.9	2,467.9
Financial leases	361.6	0.1	(6.5)	-	-	-	-	-	355.2
TOTAL	**15,640.3**	**1,923.1**	**(983.3)**	**19.1**	**0.5**	**(74.4)**	**(21.3)**	**63.2**	**16,567.2**

(1) The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.
(2) Net of issuance costs and issue fees.
(3) The variation of accrued interest is included in lines Financial income/Financial expenses of the Consolidated statement of cash flows.

◆ *Maturity of current principal debt*

(€Mn)	Current			Total 12/31/2017
	Less than 1 month	1 month to 3 months	More than 3 months	
Bonds and EMTNs	-	-	956.9	956.9
Bank borrowings	0.4	-	66.8	67.2
Other financial liabilities	310.0	290.0	619.6	1,219.6
Financial leases	-	-	2.0	2.0
TOTAL	**310.4**	**290.0**	**1,645.3**	**2,245.7**

◆ 7.3.4. Net share settled bonds convertible into new and/or existing shares (ORNANE)

As at December 31, 2017, the ORNANEs are presented in the table below.

(€Mn)	Debt at fair value	Fair value recognised in the profit and loss
ORNANE issued in 2012	0.3	1.6
ORNANE issued in 2014	525.3	23.2
ORNANE issued in 2015	495.2	(3.7)
TOTAL	**1,020.8**	**21.1**

◆ 7.3.5. Characteristics of bonds and EMTNs (excluding ORNANE)

Issue date	Rate	Amount at 12/31/2017 (€Mn)	Maturity
July 2009	Fixed rate 4.22% during 2 years then linked to inflation	70.0	July 2019
August 2009	Fixed rate 5% during 3 years then Constant Maturity Swap 10 years (floored at 5%. capped at 7.5%)	50.0	August 2019
August 2009	Fixed rate 5% during 3 years then Constant Maturity Swap 10 years (floored at 5%. capped at 7.5%)	50.0	August 2019
May 2010	Structured coupon linked to CMS 10 year	50.0	May 2020
June 2010	Structured coupon linked to CMS 10 year	50.0	June 2020
September 2010	Fixed rate 3.35%	50.0	September 2018
September 2010	Fixed rate 3.35%	60.0	September 2018
November 2010	Fixed rate 4.17%	41.0	November 2030
November 2010	Fixed rate 3.875%	616.7	November 2020
October 2011	Fixed rate 4.10%	27.0	October 2031
November 2011	Fixed rate 4.05%	20.0	November 2031
March 2012	Fixed rate 3.000%	428.9	March 2019
May 2012	Fixed rate 3.196%	425.0	May 2022
August 2012	Fixed rate 2.250%	431.4	August 2018
February 2013	Fixed rate 2.375%	418.4	February 2021
February 2013	Fixed rate HKD swapped back into EUR	75.4	February 2025
March 2013	Fixed rate HKD swapped back into EUR	63.0	March 2025
June 2013	Fixed rate 2.500%	498.8	June 2023
October 2013	Fixed rate HKD swapped back into EUR	43.1	October 2025
October 2013	Fixed rate 1.875%	194.4	October 2018
November 2013	Fixed rate CHF swapped back into EUR	115.5	November 2023
December 2013	Fixed rate 3.000% SEK	80.4	December 2018
December 2013	Float rate SEK (Stib3M + 100bps)	140.7	December 2018
February 2014	Float rate (Erb3M + 70bps)	30.0	February 2019
February 2014	Fixed rate 2.50%	750.0	February 2024
March 2014	Fixed rate 3.08%	20.0	March 2034
April 2014	Fixed rate 3.08%	30.0	April 2034
April 2014	Float rate USD swapped back into EUR	168.3	April 2019
June 2014	Fixed rate 2.250% SEK	85.4	June 2019
June 2014	Float rate SEK (Stib3M + 78bps)	65.3	June 2019
June 2014	Fixed rate 2.50%	600.0	June 2026

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Issue date	Rate	Amount at 12/31/2017 (€Mn)	Maturity
October 2014	Fixed rate 1.375%	318.5	October 2022
April 2015	Fixed rate 1.00%	500.0	March 2025
April 2015	Fixed rate 1.375%	655.0	April 2030
October 2015	Float rate (Erb3M + 81bps)	50.0	October 2024
November 2015	Fixed rate 2.066%	30.0	November 2030
November 2015	Fixed rate HKD swapped back into EUR	80.8	November 2025
December 2015	Fixed rate 2.1% during 3 years then Constant Maturity Swap 10 years (floored at 0% capped at 4%)	70.0	December 2030
March 2016	Fixed rate 1.375%	500.0	March 2026
March 2016	Float rate (Erb6M+0%, floored at 0.95%, capped at 3%)	20.0	March 2027
April 2016	Fixed rate 1.125%	500.0	April 2027
April 2016	Fixed rate 2%	500.0	April 2036
October 2016	Fixed rate 0.850% SEK	150.8	October 2021
November 2016	Fixed rate 0.875%	500.0	February 2025
December 2016	Fixed rate HKD swapped into EUR	53.8	November 2026
February 2017	Fixed rate 1.5%	600.0	February 2028
May 2017	Fixed rate 1.5%	500.0	May 2029
May 2017	Fixed rate 2,0%	500.0	May 2037
June 2017	Float rate SEK (Stib3M + 80bps)	40.2	June 2022
June 2017	Fixed rate 0.875% SEK	60.3	June 2022
TOTAL		**11,378.1**	

◆ 7.3.6. Covenants

No bank loans are subject to prepayment clauses linked to the Group's ratings, barring exceptional circumstances such as change in control.

There are no financial covenants (such as Loan-to-Value (LTV) [1] or Interest Coverage Ratio (ICR)[2]) in the EMTN and the Commercial Paper programs.

Bonds issued are not restricted by any covenant based on financial ratios which could lead to early repayment of the debt. Green bonds must be used to finance projects or assets that meet certain criteria.

The majority of bank loans and credit facilities contain financial covenants such as LTV and ICR ratios, as well as a prepayment clause in case of occurrence of a material adverse change.

As at December 31, 2017, the LTV ratio calculated for Unibail-Rodamco amounted to 33% stable compared to year-end 2016.

The ICR improved to 6.7x for 2017 as a result of strong rental growth and the lower cost of debt.

These ratios show ample headroom vis-à-vis bank covenants usually set at a maximum of 60% LTV and a minimum ICR of 2x, which the Group reports to the banks twice a year.

As at December 31, 2017, 95% of the Group's credit facilities and bank loans allowed indebtedness up to 60% of the Group's total asset value or of the value of the asset of the borrowing entity, as the case may be.

◆ 7.3.7. Other financing activities

In the consolidated statement of cash flows, "Other financing activities" comprise mainly costs paid on hedging instruments purchase and disposal.

(1) The debt ratio "Loan-to-Value" (LTV) is calculated as the net financial nominal debt expressed as a percentage of the portfolio valuation (including transfer taxes).

(2) Interest Cover Ratio (ICR) = Recurring EBITDA/Recurring Net Financial Expenses (including capitalised interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortisation.

◆ 7.3.8. Debt's market value

The market value of Unibail-Rodamco's fixed-rate and index-linked debt is presented in the table below.

	12/31/2017		12/31/2016	
(€Mn)	Carrying value	Market value	Carrying value	Market value
Fixed-rate and index-linked debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	13,333.2*	13,911.8	12,036.5	12,691.8

* ORNANE included, at market value (see note 7.3.4 "Net share settled bonds convertible into new and/or existing shares (ORNANE)").

Financial debt is valued at market value based on market rates and on spread issuers at each closing date.

◆ 7.3.9. Net financial debt

Net financial debt is determined as below:

◆ *Net financial debt*

(€Mn)	12/31/2017	12/31/2016
Amounts accounted for in B/S		
Net share settled bonds convertible into new and/or existing shares (ORNANE)	1,020.8	1,049.4
Long-term bonds and borrowings	12,889.6	12,223.7
Current borrowings and amounts due to credit institutions	2,301.6	2,005.6
Total financial liabilities	**16,212.0**	**15,278.7**
Adjustments		
Mark-to-market of debt	(20.5)	(41.8)
Current accounts with non-controlling interests	(1,248.4)	(1,274.3)
Impact of derivatives instruments on debt raised in foreign currency	(30.2)	(99.5)
Accrued interests/issuance fees	(48.9)	(44.0)
Total financial liabilities (nominal value)	**14,864.0***	**13,819.1**
Cash & cash equivalents	**(574.7)***	**(400.1)**
NET FINANCIAL DEBT	**14,289.3**	**13,418.9**

* Bank overdrafts & current accounts to balance out cash flow are included in the total financial liabilities, in 2017 for €9.0 Mn and in 2016 for €4.1 Mn.

◆ *Net cash at period-end*

(€Mn)	12/31/2017	12/31/2016
Available for sale investments*	297.9	38.2
Cash	276.8	362.0
Total asset	**574.7**	**400.1**
Bank overdrafts & current accounts to balance out cash flow	(9.0)	(4.1)
Total Liabilities	**(9.0)**	**(4.1)**
NET CASH AT PERIOD-END	**565.7**	**396.0**

* This item includes investments in money-market SICAV (marketable securities).

7.4. Hedging instruments

7.4.1. Accounting principles

Exposure to the credit risk of a particular counterparty

The Group, which holds a group of financial assets or financial liabilities, is exposed to market risks and credit risks of every single counterparty as defined in IFRS 7. The Group applies the exception provided by IFRS 13 (§ 48) which permits to measure the fair value of a group of financial assets or a group of financial liabilities on the basis of the price that would be received to sell or transfer a net position towards a particular risk in an orderly transaction between market participants at the measurement date under current market conditions.

To determine the net position, the Group takes into account existing arrangements to mitigate the credit risk exposure in the event of default (*e.g.* a master netting agreement with the counterparty). The fair value measurement takes into consideration the likelihood that such an arrangement would be legally enforceable in the event of default.

Valuation of derivatives has to take into account the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA, calculated for a given counterparty, is the product of:

- the total mark-to-market the Group has with this counterparty, in case it is positive;
- the probability of default of this counterparty over the average maturity, weighted by the nominal of the derivatives booked with them. This probability of default is taken from the Bloomberg model, based on market data and derived from the Credit Default Swaps of the banks;
- and the loss given default set at 60% following market standard.

DVA based on Unibail-Rodamco's credit risk corresponds to the loss that the Group's counterparties may face in case of the Group's default. It is the product of:

- the total mark-to-market the Group has with a counterparty, in case it is negative;
- the probability of default of the Group over the average maturity, weighted by the nominal of the total portfolio of derivatives. The Group's probability of default is derived from the Credit Default Swaps of Unibail-Rodamco and taken from the Bloomberg model;
- and the loss given default set at 60% following market standard.

7.4.2. Change in derivatives

		Amounts recognised in the Statement of Comprehensive Income			
(€Mn)	12/31/2016	Fair value adjustments of derivatives	Other comprehensive income	Acquisitions/ Disposals	12/31/2017
Assets					
Derivatives at fair value Non-Current	**268.8**	**(105.6)**	**0.0**	**9.6**	**172.8**
Without a hedging relationship	*245.4*	*(103.1)*	*0.0*	*2.9*	*145.2*
Other derivatives	*23.3*	*(2.5)*	*-*	*6.7*	*27.6*
Derivatives at fair value Current	**-**	**10.6**	**-**	**47.3**	**57.9***
Without a hedging relationship	*-*	*10.6*	*-*	*47.3*	*57.9*
Liabilities					
Derivatives at fair value	**327.9**	**(4.9)**	**0.0**	**(7.2)**	**315.8**
Without a hedging relationship	*327.9*	*(4.9)*	*0.0*	*(7.2)*	*315.8*
NET	**(59.1)**	**(90.1)**	**0.0**	**64.1**	**(85.1)**

* *Current Derivatives at fair value mainly include:*
- Total Return Swaps awarding to the Group a 4.9% economical interest into Westfield Corporation;
- implemented hedging to cover the EUR/USD FX risk for the full USD requirements of the Westfield acquisition.

7.5. Risk management policy

7.5.1. Market risk

Liquidity risk

The following table shows the Group's contractually agreed interest payments and repayments of the non-derivative financial liabilities (excluding financial leases) and the derivatives with positive and negative fair values. Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interest rates published on December 31, 2017. Credit lines drawn as at December 31, 2017 are considered as drawn until maturity.

Billets de trésorerie and commercial paper have been allocated at the earliest period of redemption even if they are rolled over. All other borrowings have been allocated by date of maturity.

	Carrying amount(1)	Less than 1 year		1 year to 5 years		More than 5 years	
(€Mn)	12/31/2017	Interest	Redemption	Interest	Redemption	Interest	Redemption
BONDS, BORROWINGS AND AMOUNTS DUE TO CREDIT INSTITUTIONS							
Bonds and EMTNs	(12,378.4)	(233.3)	(957.2)	(686.7)	(4,077.8)	(678.6)	(7,343.4)
Bank borrowings and other financial liabilities(2)	(2,506.8)	(11.2)	(1,286.8)	(35.7)	(540.0)	(10.7)	(680.0)
FINANCIAL DERIVATIVES							
Derivative financial liabilities							
Derivatives without a hedging relationship	(315.8)	27.5	-	(198.1)	23.4	(162.2)	22.8
Derivative financial assets							
Derivatives without a hedging relationship	203.1	47.0	(2.1)	63.7	-	36.9	(15.9)

(1) Corresponds to the amount of principal debt (see note 7.3.3 "Financial debt breakdown and outstanding duration to maturity").
(2) Excludes current accounts with non-controlling interests.

The average maturity of the Group's debt as at December 31, 2017, taking into account the unused credit lines increased to 7.2 years (7.0 years as at December 2016).

Unibail-Rodamco's debt repayment needs(1) for the next 12 months are covered by the available undrawn credit lines and cash on-hand. As at December 31, 2017, the amount of bonds and bank loans outstanding and maturing or amortising within a year was €1,024 Mn (including a total of €957 Mn of bonds maturing in August, September, October and December 2018) compared with €6,203 Mn of undrawn committed credit lines and €575 Mn of cash on-hand. In addition, to finance the Group's cash requirements for the Westfield transaction, it has entered into a €6.1 Bn credit facility in January 2018.

Unibail-Rodamco's long-term refinancing policy consists of diversifying the Group's expiry schedules and financial resources. Accordingly, bonds & EMTN issues represented 76% of financial nominal debt at December 31, 2017, bank loans and overdrafts 9%, convertible bonds 7% and commercial paper & *billets de trésorerie* 8%.

The commercial paper programs are backed by confirmed credit lines. These credit lines protect Unibail-Rodamco against the risk of a temporary or more sustained absence of lenders in the short- or medium-term debt markets and were provided by leading international banks.

Counterparty risk

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, Unibail-Rodamco relies solely on major international banks for its hedging operations.

In case of derivative termination, netting can apply as a result of existing agreements between the Group and the banks. The related amounts of derivative instruments, including accrued interests, would be €48.2 Mn for assets and €162.2 Mn for liabilities.

Interest rate risk

Unibail-Rodamco is exposed to interest rate fluctuations on its existing or future variable rate borrowings. Unibail-Rodamco's strategy regarding interest rate risk is to minimise the impact that changes in rates could have on earnings and cash flow and optimise the overall cost of financing in the medium-term. In order to implement this strategy, Unibail-Rodamco uses notably derivatives (mainly caps and swaps) to hedge its interest rate exposure. The Group's market transactions are confined exclusively to those interest hedging activities. All transactions are managed centrally and independently by the Group.

AVERAGE COST OF DEBT

It corresponds to the ratio between "recurring financial expenses (excluding the ones on financial leases and partners' current accounts) + capitalised financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact)" and "average net debt over the period".

(1) Excluding Commercial Paper and BMTN maturing in 2018 (€1,172 Mn), overdrafts and other.

Unibail-Rodamco's average cost of debt decreased to 1.4% for 2017 from 1.6% for 2016. This new record low average cost of debt results from:

- low coupon levels the Group achieved during the last years on its fixed rate debt;
- the level of margins on existing borrowings;
- the Group's active balance sheet management through tender offer transactions;
- the hedging instruments in place;
- the cost of carry of the undrawn credit lines;
- the cost of placement of extra liquidity raised ahead of the French elections.

INTEREST RATE HEDGING TRANSACTIONS

In view of the Group's hedging program, the bonds issued at a fixed rate in 2017 were swapped back to variable rates, except the 20-year bond which was kept at fixed rate.

The Group also extended further its hedging programme and added caps for a total cost of €10 Mn.

In this context:

- the debt the Group expects to raise until 2020 (excluding the debt to be raised to finance the Westfield acquisition) is almost fully hedged;
- the debt the Group expects to raise in 2021 and 2022 is hedged at circa 80% and 60%, respectively.

MEASURING INTEREST RATE RISK

As at December 31, 2017, the measuring interest risk is as follow:

	Financial assets		Financial liabilities		Net exposure before hedging	
(€Mn)	Fixed rate	Variable rate	Fixed rate	Variable rate*	Fixed rate	Variable rate
Less than 1 year	276.8	297.9	1,953.7	299.3	1,676.9	1.4
1 year to 2 years	-	-	684.3	523.6	684.3	523.6
2 years to 3 years	-	-	641.7	110.0	641.7	110.0
3 years to 4 years	-	-	1,094.2	210.0	1,094.2	210.0
4 years to 5 years	-	-	1,303.8	50.2	1,303.8	50.2
More than 5 years	-	-	7,553.4	470.0	7,553.4	470.0
TOTAL	**276.8**	**297.9**	**13,231.1**	**1,663.1**	**12,954.3**	**1,365.2**

* *Including index-linked debt.*

The Group does not have a micro-hedging strategy, except when both currency exchange risk and interest rate risk are hedged, which enables it not to correlate its liquidity risk and interest rate risk management. Consequently, the maturities of the debts and hedging instruments can be dissociated and the outstanding derivatives instruments can hedge a part of the fixed rate debt maturing in the following years.

The outstanding debt was fully hedged against an increase in variable rates, based on debt outstanding as at December 31, 2017 through both:

- debt kept at fixed rate;
- hedging in place as part of Unibail-Rodamco's macro hedging policy.

The hedging balance as at December 31, 2017 breaks down as follows:

	Outstanding total at 12/31/2017	
(€Mn)	Fixed rate	Variable rate(1)
Financial liabilities	(13,231.1)	(1,663.1)
Financial assets	276.8	297.9
Net financial liabilities before hedging program	**(12,954.3)**	**(1,365.2)**
Micro-hedging	4,370.6	(4,340.4)
Net financial liabilities after micro-hedging(2)	**(8,583.7)**	**(5,705.6)**
Swap rate hedging(3)		-
Net debt not covered by swaps		**(5,705.6)**
Cap and floor hedging		7,000.0
HEDGING BALANCE	**-**	**1,294.4**

(1) Including index-linked debt.
(2) Partners' current accounts are not included in variable-rate debt.
(3) Forward hedging instruments are not accounted for in this table.

Based on the estimated average debt position of Unibail-Rodamco in 2018, if interest rates (Euribor, Stibor or Pribor) were to rise by an average of +0.5% [(1)] (50 bps) during 2018, the estimated impact on financial expenses would be -€2.1 Mn, reducing the 2018 recurring net profit by a broadly similar amount. A further rise of +0.5% (50 bps) would reduce financial expenses by +€2.8 Mn. In total, a +1.0% (100 bps) increase in interest rates during 2018 would have a net positive impact on financial expenses of +€0.7 Mn. A -0.5% (50 bps) drop in interest rates (leading to further negative interest rates) would reduce the financial expenses by +€35.7 Mn and would increase the recurring net profit in 2018 by a broadly equivalent amount.

◆ *Management of other risks*

Regarding exchange rate risk, the Group aims to limit its net exposure to an acceptable level by taking up debt in the same currency, by using derivatives and by buying or selling foreign currencies at spot or forward rates.

MEASURING CURRENCY EXCHANGE RATE EXPOSURE

The Group has activities and investments in countries outside the euro zone (*e.g.* the Czech Republic, Poland and Sweden). When converted into euros, the income and value of the Group's net investment may be influenced by fluctuations in exchange rates against the euro. Wherever possible, the Group aims to match foreign currency income with expenses in the same currency, reducing the exchange effects on earnings volatility and net valuation of the investment. Translation risks can be hedged by either matching cash investments in a specific currency with debt in the same currency, or using derivatives to achieve the same risk management-driven goal.

Currency risk during the building period of pipeline investments is covered as early as possible after signing of the actual building contract.

Other monetary assets and liabilities held in currencies other than the euro are managed by ensuring that net exposure is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates where necessary to address short term balances.

The Group, through its activities, is exposed to market risks which can generate losses as a result of fluctuations in stock markets. The Group is either (i) directly exposed to fluctuations in stock prices due to the ownership of participations or financial instruments, or, (ii) indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share based derivatives which are directly correlated with the price of the asset underlying such derivatives.

MEASURE OF THE EXPOSURE TO OTHER RISKS AS AT DECEMBER 31, 2017 *(€MN)*

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
DKK	461.4	(68.8)	392.5	-	392.5
PLN	116.7	(0.3)	116.5	-	116.5
SEK	2,812.0	(1,029.3)	1,782.7	-	1,782.7
Other	47.4	(599.8)	(552.4)	599.8	47.4
TOTAL	**3,437.6**	**(1,698.3)**	**1,739.3**	**599.8**	**2,339.1**

EXPOSURE SENSITIVITY TO CURRENCY EXCHANGE RATE

The main exposure kept is in Swedish Krona (SEK).

	12/31/2017		12/31/2016	
(€Mn)	Recurring result Gain/(Loss)	Equity Gain/(Loss)	Recurring result Gain/(Loss)	Equity Gain/(Loss)
Impact of an increase of +10% in the EUR/SEK exchange	(10.3)*	(163.8)	(10.0)	(167.5)

* *The sensitivity is measured by applying a change in exchange rate to the net revenues in SEK (net rents – administrative and financial expenses – taxes), based on a EUR/SEK exchange rate of 9.8438.*

(1) *The eventual impact on exchange rates due to this theoretical increase of +0.5% in interest rates is not taken into account; theoretical impacts of rise or decrease in interest rates are calculated above the 3-month Euribor as of December 31, 2017 of -0.329%.*

7.5.2. Credit risk

Credit risk arises from cash and equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.

The main tenants of Unibail-Rodamco's Office properties in France are blue-chip companies. The tenants profile minimizes insolvency risks.

In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.

When tenants sign their lease agreements, they are required to provide financial guarantees, such as a deposit, first-demand guarantee or a surety bond amounting to between three and six months' rent.

Payments for ancillary services provided by the Convention & Exhibition segment are generally received in advance, thereby reducing the risk of unpaid debt.

Late payment reminders are automatically issued in respect of late payments and penalties are applied. Such late payments are monitored by a special "default" Committee in each business segment which decides on the pre-litigation or litigation action to be taken.

The Group applies the following rules to calculate the provision for doubtful accounts:

- 50% for receivables due for more than three months (calculation after preliminary deduction of deposits and bank guarantee);
- 100% for receivables due for more than six months.

7.6. Carrying value of financial instruments per category

L&R: Loans and Receivables

AfS: Available for Sale financial assets

FAFVPL: Financial Assets at Fair Value through Profit and Loss

FLAC: Financial Liabilities measured At Cost

FLFVPL: Financial Liabilities at Fair Value through Profit and Loss

12/31/2017 *(€Mn)*	Categories in accordance with IAS 39	Carrying Amount 12/31/2017	Amounts recognised in statement of financial position according to IAS 39 Amortised Cost	Fair value recognised in equity	Fair value recognised in profit & loss	Fair value
ASSETS						
Loans	L&R	76.8	76.8	-	-	76.8
Financial assets	L&R/AfS	30.8	9.7	21.1	-	30.8
Derivatives at fair value	FAFVPL	230.7	-	-	230.7	230.7
Trade receivables from activity(1)	L&R	258.3	258.3	-	-	258.3
Other receivables(2)	L&R	183.2	183.2	-	-	183.2
Cash and cash equivalents	FAFVPL	574.7	-	-	574.7	574.7
		1,354.5	**528.0**	**21.1**	**805.4**	**1,354.5**
LIABILITIES						
Financial debts (excluding *ORNANE*)	FLAC	15,191.5	15,191.5	-	-	15,770.2
Financial leases	FLAC	355.2	355.2	-	-	368.0
Net share settled bonds convertible into new and/or existing shares *(ORNANE)*	FLFVPL	1,020.8	-	-	1,020.8	1,020.8
Derivatives at fair value	FLFVPL	315.8	-	-	315.8	315.8
Guarantee deposits	FLAC	223.9	223.9	-	-	223.9
Non-current amounts due on investments	FLAC	256.2	256.2	-	-	256.2
Amounts due to suppliers and other current debt(3)	FLAC	891.8	891.8	-	-	891.8
		18,255.2	**16,918.6**	**-**	**1,336.6**	**18,846.7**

12/31/2016 *(€Mn)*	Categories in accordance with IAS 39	Carrying Amount 12/31/2016	Amounts recognised in statement of financial position according to IAS 39 Amortised Cost	Fair value recognised in equity	Fair value recognised in profit & loss	Fair value
ASSETS						
Loans	L&R	113.3	113.3	-	-	113.3
Financial assets	L&R/AfS	25.1	8.6	16.5	-	25.1
Derivatives at fair value	FAFVPL	268.8	-	-	268.8	268.8
Trade receivables from activity(1)	L&R	235.5	235.5	-	-	235.5
Other receivables(2)	L&R	84.7	84.7	-	-	84.7
Cash and cash equivalents	FAFVPL	400.1	-	-	400.1	400.1
		1,127.5	**442.1**	**16.5**	**668.9**	**1,127.5**
LIABILITIES						
Financial debts (excluding *ORNANE*)	FLAC	14,229.3	14,229.3	-	-	14,884.6
Financial leases	FLAC	361.6	361.6	-	-	370.1
Net share settled bonds convertible into new and/or existing shares *(ORNANE)*	FLFVPL	1,049.4	-	-	1,049.4	1,049.4
Derivatives at fair value	FLFVPL	327.9	-	-	327.9	327.9
Guarantee deposits	FLAC	208.1	208.1	-	-	208.1
Non-current amounts due on investments	FLAC	271.4	271.4	-	-	271.4
Amounts due to suppliers and other current debt(3)	FLAC	1,026.7	1,026.7	-	-	1,026.7
		17,474.4	**16,097.1**	**-**	**1,377.3**	**18,138.2**

(1) Excluding rent-free periods and step rents.
(2) Excluding prepaid expenses, service charges due and tax receivables.
(3) Excluding prepaid income, service charges billed and tax liabilities.

"Trade receivables from activity", "Other receivables", "Cash and cash equivalents" and "Amounts due to suppliers and other current debt" mainly have short-term maturity. Consequently, their carrying amounts at the reporting date approximate the fair value.

5.

7.6.1. Fair value hierarchy of financial assets and liabilities

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments. The following categories are identified:

- level 1: financial instruments quoted in an active market;
- level 2: financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument (*i.e.* without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets;
- level 3: financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (*i.e.* without modification or repackaging) and not based on available observable market data.

	Fair value measurement at 12/31/2017			
(€Mn)	Total	Level 1	Level 2	Level 3
ASSETS				
Fair value through profit or loss				
Derivatives	230.7	-	230.7	-
Available for sale investments	297.9	297.9	-	-
Fair value through equity				
Derivatives	-	-	-	-
TOTAL	**528.6**	**297.9**	**230.7**	**-**
LIABILITIES				
Fair value through profit or loss				
ORNANE	1,020.8	1,020.8	-	-
Derivatives	315.8	-	315.8	-
TOTAL	**1,336.6**	**1,020.8**	**315.8**	**-**

7.6.2. Net gain/loss by category

Unibail-Rodamco closely monitors its financial risk linked to its activity and the financial instruments it uses. The Group identifies and evaluates regularly its different risk exposures (liquidity, interest rates, and currency exchange rates) in order to implement the adopted strategy.

2017 *(€Mn)*	From interest	Net gain/(loss)
Loans & receivables	4.4	4.4
Derivatives at fair value through profit and loss	84.3	84.3
Financial liabilities at amortised cost	(335.4)	(335.4)
	(246.7)	**(246.7)**
Capitalised expenses		18.7
NET FINANCIAL EXPENSES		**(228.0)**

2016 (€Mn)	From interest	Net gain/(loss)
Loans & receivables	1.0	1.0
Derivatives at fair value through profit and loss	61.1	61.1
Financial liabilities at amortised cost	(331.8)	(331.8)
	(269.8)	**(269.8)**
Capitalised expenses		14.9
NET FINANCIAL EXPENSES		**(254.9)**

NOTE 8 ◆ TAXES

8.1. Accounting principles

◆ 8.1.1. Income tax expenses

The Group companies are taxable according to the tax rules of their country. In some countries, special tax regimes for public property companies exist.

Calculation of income tax expenses is based on local rules and rates.

◆ 8.1.2. Deferred tax

Deferred taxes are recognised in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.

Deferred tax assets or liabilities are calculated based on total temporary differences and on tax losses carried forward, using the local tax rate that will apply on the expected reversal date of the concerned differences, if this rate has been set. Otherwise, they are calculated using the applicable tax rate in effect at the financial year-end date. Within a given fiscal entity or group and for a given tax rate, debit balances are booked to assets for the amount expected to be recoverable over a foreseeable period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

The main deferred tax liabilities relate to:

- the mark-to-market of investment properties, resulting in the recognition of a deferred tax liability for non-tax-exempt assets;
- the recognition of intangible assets at the acquisition date identified on Viparis entities, particularly Viparis-Porte de Versailles and Paris Nord Villepinte.

◆ 8.1.3. Tax regimes

Different tax regimes exist in the following countries.

◆ *France – SIIC regime (Société d'Investissement Immobilier Cotée)*

Unibail-Rodamco elected to participate in the SIIC regime from the creation of the regime on January 1, 2003. Its French subsidiaries eligible for SIIC status have also opted for this regime. The SIIC regime is based on the concept of tax transparency, meaning that rental income and capital gains made from divestments are not subject to income tax at the level of the Group's French property companies, but upon distribution to Unibail-Rodamco's shareholders. The SIIC regime requires that Unibail-Rodamco and its SIIC subsidiaries distribute 95% of their recurring income and 100% of their dividend income received from SIIC or equivalent subsidiaries before the end of the following tax year, and 60% of their capital gains before the end of the second tax year following the year in which the gain was generated.

The SIIC regime only applies to real estate rental activities, therefore income generated by Unibail-Rodamco and its SIIC subsidiaries' ancillary activities remains subject to income tax.

◆ *Spain – SOCIMI regime (Sociedades Ánonimas Cotizadas de Inversión en el Mercado Inmobiliaro)*

Unibail-Rodamco entered the SOCIMI-regime in 2013 with most of its Spanish subsidiaries which own standing-assets. The SOCIMI regime provides for a tax rate of 0% on recurring income provided that certain requirements – some of them related to the shareholders of Unibail-Rodamco – are fulfilled. Capital gains realized within the SOCIMI regime are taxed at 0%, and capital gains related to the period before entering into the regime are taxed at the moment of realization. Based on the SOCIMI regime, the Company has to fulfill distribution obligations of at least 80% of its profits annually, as well as 50% of its capital gains, provided that the remaining 50% is reinvested in the real estate sector within a three-year period.

◆ *The Netherlands – FBI regime (Fiscale BeleggingsInstelling)*

The requirements for companies to qualify for the FBI regime are partly related to their activities and their shareholding base. According to the Dutch Ministry of Finance, Unibail-Rodamco itself does not qualify as an FBI, as it is deemed not to meet the activity test. Therefore, as reported in its press release of December 11, 2009, Unibail-Rodamco expects that the Dutch tax authorities will deny FBI status for Unibail-Rodamco's Dutch activities for 2010 onwards. Differences between the French SIIC regime and the Dutch FBI regime, although materially insignificant in the Group's case, proved to be irreconcilable for the Dutch tax authorities.

Although Unibail-Rodamco does not agree with the viewpoint of the Dutch tax authorities, it continues to apply a prudent view in its 2017 accounts, based on the assumption that its Dutch activities from 2010 onwards will be taxable. In light of the significant Dutch tax loss carry forwards identified by the Group's fiscal advisors in the Netherlands, this assumption had no impact on the recurring result for 2017, even though questioned by the Dutch tax authorities.

8.2. Income tax expenses

(€Mn)	2017	2016
Recurring deferred and current tax on:		
◆ Allocation/reversal of provision concerning tax issues	(1.4)	(0.6)
◆ Other recurring results	(16.3)	(10.5)
Total recurring tax	**(17.7)**	**(11.1)**
Non-recurring deferred and current tax on:		
◆ Change in fair value of investment properties and impairment of intangible assets	(51.7)	(243.6)
◆ Other non-recurring results	(27.8)	(24.8)
◆ 3% tax levied on cash dividends (French companies)	30.6	(2.6)
◆ Impairment of goodwill justified by taxes	(7.6)	(1.1)
Total non-recurring tax	**(56.5)**	**(272.1)**
TOTAL TAX	**(74.2)**	**(283.2)**
Total tax paid	(25.5)	(12.6)

Reconciliation of effective tax rate	%	2017	2016
Profit before tax, impairment of goodwill and result of associates		**2,715.1**	**3,115.6**
Income tax using the average tax rate	29.2%	(793.3)	(861.8)
Tax exempt profits (including SIIC and SOCIMI regimes)	(25.7%)	698.4	571.5
Non-deductible costs	0.2%	(4.2)	(15.8)
Effect of tax provisions	0.1%	(1.4)	(0.6)
Effect of non-recognised tax losses	(0.3%)	7.7	6.9
Effect of change in tax rates	(0.2%)	4.5	11.3
Effect of currency translation in tax	0.4%	(11.3)	8.0
Impairment of goodwill justified by taxes	0.3%	(7.6)	-
Other	(1.2%)	33.0[2]	(2.7)
	2.7%[1]	**(74.2)**	**(283.2)**

(1) The tax rate of 2.7% is mainly due to tax exempt profits in France according to the SIIC regime.
(2) Including the impact of the tax income relating to the 3% tax levied on cash dividends (French companies) (See note 4.2 "Net recurring result definition").

8.3. Deferred taxes

◆ *2017 change*

(€Mn)	12/31/2016	Increase	Decrease	Reclassification	Currency translation	Change in scope of consolidation	12/31/2017
Deferred tax liabilities	**(1,796.7)**	**(146.3)**	**97.7**	**(14.6)**	**10.9**	**-**	**(1,849.0)**
Deferred tax on investment properties	(1,741.7)	(146.3)	78.5	(14.4)	10.9	-	(1,813.0)
Deferred tax on intangible assets	(55.0)	-	19.2	(0.2)	-	-	(36.0)
Other deferred tax	**106.5**	**4.0**	**(24.0)**	**15.9**	**(5.9)**	**-**	**96.5**
Tax loss carry-forward*	86.2	2.1	(9.2)	12.6	-	-	91.7
Other*	20.3	1.9	(14.8)	3.3	(5.9)	-	4.8
TOTAL DEFERRED TAX LIABILITIES	**(1,690.2)**	**(142.3)**	**73.7**	**1.3**	**5.0**	**-**	**(1,752.5)**
Deferred tax assets							
Tax loss carry-forward	32.1	0.5	(3.4)	(1.3)	-	-	27.9
Other deferred tax assets*	(8.1)	(0.2)	2.3	-	-	-	(6.0)
TOTAL DEFERRED TAX ASSETS	**24.0**	**0.3**	**(1.1)**	**(1.3)**	**-**	**-**	**21.9**

* *Deferred tax assets and liabilities within a same tax group are offset.*

Deferred tax liabilities on properties refer to those countries where there is no tax efficient status comparable to that of France (SIIC), providing a tax exemption on recurring income and capital gains on property sales with an obligation to distribute part of their net result.

The increase of deferred tax liabilities on investment properties is mainly due to the increase of the valuation of the assets outside France.

◆ 2016 change

(€Mn)	12/31/2015	Increase	Decrease	Reclassification	Currency translation	Change in scope of consolidation	12/31/2016
Deferred tax liabilities	**(1,575.1)**	**(273.4)**	**29.9**	**-**	**19.8**	**2.1**	**(1,796.7)**
Deferred tax on investment properties	(1,508.6)	(273.5)	18.5	-	19.8	2.1	(1,741.7)
Deferred tax on intangible assets	(66.5)	0.1	11.4	-	-	-	(55.0)
Other deferred tax	**109.5**	**21.3**	**(23.7)**	**(0.1)**	**(0.5)**	**-**	**106.5**
Tax loss carry-forward*	106.7	1.0	(20.9)	-	(0.6)	-	86.2
Other*	2.8	20.3	(2.7)	(0.1)	0.1	-	20.3
TOTAL DEFERRED TAX LIABILITIES	**(1,465.6)**	**(252.1)**	**6.2**	**(0.1)**	**19.3**	**2.1**	**(1,690.2)**
Deferred tax assets							
Tax loss carry-forward	43.4	0.3	(11.6)	-	-	-	32.1
Other deferred tax assets*	(11.8)	-	3.6	0.1	-	-	(8.1)
TOTAL DEFERRED TAX ASSETS	**31.6**	**0.3**	**(8.0)**	**0.1**	**-**	**-**	**24.0**

* *Deferred tax assets and liabilities within a same tax group are offset.*

◆ Unrecognised deferred tax assets

The table below presents the tax basis on which no deferred tax assets were recognised:

(€Mn)	12/31/2017	12/31/2016
Temporary differences investment properties	-	2.9
Tax loss carry-forwards not recognised*	540.1	642.6
TOTAL UNRECOGNISED TAX-BASIS	**540.1**	**645.5**

* *This amount does not include Dutch tax losses.*

◆ Detail of unrecognized tax losses at the end of 2017 into final year of use

(€Mn)	
2018	25.5
2019	11.0
2020	6.2
2021	5.1
2022	1.4
Unlimited	490.9
TOTAL	**540.1**

The temporary differences and tax losses are mainly related to negative financial result on French SIIC entities (€466.3 Mn). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available to be offset against these assets.

As underlined above, it is expected that the Dutch tax authorities will deny the FBI status for Unibail-Rodamco's Dutch activities for 2010 onwards. The Group does not agree with this position. As at December 31, 2017, a deferred tax liability of €92.8 Mn was booked on the Dutch investment properties. A deferred tax asset for the same amount based on tax losses was recognised. Both amounts were netted. In this context of uncertainty, no other deferred tax asset has been recognised for significant Dutch tax-loss carry forwards.

NOTE 9 ◆ PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgment of the management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from subsequent actual events.

◆ *2017 change*

(€Mn)	12/31/2016	Allocations	Reversals used	Reversals not used	12/31/2017
Long-term provisions	**33.6**	**2.3**	**(1.7)**	**(3.8)**	**30.5**
Provisions for litigation	26.5	0.9	(1.5)	(3.3)	22.7
Other provisions	7.1	1.4	(0.2)	(0.5)	7.8
Short-term provisions	**10.3**	**8.7**	**(2.8)**	**(3.0)**	**13.2**
Provisions for litigation	7.4	6.4	(0.3)	(2.4)	11.0
Other provisions	2.9	2.3	(2.5)	(0.6)	2.2
TOTAL	**43.9**	**11.0**	**(4.4)**	**(6.8)**	**43.7**

◆ *2016 change*

(€Mn)	12/31/2015	Allocations	Reversals used	Reversals not used	Other movements	12/31/2016
Long-term provisions	**35.3**	**3.8**	**(1.7)**	**(3.5)**	**(0.4)**	**33.6**
Provisions for litigation	25.3	1.0	(0.2)	(0.3)	0.6	26.5
Other provisions	10.0	2.8	(1.5)	(3.2)	(1.0)	7.1
Short-term provisions	**18.1**	**5.5**	**(2.5)**	**(6.5)**	**(4.3)**	**10.3**
Provisions for litigation	15.5	3.0	(0.7)	(6.1)	(4.3)	7.4
Other provisions	2.6	2.5	(1.8)	(0.4)	-	2.9
TOTAL	**53.4**	**9.4**	**(4.2)**	**(10.0)**	**(4.7)**	**43.9**

NOTE 10 ◆ EMPLOYEE REMUNERATION AND BENEFITS

10.1. Headcount

The average number of employees of the Group's companies breaks down as follows:

Regions	2017	2016
France*	1,059	1,022
Central Europe	127	119
Spain	149	153
Nordics	109	105
Austria	60	56
Germany	434	467
The Netherlands	74	68
TOTAL	**2,012**	**1,990**

* *Of which Viparis: 376/379.*

10.2. Personnel costs

(€Mn)	2017	2016
Head and regional office personnel costs	112.0	104.1
Personnel costs for property services activities	33.4	34.7
Personnel costs for Convention & Exhibition centre management activities	32.6	31.9
Employee benefits*	9.2	9.8
TOTAL	**187.2**	**180.4**

* *Expenses relating to the Company Savings Plan, stock options and performance shares, recognised with an equivalent increase in equity.*

◆ *Employee profit sharing*

Employees belonging to the UES (*Unité Économique et Sociale* – Social and Economic Group) comprising notably Unibail Management and Espace Expansion, and employees of Unibail-Rodamco SE benefit from a common employee profit-sharing plan and a common profit-sharing agreement introduced in 1999. The common profit-sharing agreement was renewed in 2017. The profit-sharing agreement is based on the annual growth of the net recurring result and of the EPRA NNNAV, weighted for the activity in France and adjusted for indexation.

Employees belonging to the UES Viparis benefit from an employee profit-sharing plan introduced on June 27, 2008 with its subsequent amendments and the calculation of the special statutory profit-sharing reserve complies with the legal requirements. The profit-sharing agreement was renewed in 2017.

10.3. Employee benefits

◆ 10.3.1. Pension plan

◆ *Accounting principles*

Under IAS 19 Revised, a company must recognise all commitments made to its employees (*i.e.* current or future, formal or informal, cash payments or payments in kind). The cost of employee benefits must be recorded during the vesting period.

◆ *Post-employment benefits*

Pension schemes may be defined contribution or defined benefit schemes.

Under defined contribution schemes, the employer only pays a contribution, with no commitment from the Group regarding the level of benefits to be provided. The contributions paid are booked as expenses for the year.

Under defined benefit schemes, the employer makes a formal or implied commitment to an amount or level of benefits and therefore carries the medium- or long-term risk. A provision is booked to liabilities to cover all of these pension commitments. This provision is assessed regularly by independent actuaries using the projected unit credit method, which takes into account demographic assumptions, early retirements, salary increases and discount and inflation rates.

In the majority of the Group companies, pensions due under the various compulsory retirement schemes to which employers contribute are managed by specialist external organizations. Defined contributions paid into these various compulsory retirement schemes are recognised in the income statement for the period.

Provisions are booked for retirement allowances relating to defined benefit schemes based on the net present value of these future allowances. According to IAS 19 Revised, the actuarial gains and losses are accounted for in the "other comprehensive income".

◆ *Long-term benefits*

These are benefits paid to employees more than 12 months after the end of the financial year during which the corresponding service was provided. The same valuation method is used as for post-employment benefits.

With the exception of provision for retirement allowances, no commitments relating to long-term or post-employment benefits need to be accrued.

Provisions for pension liabilities *(€Mn)*	12/31/2017	12/31/2016
Retirement allowances	6.5	6.1
Pension plans with defined benefit*	2.8	3.1
TOTAL	**9.3**	**9.2**

* *The provision corresponds to the remaining obligation to the defined benefit contract in The Netherlands.*

◆ 10.3.2. Share-based payments

◆ *Accounting principles*

Under IFRS 2, all transactions relating to share-based payments must be recognised in the income statement. This is the case for Unibail-Rodamco's Company Savings Plan, Stock Option Plan and Performance Shares Plan.

Shares issued under the Company Savings Plan are offered at a discount to the share price. This discount represents an employee benefit and is recorded in the income statement for the period, with a corresponding increase in equity.

Stock options granted to employees are stated at their fair value on the date of allocation. As the transactions are equity-settled share-based payments, this value remains unchanged, even if the options are never exercised. The value applied to the number of options finally exercised at the end of the vesting period (estimation of the turnover) is booked as an expense, with a corresponding increase in equity which is spread over the vesting period (*i.e.* the period during which employees must work for the Company before they can exercise the options granted to them).

The stock options and performance shares, all subject to performance condition, have been valued using a Monte Carlo model.

The additional expenses incurred by the Company Savings Plan, Stock Option Plans and Performance Shares Plans are classified under personnel expenses.

◆ *Company Savings Plan*

Subscription to the Company Savings Plan is offered to employees in France who have been with the Group for more than three months. The subscription period is opened once per year, after the share capital increase reserved to employees has been authorized by the Management Board, which also sets the subscription price. The subscription price is equal to the average of the opening share prices on the Eurolist of Euronext Paris over the 20 trading days preceding the decision of the Management Board, less a 20% discount. The Group also makes a top-up contribution applied exclusively to voluntary contributions (including profit-sharing), made by employees to the Group E Fund (fund fully vested in Unibail-Rodamco shares). These voluntary contributions are limited to a maximum of one quarter of the annual salary with a cap of €25,000 (for the shares acquired with the discount).

The total cost of subscriptions to the Company Savings Plan (employer contribution and difference between the subscription price and the share price on the date of the capital increase) amounted to €1.5 Mn in 2017 compared to €1.7 Mn in 2016.

◆ *Stock option plans*

There are currently four stock option plans granted to directors and employees of the Group, all subject to performance condition. These stock options have a duration of seven years and may be exercised at any time, in one or more installments, as from the 4th anniversary of the date of their allocation. The right to exercise stock options is subject to Unibail-Rodamco stock performance being higher in percentage terms than that of an EPRA benchmark index over the reference period.

For the plan granted in March 2017, an internal performance metric the Recurring Earnings per Share (REPS) has been introduced in addition to the external performance condition based on Total Shareholder Return (TSR).

The performance-related stock-options allocated in March 2017 were valued at €8.66 with a TSR condition, and at €10.17 for those with Recurring Earnings per Share condition (REPS), using a Monte Carlo model. This valuation is based on an initial exercise price of €218.47, a share price at the grant-date of allocation of €214.60, a vesting period of four years, an estimated duration of 4.7 years, a market volatility of 16.81%, a dividend representing 5.0% of the share value, a risk-free interest rate of 0.07% and a volatility of EPRA Eurozone "Retail and Office" Index of 13.62% with a correlation EPRA/Unibail-Rodamco of 85.0%.

Stock options are accounted for in accordance with IFRS 2. The expense recorded in the income statement in relation to stock options came to €4.8 Mn in 2017 and €5.6 Mn in 2016.

The table below shows allocated stock options not exercised at the period-end:

Plan		Exercise period(1)	Adjusted subscription price (€)(2)	Number of options granted	Adjustments in number of options(2)	Number of options cancelled	Number of options exercised	Potential additional number of shares(3)
2010 plan (n° 6)	2010	from 03/11/2014 to 03/10/2017	120.33	778,800	170,561	231,172	718,189	-
	2011	from 03/11/2015 to 03/10/2018	141.54	753,950	15,059	182,234	566,845	19,930
2011 plan (n° 7)	2011	from 06/10/2015 to 06/09/2018	152.03	26,000	-	-	26,000	-
	2012	from 03/15/2016 to 03/14/2019	146.11	672,202	-	156,067	484,336	31,799
	2013	from 03/05/2017 to 03/04/2020	173.16	617,066	-	148,660	352,032	116,374
	2014	from 03/04/2018 to 03/03/2021	186.10	606,087	-	190,629	5,738	409,720
2015 plan (n°8)	2015	from 03/04/2019 to 03/03/2022	256.81	615,860	-	156,625	-	459,235
	2015	from 09/05/2019 to 09/04/2022	238.33	7,225	-	2,125	-	5,100
	2016	from 03/09/2020 to 03/08/2023	227.24	611,608	-	90,740	1,913	518,955
2017 plan (n°9)	2017	from 03/08/2021 to 03/07/2024	218.47	611,611	-	41,865	-	569,746
TOTAL				**5,300,409**	**185,620**	**1,200,117**	**2,155,053**	**2,130,859**

(1) *Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.*
(2) *Adjustments reflect distribution paid from retained earnings.*
(3) *All the options are subject to performance condition.*

The table below shows the number and weighted average exercise prices of stock options:

	2017		2016	
	Number	Weighted average price (€)	Number	Weighted average price (€)
Outstanding at the beginning of the period	2,214,845	208.44	2,386,861	185.65
Allocated over the period	611,611	218.47	611,608	227.24
Cancelled over the period	(261,606)	185.69	(144,889)	212.29
Exercised over the period	(433,991)	166.24	(638,735)	140.40
Average share price on date of exercise	-	220.88	-	238.26
Outstanding at the end of the period	2,130,859	218.42	2,214,845	208.44
Of which exercisable at the end of the period*	19,930	141.54	139,638	140.89

* *The right to exercise is subject to meeting the following performance condition: the overall market performance of Unibail-Rodamco must be higher in percentage terms than the performance of the EPRA reference index over the reference period.*

◆ *Performance share plan*

All the shares are subject to performance condition.

The shares allocated in 2017 are also subject to internal performance condition.

The awards allocated in March 2017 were valued, using a Monte Carlo model, as follows:

	External performance condition (TSR)	Internal performance condition (REPS)
French tax residents beneficiaries	€86.93	€168.84
Others beneficiaries	€90.11	€174.79

This valuation is based on a share price at the date of allocation of €214.60, a vesting period of three years for French tax residents beneficiaries and four years for other beneficiaries, a market volatility of 16.81%, a volatility of EPRA Eurozone "Retail and Office" Index of 13.62% with a correlation EPRA/Unibail-Rodamco of 85.0%, a dividend representing 5.0% of the share value and risk-free interest rates of -0.25%.

Performance shares are accounted for in accordance with IFRS 2. The expense recorded in the income statement in relation to performance shares came to €3.5 Mn in 2017 and €3.1 Mn in 2016.

The table below shows allocated performance shares not exercised at the period-end:

Starting date of the vesting period(1)	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares(2)
2012	44,975	10,479	34,496	-
2013	36,056	7,632	28,424	-
2014	36,516	9,860	19,051	7,605
2015	37,554	9,223	345	27,986
2016	36,745	5,471	-	31,274
2017	39,770	2,723	-	37,047
TOTAL	**231,616**	**45,388**	**82,316**	**103,912**

(1) For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested ;
For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.
(2) The acquisition of the shares is subject to performance condition.

◆ 10.3.3. Remuneration of the Management Board and the Supervisory Board

◆ *Remuneration of the Management Board*

(K€) Paid in:	2017	2016
Fixed Income	3,530	3,084
Short-Term Incentive	3,472	3,114
Other benefits(1)	1,139	1,075
TOTAL(2)	**8,142**	**7,273**

(1) Mainly Supplementary Contribution Scheme and company car.
(2) The amounts indicated correspond to the periods during which the beneficiaries were members of the Management Board.

In 2017, members of the Management Board were allocated a total of 148,750 stock options, all subject to performance condition, and 9,680 performance shares.

Regarding the 2017 results, the Management Board members will receive in 2018 a total variable remuneration of €4,030 K.

◆ *Remuneration of the Supervisory Board*

The remuneration of the Supervisory Board amounts to €1,033,944 for the 2017 fiscal year.

◆ *Loans or guarantees granted to directors*

None.

◆ *Transactions involving directors*

None.

NOTE 11 ◆ SHARE CAPITAL AND DIVIDENDS

11.1. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new debt or buy back existing outstanding debt, adjust the amount of dividends paid to shareholders (subject to the Group's fiscal status under the SIIC regime in France), return capital to shareholders, issue new shares or buy back outstanding shares or sell assets to reduce debt.

The Group has disclosed the debt ratio "Loan-to-Value" (LTV) which is calculated as the net financial nominal debt expressed as a percentage of the portfolio valuation (including transfer taxes). As at December 31, 2017, net financial debt stood at €14,289 Mn[1], excluding partners' current accounts and after taking cash surpluses into account (€574.7 Mn).

As at December 31, 2017, the total Portfolio valuation amounts to €43,057 Mn, including transfer taxes.

As at December 31, 2017, the calculated ratio remained stable at 33%.

11.2. Number of shares

◆ Accounting principles

The Earnings Per Share indicator is calculated by dividing net result (Owners of the parent) by the weighted average number of ordinary shares in circulation over the period.

To calculate diluted Earnings Per Share, the average number of shares in circulation is adjusted to take into account the conversion of all potentially dilutive ordinary shares, in particular stock options and performance shares during the vesting period, as well as the bonds redeemable for shares (*ORA*) and the net share settled bonds convertible into new and/or existing shares (*ORNANE*).

The dilutive impact is determined using the treasury stock method, which assumes that proceeds from the exercise of options are used to repurchase Company shares at their market value. The market value corresponds to the average monthly share price weighted by trading volumes. The theoretical number of shares that may be purchased at the market value is deducted from the total number of shares resulting from the exercise of rights. This number is then added to the average number of shares in circulation and hence constitutes the denominator.

The ORNANE being accounted for as a debt at fair value, the impact of the variation of their fair value and the related financial expenses are restated from the net result when taking into account the dilutive impact.

(1) After impact of derivatives instruments on debt raised in foreign currencies.

Change in share capital

	Total number of shares
As at 01/01/2016	**98,693,942**
Exercise of stock options	638,735
Capital increase reserved for employees under Company Savings Plan	29,783
Shares created from performance shares	29,423
Conversion of ORNANE	1,549
Bonds redeemable for shares	353
As at 12/31/2016	**99,393,785**
Exercise of stock options	433,991
Capital increase reserved for employees under Company Savings Plan	30,562
Shares granted	25,323
Conversion of ORNANE	7,811
Bonds redeemable for shares	74
Cancellation of treasury shares	(34,870)
As at 12/31/2017	**99,856,676**

Average number of shares diluted and undiluted

	2017	2016
Average number of shares (undiluted)	**99,744,934**	**99,153,052**
Dilutive impact		
Potential shares *via* stock options*	6,714	242,643
Attributed performance shares (unvested)*	26,129	35,830
Potential shares *via* ORNANE	3,369,693	3,323,265
Potential shares *via* ORA	7,662	7,686
AVERAGE NUMBER OF SHARES (DILUTED)	**103,155,132**	**102,762,477**

* *Corresponds only to shares and attributed performance shares which are in the money and for which the performance condition is fulfilled.*

11.3. Dividends

In accordance with the combined Ordinary and Extraordinary General Meeting held on April 25, 2017, a dividend of €1,018.3 Mn (€10.20 per share) was paid in cash to the shareholders, of which €508.5 Mn as an interim dividend on March 29, 2017 and the remaining balance of €509.8 Mn on July 6, 2017.

On April 21, 2016, Unibail-Rodamco's combined Ordinary and Extraordinary General Meeting of shareholders resolved to distribute a dividend of €9.70 per share. The cash dividend amounted to €963.1 Mn. An interim dividend of €480.1 Mn was paid on March 29, 2016. The balance dividend was paid on July 6, 2016.

NOTE 12 ◆ OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

All significant commitments are shown below. The Group does not have any complex commitments.

12.1. Commitments given

Commitments given *(€Mn)*	Description	Maturities	12/31/2017	12/31/2016
1) Commitments related to the scope of the consolidated Group			**98.7**	**104.9**
Commitments for acquisitions	◆ Purchase undertakings and earn-out	2018 to 2020	34.1	37.5
Commitments given as part of specific transactions	◆ Warranties and bank letters of credit given in the course of the ordinary business	2018+	64.6	67.4
2) Commitments related to Group financing			**937.2**	**1,048.0**
Financial guarantees given	◆ Mortgages and first lien lenders(1)	2018 to 2027	937.2	1,048.0
3) Commitments related to Group operational activities			**1,957.9**	**1,525.5**
Commitments related to development activities	◆ Properties under construction: residual commitments for works contracts and forward purchase agreements	2018+	891.7	569.2
	◆ Residual commitments for other works contracts	2018+	26.2	22.9
	◆ Commitments subject to conditions precedent(2)	2018 to 2027	328.3	188.0
Commitments related to operating contracts	◆ Commitments for construction works(3)	2018 to 2064	459.4	539.7
	◆ Rental of premises and equipment	2018 to 2026	47.3	55.0
	◆ Other(4)	2018+	205.1	150.6
TOTAL COMMITMENTS GIVEN			**2,993.8**	**2,678.4**

(1) *The outstanding balances at the reporting date of the debts and drawn credit lines which are secured by mortgages. The gross amount of mortgages, before taking into account subsequent debt reimbursement and unused credit lines, was €970.8 Mn as at 12/31/2017 (€1,072.9 Mn as at 12/31/2016).*
(2) *The increase corresponds mainly to the Mall of Europe's project for which an agreement subject to conditions precedent has been signed to acquire the land plot from the City of Brussels.*
(3) *On the 50-year lease contract to operate Porte de Versailles (Paris), Viparis has committed to invest €497,0 Mn for renovation works and €227.2 Mn for the maintenance works (i.e. €724.2 Mn, of which €271.6 Mn have already been invested), representing an initial commitment of €362.1 Mn in Group share.*
(4) *Corresponds mainly to perpetual usufruct rights in Poland.*

Other unquantifiable commitments given related to the scope of the consolidated Group

- In the context of the Westfield acquisition, an Implementation Agreement was signed on December 12, 2017, which restricts actions that may be taken by both Unibail-Rodamco and Westfield prior to the completion. These restrictions fall into three main categories: conduct of the Business outside the ordinary course, undertaking actions that would constitute a "Prescribed Event", and undertaking actions that would constitute a breach of representations or warranties.

  In certain circumstances, if the Transaction does not proceed, a "break fee" of $150.0 Mn is payable by UnibailRodamco or by Westfield.
- For a number of recent acquisitions of properties in France, Unibail-Rodamco SE has committed to the French tax authorities to retain these interests during at least five years, in accordance with the SIIC tax regime.
- For a number of disposals, the Group granted usual representations and warranties to the purchasers.
- The agreements in connection with joint investments with partners may include usual clauses like (i) a lock-up period during which the shareholders have to retain their interest in shared subsidiaries or (ii) arrangements pursuant to which the parties can organise the exit of the shareholders (for example: right of first offer, tag-along right in case the partner sells its shares to a third party).

  These kinds of clauses are included in the partnership between the Group and Canadian Pension Plan Investment Board (CPPIB). In fact, following the disposal of a 46.1% stake in Unibail-Rodamco Germany to the CPPIB, the Group has committed to retain its interest in shared subsidiaries for a period of five years as from July 1, 2015.

Other commitments given related to Group operational activities

- The Group's 50% subsidiary SCI Propexpo has committed that the Espace Champerret venue in Paris, France, will continue to be used as an exhibition hall until 2066.
- The French companies which are eligible for SIIC tax status have opted for this regime. Recurring income and capital gains are exempted from French tax but companies are required to distribute 95% of their recurring income, 60% of capital gains and 100% of dividends received from SIIC subsidiaries.
- In 2014, the City of Brussels selected Unibail-Rodamco as the co-developer, with its partners BESIX and CFE, of the NEO project. BESIX has the possibility to increase its interest in the Mall of Europe from 12.5% to 20%.

CFE has an option to sell its shares in the Mall of Europe to Unibail-Rodamco from December 31 following the opening of the shopping centre and during a period of one year. If the put is not exercised, the Group has an option to buy CFE's shares in the Mall of Europe.

BESIX has an option to sell its shares in the Mall of Europe to Unibail-Rodamco from the end of the second full year after the opening of the shopping centre and lasting 38 months from such date.

Unibail-Rodamco SE together with the parent companies of BESIX and CFE provided guarantees to the City of Brussels with respect of all payment obligations of the joint ventures which will develop the project.

Several counter guarantees were provided between Unibail-Rodamco SE, BESIX and CFE, to ensure that each joint venture shall not bear any financial consequence beyond its program and that ultimate shareholder shall not bear more than its share in each joint venture.

12.2. Commitments received

Commitments received *(€Mn)*	Description	Maturities	12/31/2017	12/31/2016
1) Commitments related to the scope of the consolidated Group			**35.7**	**35.9**
Commitments for acquisitions	◆ Sales undertakings	2020	-	0.2
Commitments received as part of specific transactions	◆ Representations and warranties	2019	35.7	35.7
2) Commitments related to Group financing			**6,203.4**	**5,995.0**
Financial guarantees received	◆ Undrawn credit lines*	2018 to 2022	6,203.4	5,995.0
3) Commitments related to Group operational activities			**624.7**	**552.5**
Other contractual commitments received related to operations	◆ Bank guarantees on works and others	2018+	12.4	9.9
	◆ Other	2018 to 2024	122.9	102.4
Assets received as security, mortgage or pledge, as well as guarantees received	◆ Guarantees received relating to Hoguet regulation (France)	2018	150.4	150.4
	◆ Guarantees received from tenants	2018+	286.8	247.7
	◆ Guarantees received from contractors on works	2018 to 2021	52.1	42.0
TOTAL COMMITMENTS RECEIVED			**6,863.8**	**6,583.4**

* *These agreements are usually accompanied by a requirement to meet specific target ratios based on revalued shareholders' equity, Group portfolio valuation and debt. Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these thresholds on target ratios are not expected to be attained during the current year. A total amount of €426 Mn is guaranteed by mortgages as at 12/31/2017.*

Commitments relating to Group financing

In addition of the available undrawn credit lines reported in the table above, the Group obtained in the context of the Westfield acquisition, commitments from Deutsche Bank and Goldman Sachs to finance the cash component of the transaction (including costs) and potential debt refinancing needs. The €6.1 Bn credit facility was signed on January 12, 2018.

Commitments relating to entities' interests in joint ventures and associates

Following the acquisition of a stake in the German shopping centre CentrO in May 2014, the vendor has provided an unlimited tax guarantee in proportion to the stake acquired for any tax claim related to previous years that may arise after the acquisition date. The vendor has also guaranteed a certain amount of tax losses carried forward available at the date of acquisition.

12.3. Contingent liabilities

The Group is involved in an arbitration procedure with PEAB involving claims regarding the development of Mall of Scandinavia. The process involves claims by both sides and is expected to take time to resolve.

Based on the risk analysis as of December 31, 2017, no provision was recorded in the consolidated accounts.

NOTE 13 ◆ SUBSEQUENT EVENTS

In the context of the Westfield Corporation acquisition, the Group obtained commitments from Deutsche Bank and Goldman Sachs to finance the cash component of the transaction (including costs) and potential debt refinancing needs. The €6.1 Bn credit facility was signed on January 12, 2018. It was syndicated to over 29 banks.

NOTE 14 ◆ LIST OF CONSOLIDATED COMPANIES

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
Unibail-Rodamco SE	France	FC	100.00	100.00	100.00
SHOPPING CENTRES					
Donauzentrum Besitz-u. Vermietungs GmbH	Austria	FC	100.00	100.00	100.00
SCS Liegenschaftsverwertung GmbH	Austria	FC	100.00	100.00	100.00
SCS Motor City Süd Errichtungsges.mbH	Austria	FC	100.00	100.00	100.00
Shopping Center Planungs-und Entwicklungsgesellschaft mbH	Austria	FC	100.00	100.00	100.00
Shopping Center Planungs-und Entwicklungsgesellschaft mbH & Co. Werbeberatung KG	Austria	FC	100.00	100.00	100.00
Shopping City Süd Erweiterungsbau Gesellschaft mbH & Co Anlagenvermietung KG	Austria	FC	99.99	99.99	99.99
Broekzele Vastgoed Sprl	Belgium	FC	100.00	100.00	100.00
Mall of Europe NV	Belgium	FC	86.00	86.00	86.00
Beta Development sro	Czech Republic	FC	65.00	65.00	80.00
Centrum Cerny Most as	Czech Republic	FC	100.00	100.00	100.00
Centrum Chodov	Czech Republic	FC	100.00	100.00	100.00
Centrum Praha Jih-Chodov sro	Czech Republic	FC	100.00	100.00	100.00
Cerny Most II, as	Czech Republic	FC	100.00	100.00	100.00
CGI Metropole sro	Czech Republic	EM-JV	50.00	50.00	-
Autopaikat Oy	Finland	JO	34.29	34.29	34.29
Kiinteistö Oy Vantaanportin Liikekeskus	Finland	JO	21.40	21.40	21.40
Kiinteistö Oy Vantaanportin Liiketilat	Finland	JO	60.00	60.00	60.00
3borders	France	FC	100.00	100.00	100.00
Aéroville	France	FC	100.00	100.00	100.00
Almacie	France	FC	100.00	100.00	100.00
BEG Investissements	France	FC	100.00	100.00	100.00
Bures-Palaiseau	France	FC	100.00	100.00	100.00
Centre Commercial de Lyon La Part-Dieu	France	FC	100.00	100.00	100.00
Extension Villeneuve 2	France	FC	100.00	100.00	100.00
Geniekiosk	France	FC	50.00	50.00	50.00
Lyon Garibaldi	France	FC	100.00	100.00	100.00
Maltèse	France	FC	100.00	100.00	100.00
Marceau Bussy-Sud	France	FC	100.00	100.00	100.00
Neovitam	France	EM-JV	80.00	80.00	-
Rodamco France	France	FC	100.00	100.00	100.00
SA Société d'Exploitation des Parkings et du Forum des Halles de Paris	France	FC	65.00	65.00	65.00
SARL Le Cannet Développement	France	FC	100.00	100.00	100.00
SAS Aquarissimo	France	FC	50.00	50.00	50.00
SAS Archero	France	FC	53.30	53.30	53.30
SAS Bisarch	France	FC	53.30	53.30	53.30
SAS Copecan	France	EM-JV	50.00	50.00	50.00
SAS La Toison d'Or	France	FC	100.00	100.00	100.00
SAS Le Carrousel du Louvre	France	FC	100.00	100.00	100.00
SAS Monpar	France	FC	100.00	100.00	100.00
SAS Parimall-Bobigny 2	France	FC	100.00	100.00	100.00
SAS Parimall-Ulis 2	France	FC	100.00	100.00	100.00
SAS Parimall-Vélizy 2	France	FC	100.00	100.00	100.00
SAS Parimmo-58 Marceau	France	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
SAS PCE-FTO	France	EM-JV	50.00	50.00	50.00
SAS Spring Alma	France	FC	100.00	100.00	100.00
SAS Spring Valentine	France	FC	100.00	100.00	100.00
SAS Spring Vélizy	France	FC	100.00	100.00	100.00
SAS Villeneuve 2	France	FC	100.00	100.00	100.00
SCI Appolonios	France	FC	100.00	100.00	-
SCI Berri Washington	France	FC	50.00	50.00	50.00
SCI Chesnay Pierre 2	France	FC	50.00	50.00	50.00
SCI Chesnay Remiforme	France	FC	50.00	50.00	50.00
SCI Coquelles et Coquelles	France	FC	100.00	100.00	100.00
SCI du Forum des Halles de Paris	France	FC	65.00	65.00	65.00
SCI du Petit Parly 2	France	FC	50.00	50.00	50.00
SCI Eiffel Levallois Commerces	France	FC	100.00	100.00	100.00
SCI Elysées Parly 2	France	FC	50.00	50.00	50.00
SCI Elysées Vélizy 2	France	FC	100.00	100.00	100.00
SCI Grand Magasin Sud LPD	France	FC	100.00	100.00	100.00
SCI Grigny Gare	France	FC	100.00	100.00	100.00
SCI Hoche	France	FC	50.00	50.00	50.00
SCI Lyon Kléber	France	FC	100.00	100.00	100.00
SCI Lyon Les Brotteaux	France	FC	100.00	100.00	100.00
SCI Marceau Parly 2	France	FC	50.00	50.00	50.00
SCI Olvègue	France	FC	100.00	100.00	100.00
SCI Parimall-Parly 2	France	FC	50.00	50.00	50.00
SCI Pégase	France	FC	53.30	53.30	53.30
SCI Rosny Beauséjour	France	EM-JV	50.00	50.00	50.00
SCI SCC de La Défense	France	FC	53.30	53.30	53.30
SCI SCC du Triangle des Gares	France	FC	76.00	100.00	76.00
SCI Tayak	France	FC	100.00	100.00	100.00
SEP Bagnolet	France	JO	35.22	35.22	35.22
SEP du CC de Rosny 2	France	EM-JV	26.00	26.00	26.00
SEP Galerie Villabé	France	JO	36.25	36.25	36.25
SNC CC Francilia	France	FC	100.00	100.00	100.00
SNC de l’Extension de Rosny	France	FC	100.00	100.00	100.00
SNC des Bureaux de la Mare Boizard	France	FC	100.00	100.00	100.00
SNC Francilium	France	FC	100.00	100.00	100.00
SNC Juin Saint Hubert	France	FC	95.00	95.00	50.01
SNC Juin Saint Hubert II	France	FC	95.00	95.00	50.01
SNC Les Terrasses Saint Jean	France	FC	95.00	95.00	50.01
SNC PCE	France	FC	100.00	100.00	100.00
SNC Randoli	France	FC	100.00	100.00	100.00
SNC Saint Jean	France	FC	95.00	95.00	50.01
SNC Saint Jean II	France	FC	95.00	95.00	50.01
SNC Vélizy Petit-Clamart	France	FC	100.00	100.00	100.00
SNC Vilplaine	France	FC	40.00	40.00	40.00
SNC VUC	France	FC	100.00	100.00	100.00
Société de Lancement de Magasins d’Usines à l’Usine	France	FC	100.00	100.00	100.00
SP Poissy Retail Enterprises	France	EM-JV	50.00	50.00	50.00
Uni-commerces	France	FC	100.00	100.00	100.00
Uniwater	France	FC	100.00	100.00	100.00
Vendôme Villeneuve 2	France	FC	100.00	100.00	100.00
CentrO	Germany	EM-JV	45.41	45.41	47.60
Gera Arcaden GmbH	Germany	FC	51.00	51.00	48.17
Gropius	Germany	EM-A	10.20	20.00	9.60
Höfe am Brühl GmbH	Germany	FC	51.00	51.00	48.17
KG Schliebe & Co Geschäftszentrum Frankfurter Allee	Germany	EM-A	66.67	66.67	66.67
Minto GmbH	Germany	FC	51.00	51.00	48.17

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
Neumarkt 14 Projekt GmbH & Co. KG	Germany	FC	44.88	44.88	42.41
Palais Vest GmbH	Germany	FC	51.00	51.00	48.17
Pasing Arcaden GmbH	Germany	FC	51.00	51.00	48.17
Paunsdorf	Germany	EM-JV	25.50	50.00	24.01
Rhein Arcaden GmbH	Germany	FC	51.00	51.00	48.02
Unibail-Rodamco Beteiligungs GmbH	Germany	FC	51.00	51.00	48.02
Unibail-Rodamco ÜSQ Bleu 1 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 10 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 2 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 3 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 4 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 5 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 6 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 7 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 8 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 9 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Residential 1 GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Residential 2 GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Residential 3 GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge A GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge A Holding GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge B GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge B Holding GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge E3 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge E3 Holding GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
SARL Red Grafton 1	Luxembourg	FC	65.00	65.00	65.00
SARL Red Grafton 2	Luxembourg	FC	65.00	65.00	65.00
CH Warsaw U Sp zoo	Poland	EM-JV	5.29	5.29	4.82
Crystal Warsaw Sp zoo	Poland	FC	100.00	100.00	100.00
GSSM Warsaw Sp zoo	Poland	FC	100.00	100.00	100.00
WSSM Warsaw Sp zoo	Poland	FC	100.00	100.00	100.00
Zlote Tarasy partnership	Poland	EM-A	100.00	-	100.00
Aupark as	Slovakia	FC	100.00	100.00	100.00
P6AUP s.r.o.	Slovakia	FC	100.00	100.00	-
UR P6 s.r.o.	Slovakia	FC	100.00	100.00	100.00
D-Parking	Spain	EM-JV	42.50	42.50	42.50
Essential Whites SLU	Spain	FC	52.78	100.00	52.78
Glorias Parking	Spain	EM-JV	50.00	50.00	50.00
Promociones Immobiliarias Gardiner SLU	Spain	-	Liquidated	Liquidated	52.78
Proyectos Inmobiliarios New Visions SLU	Spain	FC	100.00	100.00	100.00
Proyectos Inmobiliarios Time Blue SLU	Spain	FC	51.11	100.00	51.11
Unibail-Rodamco Benidorm SL	Spain	FC	70.81	70.81	60.81
Unibail-Rodamco Ocio SLU	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Palma SL	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Retail Spain	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Spain SLU	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Steam SLU	Spain	FC	51.11	100.00	51.11
UR Real Estate	Spain	FC	100.00	100.00	100.00
Eurostop KB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos 1 AB	Sweden	-	sold	sold	-
Fastighetsbolaget Anlos 2 AB	Sweden	-	sold	sold	-
Fastighetsbolaget Anlos 3 AB	Sweden	-	sold	sold	-
Fastighetsbolaget Anlos H AB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos K AB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos L AB	Sweden	FC	100.00	100.00	100.00
Rodamco Arninge Centrum KB	Sweden	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
Rodamco Centerpool AB	Sweden	FC	100.00	100.00	100.00
Rodamco Fisketorvet AB	Sweden	FC	100.00	100.00	100.00
Rodamco Forum Nacka KB	Sweden	FC	100.00	100.00	100.00
Rodamco Garage AB	Sweden	FC	100.00	100.00	100.00
Rodamco Handel AB	Sweden	FC	100.00	100.00	100.00
Rodamco Parkering AB	Sweden	FC	100.00	100.00	100.00
Rodamco Solna Centrum AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby Centrum KB	Sweden	FC	100.00	100.00	100.00
Rodamco Väsby Centrum AB	Sweden	FC	100.00	100.00	100.00
Unibail-Rodamco Nederland Winkels BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Retail Investments 1 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Retail Investments 2 BV	The Netherlands	FC	100.00	100.00	100.00
OFFICES					
Aquabon	France	FC	100.00	100.00	100.00
Cnit Développement	France	FC	100.00	100.00	100.00
G.P.I	France	FC	100.00	100.00	100.00
Gaîté Bureaux	France	FC	100.00	100.00	100.00
Gaîté Parkings	France	FC	100.00	100.00	100.00
Iseult	France	FC	100.00	100.00	100.00
Lefoullon	France	FC	100.00	100.00	100.00
SCI Ariane-Défense	France	FC	100.00	100.00	100.00
SCI Capital 8	France	FC	100.00	100.00	100.00
SCI des Bureaux de la Tour du Crédit Lyonnais	France	FC	100.00	100.00	100.00
SCI Eiffel Levallois Bureaux	France	-	Liquidated	Liquidated	100.00
SCI Galilée-Défense	France	FC	100.00	100.00	100.00
SCI Le Sextant	France	FC	100.00	100.00	100.00
SCI Montheron	France	FC	100.00	100.00	100.00
SCI Sept Adenauer	France	FC	100.00	100.00	100.00
SCI Tour Triangle	France	FC	50.00	100.00	50.00
SCI Trinity Défense	France	FC	100.00	100.00	100.00
SNC Yeta	France	FC	100.00	100.00	-
UR Versailles Chantiers	France	FC	100.00	100.00	100.00
Village 3 Défense	France	FC	100.00	100.00	100.00
Village 4 Défense	France	FC	100.00	100.00	100.00
Village 5 Défense	France	FC	100.00	100.00	100.00
Village 6 Défense	France	FC	100.00	100.00	100.00
Village 7 Défense	France	FC	100.00	100.00	100.00
Village 8 Défense	France	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Jaune C GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Jaune D1 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Jaune D2 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Zlote Tarasy Tower partnership	Poland	EM-A	100.00	-	100.00
Woningmaatschappij Noord Holland BV	The Netherlands	FC	100.00	100.00	100.00
CONVENTION & EXHIBITION					
SA Viparis – Le Palais des Congrès d'Issy	France	FC	47.50	95.00	47.50
SAS Lyoncoh	France	FC	100.00	100.00	100.00
SAS Société d'Exploitation du Palais des Sports	France	EM-JV	25.00	50.00	25.00
SAS Viparis	France	FC	50.00	100.00	50.00
SAS Viparis – Le Palais des Congrès de Paris	France	FC	50.00	100.00	50.00
SAS Viparis – Nord Villepinte	France	FC	50.00	100.00	50.00
SAS Viparis – Palais des Congrès de Versailles	France	FC	45.00	90.00	45.00
SCI Pandore	France	FC	50.00	100.00	50.00
SCI Propexpo	France	FC	50.00	50.00	50.00
SNC Paris Expo Services	France	FC	50.00	100.00	50.00
SNC Viparis – Le Bourget	France	FC	50.00	100.00	50.00
SNC Viparis – Porte de Versailles	France	FC	50.00	100.00	50.00

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
Société d'Exploitation de l'Hôtel Salomon de Rothschild	France	FC	50.00	100.00	50.00
SERVICES					
Unibail-Rodamco Invest GmbH	Austria	FC	100.00	100.00	100.00
UR Austria Verwaltungs GmbH	Austria	FC	100.00	100.00	100.00
Rodamco Ceska Republica sro	Czech Republic	FC	100.00	100.00	100.00
SAS Cnit Restauration	France	FC	100.00	100.00	100.00
SAS Espace Expansion	France	FC	100.00	100.00	100.00
SAS Société d'Exploitation Hôtelière de Montparnasse	France	FC	100.00	100.00	100.00
SAS Société d'Exploitation Hôtelière du Cnit	France	FC	100.00	100.00	100.00
SAS Unibail Management	France	FC	100.00	100.00	100.00
SAS Unibail Marketing & Multimédia	France	FC	100.00	100.00	100.00
SAS Unibail-Rodamco Développement	France	FC	100.00	100.00	100.00
SAS UR Lab France	France	FC	100.00	100.00	100.00
mfi Betriebsgesellschaft mbH	Germany	FC	51.00	51.00	48.02
mfi Immobilien Marketing GmbH	Germany	FC	51.00	51.00	48.02
mfi Shopping Center Management GmbH	Germany	FC	51.00	51.00	48.02
Unibail-Rodamco Germany GmbH	Germany	FC	51.00	51.00	48.02
Unibail-Rodamco ÜSQ Development GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Süd Quartiersmanagement GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco Polska Sp zoo	Poland	FC	100.00	100.00	100.00
Rodamco Projekt AB	Sweden	FC	100.00	100.00	100.00
Rodamco Sverige AB	Sweden	FC	100.00	100.00	100.00
Rodamco Europe Beheer BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Nederland BV	The Netherlands	FC	100.00	100.00	100.00
U&R Management BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Development Nederland BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Project BV	The Netherlands	FC	100.00	100.00	100.00
HOLDINGS AND OTHER					
Unibail-Rodamco Belgium NV	Belgium	FC	100.00	100.00	100.00
Rodareal Oy	Finland	FC	100.00	100.00	100.00
Acarmina	France	FC	100.00	100.00	100.00
Belwarde1	France	FC	100.00	100.00	100.00
Doria	France	FC	100.00	100.00	100.00
Espace Expansion Immobilière	France	FC	100.00	100.00	100.00
Financière 5 Malesherbes	France	FC	100.00	100.00	100.00
Hipokamp	France	FC	100.00	100.00	-
Immobilière Lidice	France	FC	100.00	100.00	-
Notilius	France	FC	100.00	100.00	-
R.E. France Financing	France	FC	100.00	100.00	100.00
SA Uni-Expos	France	FC	100.00	100.00	100.00
SA Union Internationale Immobilière	France	FC	100.00	100.00	100.00
SA Viparis Holding	France	FC	50.00	50.00	50.00
SAS Enyo	France	FC	100.00	100.00	-
SAS Eurybie	France	FC	100.00	100.00	-
SAS HEBE	France	FC	100.00	100.00	-
SAS Menetios	France	FC	100.00	100.00	-
SAS Viparis MMM	France	FC	50.00	100.00	50.00
SASU Astrapan	France	FC	100.00	100.00	-
SCI du CC d'Euralille S3C Lille	France	FC	60.00	60.00	60.00
SCI Sicor	France	-	Liquidated	Liquidated	73.00
SCI Sukkur	France	FC	100.00	100.00	-
SNC Financière Loutan	France	FC	50.00	50.00	50.00
Société de Tayninh	France	FC	97.68	97.68	97.68
Société Foncière Immobilière	France	FC	100.00	100.00	100.00
Unibail-Rodamco Participations	France	FC	100.00	100.00	100.00
Unibail-Rodamco SIF France	France	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
UR-Phobos	France	FC	100.00	100.00	-
Valorexpo	France	FC	100.00	100.00	100.00
AS Holding GmbH	Germany	FC	51.00	51.00	51.00
mfi Development GmbH	Germany	FC	51.00	51.00	48.02
mfi dreiundzwanzigste Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	51.00	51.00	48.02
mfi einundzwanzigste Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	51.00	51.00	48.02
mfi fünfzehnte Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	51.00	51.00	48.02
mfi Grundstücksentwicklungsgesellschaft mbH	Germany	FC	51.00	51.00	48.02
mfi siebzehnte Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	51.00	51.00	48.02
mfi zweiundzwanzigste Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	51.00	51.00	48.02
Neukölln Kino Betriebsgesellschaft mbH	Germany	FC	51.00	51.00	48.02
Neumarkt 14 Projekt Verwaltungs GmbH	Germany	FC	43.35	43.35	40.81
Rodamco Deutschland GmbH	Germany	FC	100.00	100.00	100.00
Rodamco Deutschland GmbH & Co Süd Liegenschafts KG	Germany	FC	100.00	100.00	100.00
Ruhrpark Generalübernehmer Geschäftsführungs GmbH	Germany	FC	65.00	65.00	65.00
Ruhrpark Generalübernehmer GmbH & Co KG	Germany	FC	65.00	65.00	65.00
Unibail-Rodamco Germany Projekt GmbH	Germany	FC	51.00	51.00	48.02
Unibail-Rodamco Investments GmbH	Germany	FC	100.00	100.00	100.00
Zeilgalerie Gbr	Germany	FC	100.00	100.00	100.00
Liffey River Financing Ltd	Ireland	FC	100.00	100.00	100.00
Polish Office Holding SCSp	Luxembourg	EM-A	100.00	-	100.00
Polish ZTR Holding SCSp	Luxembourg	-	Liquidated	Liquidated	100.00
SA Crossroads Property Investors	Luxembourg	FC	100.00	100.00	100.00
SARL Crimson Grafton	Luxembourg	FC	65.00	65.00	65.00
SARL Purple Grafton	Luxembourg	FC	51.00	51.00	51.00
SARL Red Grafton	Luxembourg	FC	65.00	65.00	65.00
Uniborc SA	Luxembourg	FC	65.00	65.00	80.00
Warsaw III SARL	Luxembourg	EM-A	100.00	-	100.00
ZT Poland 2 SCA	Luxembourg	EM-A	100.00	-	100.00
Calera Investments Spzoo	Poland	EM-A	100.00	-	100.00
Handlei Investments Spzoo	Poland	EM-A	100.00	-	100.00
Wood Sp zoo	Poland	FC	100.00	100.00	100.00
Arrendamientos Vaguada CB	Spain	JO	62.47	62.47	62.47
Anlos Fastighets AB	Sweden	FC	100.00	100.00	100.00
Eurostop AB	Sweden	FC	100.00	100.00	100.00
Eurostop Holding AB	Sweden	FC	100.00	100.00	100.00
Knölsvanen Bostads AB	Sweden	FC	100.00	100.00	100.00
Piren AB	Sweden	FC	100.00	100.00	100.00
Rodamco AB	Sweden	FC	100.00	100.00	100.00
Rodamco Anlos Holding AB	Sweden	FC	100.00	100.00	-
Rodamco Expand AB	Sweden	FC	100.00	100.00	100.00
Rodamco Nacka AB	Sweden	FC	100.00	100.00	100.00
Rodamco Northern Europe AB	Sweden	FC	100.00	100.00	100.00
Rodamco Scandinavia Holding AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby AB	Sweden	FC	100.00	100.00	100.00
Belindam BV	The Netherlands	FC	100.00	100.00	100.00
Broekzele Investments BV	The Netherlands	FC	100.00	100.00	100.00
Cijferzwaan BV	The Netherlands	FC	100.00	100.00	100.00
Deenvink BV	The Netherlands	FC	100.00	100.00	100.00
Dotterzwaan BV	The Netherlands	FC	100.00	100.00	100.00
Eroica BV	The Netherlands	FC	100.00	100.00	100.00
Feldkirchen BV	The Netherlands	FC	100.00	100.00	100.00
New Tower Real Estate BV	The Netherlands	FC	51.11	51.11	51.11
Old Tower Real Estate BV	The Netherlands	FC	52.78	52.78	52.78
Rodamco Austria BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Central Europe BV	The Netherlands	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method*	% interest 12/31/2017	% control 12/31/2017	% interest 12/31/2016
Rodamco Czech BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Deutschland BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco España BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Europe Finance BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Europe Finance II BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Europe Properties BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Hungary BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Nederland Winkels BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Project I BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Retail Deutschland BV	The Netherlands	FC	100.00	100.00	100.00
Romanoff Eastern Europe Property BV	The Netherlands	FC	80.00	80.00	80.00
Traffic UK BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Cascoshop Holding BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Investments 2 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Investments 3 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Investments BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 1 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 2 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 3 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 4 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 5 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Holding BV	The Netherlands	FC	100.00	100.00	100.00
Warsaw III BV	The Netherlands	EM-A	100.00	-	100.00

* *FC: full consolidation method, JO: joint operations, EM-JV: joint ventures under the equity method, EM-A: associates under the equity method.*

NOTE 15 ◆ RELATIONSHIP WITH STATUTORY AUDITORS

Statutory Auditors are:

- **EY**:
  - commencement date of first term of office: AGM of May 13, 1975,
  - person responsible: Jean-Yves Jegourel designated in April 2017;
- **Deloitte & Associés**:
  - Deloitte & Associés succeeded Deloitte Marque & Gendrot which was appointed on April 28, 2005,
  - person responsible: Pascal Colin, designated in April 2017.

The expiry of the term of office of Ernst & Young and Deloitte & Associés will be held at the General Meeting approving the 2022 accounts.

Fees of Statutory Auditors excluding their networks for the 2017 and 2016 fiscal years

	EY Audit		Deloitte & Associés	
(€Mn)	**2017**	2016	**2017**	2016
Audit and limited review of the consolidated and non-consolidated financial statements *(Parent company + controlled companies(1))*	0.7	0.8	1.1	1.0
Non-audit services(2) *(Parent company + controlled companies(1))*	0.2	0.1	0.1	0.1
TOTAL	**0.9**	**0.9**	**1.2**	**1.1**

(1) The controlled companies correspond to the fully consolidated companies as well as the jointly controlled companies.
(2) Relate to the non-audit services in accordance with legal and regulatory requirements and to the non-audit services provided at the request of the Company. For audit firms EY Audit and Deloitte & Associés, the amounts correspond to (1) comfort letters issued in connection with bond issuances of the Group, (2) reports on interim dividends and (3) other attestations.
As far as EY Audit is concerned, it comprises the agreed procedures on consolidated sub-groups.

5.6. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Unibail-Rodamco SE

For the year ended December 31, 2017

Statutory Auditors' report on the consolidated financial statements

To the Annual General Meeting of Unibail-Rodamco SE,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Unibail-Rodamco SE for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" Section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of the investment property portfolio, including investment properties under construction (IPUC)

Key Audit Matter	Our response
The investment properties amount to €38,524 Mn at December 31, 2017. They are measured at fair value except for some Investment Properties Under Construction (IPUC) carried at cost amounting to €1,343 Mn. The valuation movement recorded in the net result of the year in respect of investment properties is €1,364 Mn. The Group's investment property portfolio is split between shopping centres (€32,272 Mn) across eleven countries in continental Europe, offices (€3,535 Mn) and Convention & Exhibition Centers (€2,717 Mn) mainly in the Paris area. The valuation of investment properties is highly dependent on estimates and assumptions and requires significant judgment by management and the external appraisers. The valuations take into account the property-specific information (including the current tenancy agreements and rental income, condition and location of the property, future rental prospects), as well as prevailing market yields and market transactions. For IPUC, other factors such as projected costs to complete for developments, ability to let, timing of practical completion and reliability of fair value have also been considered. Accordingly, the valuation of investment properties and impairment test of IPUC accounted for at cost are considered as key audit matters due to significance of their balance to the financial statements as a whole, combined with the level of judgment associated with determining their fair value or the impairment provision. Please refer to note 5.1 to the consolidated financial statement.	We assessed management's controls over the process implemented to determine the valuation of investment properties. We assessed the competence and independence of the external appraisers. We also evaluated the suitability of their valuation scope and methodology for the Financial Report. The audit team, including our real estate valuation experts, attended meetings with each of the appraisers at which the valuations and the key assumptions therein were discussed and challenged. We conducted analytical procedures by comparing assumptions and the value of each property in the portfolio on a year-on-year basis, by reference to our understanding of their local market, external market data, published benchmarks and asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We investigated further the valuations of some properties, and where appropriate, obtaining evidence to support the gross market value movement and involving our experts. Our work focused on the largest properties in the portfolio and those where the assumptions used and/or year-on-year movement in values suggested a possible outlier versus market data for the relevant sector. For IPUC carried at cost, we met with Development Directors and project managers to assess the reasonableness of data and assumptions used by the Company to carry out its impairment tests, in particular incurred project costs, progress of development, forecast costs to complete as well as identified contingencies, exposures and remaining risks. These procedures were performed either by the central teams or by the component auditors based on our audit instructions. Additionally, we considered the appropriateness of the disclosures in the consolidated financial statements in respect of investment properties.

Accounting for financial debt and related derivatives

Key Audit Matter	Our response
As at December 31, 2017, Unibail-Rodamco has total financial debt of €16,567 Mn. The debt includes net share settled bonds convertible into new and/or exchangeable for existing shares (ORNANEs) accounted for at fair value through profit and loss for a total amount of €1,020 Mn. The Group used derivatives, mainly interest rate swaps and caps and cross-currency swaps, to hedge its exposure to movements in interest and currency exchange rates related to its financial indebtedness. These derivatives for which no hedge accounting has been applied are carried at fair value through profit and loss, for amounts on the balance sheet of €231 Mn (asset) and €316 Mn (liability). During the year the Group incurred €228 Mn in net financial expenses and a net negative fair value adjustment of €0.2 Mn related to ORNANEs and derivatives (excluding accrued interest). The Group's gearing, liquidity, covenant obligations and financing cost profile result from this portfolio of financial debt and derivatives. Financial debt and derivatives are considered as key audit matters due to significance of the balances to the financial statements as a whole and due to the impact of the valuation movements of ORNANEs and derivatives on the consolidated statement of comprehensive income. Please refer to note 7 to the consolidated financial statements.	We obtained and analyzed loan contracts on a sample basis to understand the terms and conditions and verified that those characteristics were correctly reflected in the financial statements in according with accounting options retained by the group. We also performed analytical procedures on the financial expenses. The amount of the principal debt was agreed to third party confirmations on a sample basis. The carrying value of ORNANEs was reconciled to market price. We assessed the maturity profile of the Group's financial debt to check that loans maturing within the next twelve months were classified in current liabilities. Where debt covenants were identified, we checked management's calculations to verify compliance with the contracts. We confirmed a selection of derivatives directly with counterparties and performed procedures to ensure completeness of them. We assessed management's controls over the valuation of derivatives. For a sample of financial instruments, we reviewed the valuation of derivatives and we involved our internal specialists who performed independent valuations. We reviewed that the financial costs were appropriately allocated between recurring and non-recurring results in the consolidated income statement by segment. Additionally, we considered the appropriateness of the disclosures in the financial statements in respect of financial debt and derivatives.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Management Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Unibail-Rodamco SE by the Annual General Meeting held on April 27, 2011 for DELOITTE & ASSOCIÉS and on May 13, 1975 for ERNST & YOUNG Audit.

As at December 31, 2017, DELOITTE & ASSOCIÉS was in its 13th consecutive year of mandate given the acquisitions or mergers with firms that have previously taken place, and ERNST & YOUNG Audit in its 43rd consecutive year of mandate.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional 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 these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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 internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, on March 27, 2018

The Statutory Auditors

French Original signed by

DELOITTE & ASSOCIÉS
Pascal Colin

ERNST & YOUNG Audit
Jean-Yves Jégourel

4.1. Consolidated Financial Statements

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist.

4.1.1. Consolidated statement of comprehensive income

Presented under IFRS format (€Mn)	Notes	2016	2015
Gross rental income	4.3.1	1,770.3	1,685.0
Ground rents paid	4.3.2	(17.4)	(17.5)
Net service charge expenses	4.3.2	(29.2)	(29.1)
Property operating expenses	4.3.2	(195.2)	(185.6)
NET RENTAL INCOME		**1,528.5**	**1,452.8**
Corporate expenses		(116.8)	(104.0)
Development expenses		(5.9)	(4.5)
Depreciation of other tangible assets		(2.2)	(2.2)
ADMINISTRATIVE EXPENSES	**4.3.4**	**(124.9)**	**(110.7)**
ACQUISITION AND RELATED COSTS	**3.3**	**(1.3)**	**(1.6)**
Revenues from other activities		261.3	293.4
Other expenses		(175.1)	(219.7)
NET OTHER INCOME	**4.3.3**	**86.2**	**73.7**
Proceeds from disposal of investment properties		973.9	342.4
Carrying value of investment properties sold		(882.7)	(341.0)
RESULT ON DISPOSAL OF INVESTMENT PROPERTIES	**5.1**	**91.2**	**1.4**
Proceeds from disposal of shares		25.9	114,4
Carrying value of disposed shares		(20.9)	(100.7)
RESULT ON DISPOSAL OF SHARES	**3.3.1**	**5.0**	**13,7**
Valuation gains on assets		2,244.0	2,137.4
Valuation losses on assets		(238.2)	(318.6)
VALUATION MOVEMENTS ON ASSETS	**5.5**	**2,005.8**	**1,818.8**
NET OPERATING RESULT BEFORE FINANCING COST		**3,590.5**	**3,248.2**
Result from non-consolidated companies		0.4	-
Financial income		*88.8*	*86,3*
Financial expenses		*(343.7)*	*(385.8)*
Net financing costs	7.2.1	(254.9)	(299.5)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	7.2.2/7.3.4	37,0	(183,4)
Fair value adjustments of derivatives and debt	7.2.2/7.4.2	(276.8)	(178.0)
Debt discounting	7.2.2	(0.6)	(0.7)
Profit on disposal of associates		-	69.6
Share of the result of companies under the equity method	6.3	(13.3)	243.3
Income on financial assets	6.3	18.3	22.1
RESULT BEFORE TAX		**3,100.6**	**2,921.6**
Income tax expenses	8.2	(283.2)	(288,3)
NET RESULT FOR THE PERIOD		**2,817.4**	**2,633.3**
Non-controlling interests	3.4.2	408.4	299.3
NET RESULT (OWNERS OF THE PARENT)		**2,409.0**	**2,334.0**
Average number of shares (undiluted)	11.2	99,153,052	98,488,530
Net result for the period (Owners of the parent)		2,409.0	2,334.0
NET RESULT FOR THE PERIOD PER SHARE (OWNERS OF THE PARENT) *(€)*		**24.3**	**23.7**
Net result for the period restated (Owners of the parent)		2,372.0	2,346.2
Average number of shares (diluted)	11.2	102,762,477	100,311,426
DILUTED NET RESULT PER SHARE (OWNERS OF THE PARENT) *(€)*		**23.1**	**23.4**

Net Comprehensive Income (€Mn)	Notes	2016	2015
NET RESULT FOR THE PERIOD		**2,817.4**	**2,633.3**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		(130.0)	6.5
Cash flow hedge		0.7	1.3
Revaluation of shares available for sale		(0.4)	-
OTHER COMPREHENSIVE INCOME WHICH CAN BE RECLASSIFIED TO PROFIT OR LOSS		**(129.7)**	**7.8**
EMPLOYEE BENEFITS – WILL NOT BE RECLASSIFIED INTO PROFIT OR LOSS		**-**	**14.8**
OTHER COMPREHENSIVE INCOME		**(129.7)**	**22.6**
NET COMPREHENSIVE INCOME		**2,687.7**	**2,655.9**
Non-controlling interests		408.4	299.3
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)		**2,279.3**	**2,356.6**

4.1.2. Consolidated statement of financial position

(€Mn)	Notes	31/12/2016	31/12/2015
NON CURRENT ASSETS		**39,509.3**	**36,634.2**
Investment properties	**5.1**	**36,380.9**	**33,710.0**
Investment properties at fair value		*35,426.9*	*33,001.8*
Investment properties at cost		*954.0*	*708.2*
Other tangible assets	5.2	219.8	216.3
Goodwill	5.4	539.9	542.8
Intangible assets	5.3	229.4	242.1
Loans and receivables	7.3.1	113.3	41.1
Financial assets		25.1	17.1
Deferred tax assets	8.3	24.0	31.6
Derivatives at fair value	7.4.2	268.8	297.2
Shares and investments in companies under the equity method	6.2	1,708.2	1,536.0
CURRENT ASSETS		**1,235.8**	**1,475.7**
Properties or shares held for sale		**-**	**268.8**
Trade receivables from activity		**369.0**	**393.6**
Other trade receivables		**466.6**	**470.6**
Tax receivables		217.7	159.6
Other receivables		136.4	218.3
Prepaid expenses		112.5	92.7
Cash and cash equivalents	**7.3.9**	**400.1**	**342.6**
Available for sale investments		38.2	98.4
Cash		362.0	244.2
TOTAL ASSETS		**40,745.0**	**38,109.8**
Shareholders' equity (Owners of the parent)		**17,465.3**	**16,042.1**
Share capital		497.0	493.5
Additional paid-in capital		6,402.3	6,310.2
Bonds redeemable for shares		1.2	1.2
Consolidated reserves		8,349.3	6,967.3
Hedging and foreign currency translation reserves		(193.4)	(64.1)
Consolidated result		2,409.0	2,334.0
Non-controlling interests		**3,554.4**	**3,196.5**
TOTAL SHAREHOLDERS' EQUITY		**21,019.7**	**19,238.6**
NON CURRENT LIABILITIES		**16,209.9**	**15,127.8**
Long-term commitment to purchase non-controlling interests	3.4.1	40.9	45.4
Net share settled bonds convertible into new and/or existing shares (ORNANE)	7.3.3	1,049.4	1,087.8
Long-term bonds and borrowings	7.3.3	12,223.7	11,522.9
Long-term financial leases	7.3.3	355.4	361.4
Derivatives at fair value	7.4.2	327.9	263.9
Deferred tax liabilities	8.3	1,690.2	1,465.6
Long-term provisions	9	33.6	35.3
Employee benefits	10.3.1	9.2	8.7
Guarantee deposits		208.1	201.4
Tax liabilities		0.1	0.0
Amounts due on investments	5.6	271.4	135.4
CURRENT LIABILITIES		**3,515.4**	**3,743.4**
Amounts due to suppliers and other current debt		**1,314.3**	**1,117.8**
Amounts due to suppliers		150.4	162.2
Amounts due on investments		326.5	415.0
Sundry creditors		625.0	337.7
Other liabilities		212.3	202.9
Current borrowings and amounts due to credit institutions	**7.3.3**	**2,005.6**	**2,447.7**
Current financial leases	**7.3.3**	**6.1**	**6.0**
Tax and social security liabilities		**179.1**	**153.8**
Short-term provisions	**9**	**10.3**	**18.1**
TOTAL LIABILITIES AND EQUITY		**40,745.0**	**38,109.8**

4.1.3. Consolidated statement of cash flows

(€Mn)	Notes	2016	2015
OPERATING ACTIVITIES			
NET RESULT		**2,817.4**	**2,633.3**
Depreciation & provisions[1]		(0.1)	(12.2)
Changes in value of property assets		(2,005.8)	(1,818.8)
Changes in value of financial instruments		239.8	361.4
Discounting income/charges		0.6	0.7
Charges and income relating to stock options and similar items		9.8	7.8
Net capital gains/losses on disposal of shares		(5.0)	(13.7)
Net capital gains/losses on disposal of shares of associates		-	(69.6)
Net capital gains/losses on sales of properties[2]		(91.2)	(0.2)
Share of the result of companies under the equity method		13.3	(243.3)
Income on financial assets		(18.3)	(22.1)
Dividend income from non-consolidated companies		(0.4)	(0.1)
Net financing costs	7.2.1	254.9	299.5
Income tax charge		283.2	288.3
CASH FLOW BEFORE NET FINANCING COSTS AND TAX		**1,498.2**	**1,411.1**
Income on financial assets		18.3	22.1
Dividend income and result from companies under equity method or non consolidated		7.4	7.9
Income tax paid		(12.6)	(38.9)
Change in working capital requirement[1]		46.7	13.4
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**1,558.0**	**1,415.6**
INVESTMENT ACTIVITIES			
PROPERTY ACTIVITIES		**(377.5)**	**(518.0)**
Acquisition of consolidated shares	3.3.1	(13.6)	(226.5)
Amounts paid for works and acquisition of property assets	5.6	(1,343.7)	(1,276.2)
Exit tax payment		(0.1)	(1.4)
Repayment of property financing		54.4	98.5
Increase of property financing		(29.4)	(30.4)
Disposal of shares/consolidated subsidiaries	3.3.1	31.6	166.6
Disposal of shares of associates/non consolidated subsidiaries	3.3.2	-	409.0
Disposal of investment properties	5.6	923.3	342.4
FINANCIAL ACTIVITIES		**(9.5)**	**(3.4)**
Acquisition of financial assets		(11.3)	(6.5)
Disposal of financial assets		1.7	2.3
Change in financial assets		0.1	0.7
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**(386.9)**	**(521.4)**
FINANCING ACTIVITIES			
Capital increase of parent company		95.4	83.1
Change in capital from company with non-controlling shareholders		0.1	3.0
Distribution paid to parent company shareholders	11.3	(963.1)	(946.5)
Dividends paid to non-controlling shareholders of consolidated companies		(54.8)	(40.9)
Disposal of interests in subsidiaries not resulting in a loss of control	3.3.1	-	690.8
New borrowings and financial liabilities		2,519.0	3,458.8
Repayment of borrowings and financial liabilities		(2,311.9)	(3,843.8)
Financial income	7.2.1	82.3	84.4
Financial expenses	7.2.1	(336.3)	(397.4)
Other financing activities	7.3.7	(114.1)	(503.5)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**(1,083.4)**	**(1,411.9)**
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**87.8**	**(517.7)**
CASH AT THE BEGINNING OF THE YEAR		**320.1**	**827.6**
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD		**(11.9)**	**10.1**
CASH AT PERIOD-END	**7.3.9**	**396.0**	**320.1**

(1) The spread of lease incentives & key moneys have been reallocated from "Change in working capital requirement" to "Depreciation & provisions".
(2) Includes capital gains/losses on property sales, disposals of short term investment properties, disposals of finance leasing and disposals of operating assets.

4.1.4. Consolidated statement of changes in equity

(€Mn)	Share capital	Additional paid-in capital	Bonds Redeemable for Shares	Consolidated reserves	Consolidated net result	Hedging & foreign currency translation reserves [1]	Total Owners of the parent	Non-controlling interests	Total Shareholders' equity
EQUITY AS AT 31/12/2014	**490.3**	**6,229.8**	**1.3**	**6,199.9**	**1,670.5**	**(71.9)**	**14,519.9**	**2,413.3**	**16,933.2**
Profit or loss of the period	-	-	-	-	2,334.0	-	2,334.0	299.3	2,633.3
Other comprehensive income	-	-	-	14.8	-	7.8	22.6	-	22.6
Net comprehensive income	**-**	**-**	**-**	**14.8**	**2,334.0**	**7.8**	**2,356.6**	**299.3**	**2,655.9**
Earnings appropriation	-	-	-	1,670.5	(1,670.5)	-	-	-	-
Dividends related to 2014	-	-	-	(946.5)	-	-	(946.5)	(63.1)	(1,009.6)
Stock options and Company Savings Plan	3.1	80.3	-	-	-	-	83.4	-	83.4
Conversion of Bonds Redeemable for Shares	0.0	0.2	(0.1)	0.0	-	-	0.2	-	0.2
Share based payment	-	-	-	8.8	-	-	8.8	-	8.8
Transactions with non-controlling interests	-	-	-	20.4	-	-	20.4	543.7	564.1
Changes in scope of consolidation and other movements	-	-	-	(0.5)	-	-	(0.5)	3.3	2.8
EQUITY AS AT 31/12/2015	**493.5**	**6,310.2**	**1.2**	**6,967.3**	**2,334.0**	**(64.1)**	**16,042.1**	**3,196.5**	**19,238.6**
Profit or loss of the period	-	-	-	-	2,409.0	-	2,409.0	408.4	2,817.4
Other comprehensive income	-	-	-	(0.4)	-	(129.3)	(129.7)	-	(129.7)
Net comprehensive income	**-**	**-**	**-**	**(0.4)**	**2,409.0**	**(129.3)**	**2,279.3**	**408.4**	**2,687.7**
Earnings appropriation	-	-	-	2,334.0	(2,334.0)	-	-	-	-
Dividends related to 2015	-	-	-	(963.1)	-	-	(963.1)	(54.8)	(1,017.9)
Stock options and Company Savings Plan	3.5	92.0	-	-	-	-	95.5	-	95.5
Conversion of Bonds Redeemable for Shares	0.0	0.1	(0.0)	-	-	-	0.0	-	0.0
Share based payment	-	-	-	9.8	-	-	9.8	-	9.8
Transactions with non-controlling interests	-	-	-	(3.6)	-	-	(3.6)	10.0	6.4
Changes in scope of consolidation and other movements	-	-	-	5.2	-	-	5.2	(5.8)	(0.6)
EQUITY AS AT 31/12/2016	**497.0**	**6,402.3**	**1.2**	**8,349.3**	**2,409.0**	**(193.4)**	**17,465.3**	**3,554.4**	**21,019.7**

(1) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The hedging reserve is used to record the effect of hedging net investments in foreign operations.

4.2. Notes to the Consolidated Financial Statements

Detailed summary of the notes to the financial statements

Note 1 - Significant events of the year

The activity of the Group is not significantly affected by seasonality.

Disposals

The main asset disposals since December 31, 2015 were:

- on March 24, 2016, the office building located 2-8 rue Ancelle in Neuilly-sur-Seine to a joint venture between ACM Vie SA and funds managed by Amundi Immobilier;
- on July 12, 2016, the So Ouest office building, located in Levallois, to an institutional investor;
- on October 18, 2016, the 70-80 Wilson office building located in La Défense;
- on October 19, 2016, the Nouvel Air office building located in Issy-les-Moulineaux;
- on December 15, 2016, the hypermarket of Sant Cugat in Barcelona; and
- a number of small assets, including a 26,159 m^2 shopping centre in Budapest, Europark.

Shopping Centres share deals amounted to €25.9 Mn (net disposal price).

Merger Rodamco Europe BV and Unibail-Rodamco SE

On December 20, 2016, Unibail-Rodamco SE absorbed its Dutch wholly-owned subsidiary Rodamco Europe BV. The merger had a retroactive effect as from January 1, 2016. Neither the consolidated statement of comprehensive income nor the consolidated statement of financial position is impacted by this merger.

Note 2 - Accounting policies

In accordance with EC regulation no. 1606/2002 of July 19, 2002, on the application of international accounting standards, Unibail-Rodamco has prepared its consolidated financial statements for the financial year ending December 31, 2016 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date.

These can be consulted on the website http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

2.1. IFRS basis adopted

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2015, except for the application of the new obligatory standards and interpretations described below.

Standards, amendments and interpretations effective as of January 1, 2016

- IAS 19 A: Defined Benefit Plans – Employee contributions;
- Improvements to IFRS (2010-2012 and 2012-2014 cycles);
- IFRS 11 A: Accounting for acquisition of interests in Joint operation;
- IAS 16 A and IAS 38 A: Clarification of acceptable methods of depreciation and amortisation;
- IAS 1 A: Disclosure initiative;
- IFRS 10 A, IFRS 12 A and IAS 28 A: Investment entities: applying the consolidation exception.

These standards and amendments do not have a significant impact on the Group's accounts as at December 31, 2016.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2016

The following norms and amendments have been adopted by the European Union as at December 31, 2016 but not applied in advance by the Group:

- IFRS 9: Financial instruments;
- IFRS 15: Revenue from contracts with customers.

The following texts were published by the IASB but have not yet been adopted by the European Union:

- IFRS 16: Leases;
- IAS 12 A: Recognition of Deferred Tax Assets for Unrealised Losses;
- IAS 7 A: Disclosure Initiative;
- IFRS 2 A: Classification and Measurement of share-based Payment Transactions;
- IFRS 4 A: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Improvements to IFRS (2014-2016 cycle);
- IFRIC 22: Foreign Currency Transactions and Advance Consideration;
- IAS 40 A: Transfers of Investment Property.

The measurement of the potential impacts of these texts on the consolidated accounts of Unibail-Rodamco is on-going. On IFRS 9, IFRS 15 & IFRS 16, the Group does not expect significant impacts on the financial statements.

2.2. Estimates and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by management, particularly with regards to the fair value of investment properties and financial instruments as well as the valuation of goodwill and intangible assets.

The most significant estimates are set out in the following sections: for the valuation of investment properties in § 5.1 "Investment properties", for the intangible assets and goodwill, respectively in § 5.3 "Intangible assets" and § 5.4 "Goodwill" and for fair value of financial instruments in § 7.4 "Hedging instruments". Actual future results or outcomes may differ from these estimates. The property portfolio and intangible assets used by the Shopping Centres, Offices and Convention & Exhibition segments are valued by independent appraisers.

Note 3 - Scope of consolidation

3.1. Accounting principles

3.1.1. Scope and methods of consolidation

The scope of consolidation includes all companies controlled by Unibail-Rodamco and all companies in which the Group exercises joint control or significant influence.

According to IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group considers all facts and circumstances when assessing whether it controls an investee. The control over an investee is reassessed if facts and circumstances indicate that there are changes to one or more of the elements above mentioned.

The method of consolidation is determined by the type of control exercised:

- Control: the companies are fully consolidated.
- Joint control: it is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.
  - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party shall account for the assets which it has rights to, liabilities which it has obligations for, revenues and expenses relating to its interests in a joint operation.
  - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.
- Significant influence: accounting for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but it is not control or joint control of those policies. It is presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

3.1.2. Foreign currency translation

Group companies with a functional currency different from the presentation currency

The Group's consolidated financial statements are presented in euros. The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency, the euro, are translated into the presentation currency as follows:

- the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into euro at foreign exchange rates ruling at the accounting date;
- income and expenses are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions;
- all resulting exchange rate differences are recognised as a separate component of equity (currency translation reserve);
- when a Group's company is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Foreign currency transactions

The Group's entities can realise operations in a foreign currency which is not their own functional currency. These transactions in foreign currencies are translated into euro at the spot exchange rate on the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate on that date. Foreign exchange differences arising on translation or on settlement of these transactions are recognised in the income statement account, with the exception of:

- unrealised translation results on net investments;
- unrealised translation results on intercompany loans that, in substance, form part of the net investment.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity, whereas those relating to the ineffective portion are recognised in the income statement account.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at exchange rates on the dates the fair value was determined, and are reported as part of the fair value gain or loss.

3.1.3. Business combinations

To decide whether a transaction is a business combination the Group notably considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company, the extent of the acquired processes and, particularly, the auxiliary services provided by the acquired entity. If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are booked as expenses. For the companies accounted for using the equity method, acquisition costs are capitalised in the value of the shares.

At the date of acquisition and in accordance with IFRS 3 Revised, identifiable assets, liabilities and contingent liabilities of the acquired company are valued individually at their market value regardless of their purpose based upon current best estimates at such date. It is possible that further adjustments to initial evaluation may be recognised within twelve months of the acquisition in accordance with IFRS rules.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in income statement.

Under IFRS 3 Revised, acquisition of additional shares from non-controlling shareholders is regarded as equity transactions and therefore no additional goodwill is recognised.

Consequently, when non-controlling shareholders have an agreement to sell, non-controlling interests are reclassified as debt at the present value of the exercise price. The difference between the latest value and the net carrying value of the non-controlling interests is recognised as equity – Owners of the parent. Any subsequent change in debt is also accounted for as equity – Owners of the parent. Income from non-controlling interests and dividends are booked in equity – Owners of the parent.

3.2. Description of significant controlled partnerships

The significant controlled partnerships are presented below.

Viparis and Propexpo

The Viparis' entities are equally held by Unibail-Rodamco SE and its partner, the CCIR (Paris-Île-de-France Regional Chamber of Commerce and Industry). The relevant activities for these entities are the management of the convention & exhibition venues. The Managing Director, who holds the executives powers for the management of these relevant activities, is designated by Unibail-Rodamco SE.

The Chairman, who has a non-executive role, is nominated by the partner and has no casting vote.

Each partner has the same number of Directors in the Management Board. In the event of a tie vote, the Directors designated by the Group have a casting vote.

There is no casting vote held by other governance or supervisory bodies (Shareholders' General Meetings) which could question this control.

The Group therefore considers that it has the full control of the Viparis' entities and thus the Viparis' entities are fully consolidated.

Propexpo is a real estate company which owns part of the Viparis' assets and is equally held by Unibail-Rodamco SE and CCIR.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The Managing Director, a Group company, cannot be removed without the agreement of the Group.

The executive Chairman is designated by the Group, whereas the non-executive Vice-President is designated by the CCIR.

There is no casting vote held by other governance or supervisory bodies (Shareholders' General Meetings) which could question this control.

The governance of both Propexpo managed by the Group and the Viparis' entities which control the on site property services are defined by the Shareholders' agreement between the Group and CCIR as with respect to Viparis.

Propexpo is therefore fully consolidated.

Unibail-Rodamco Germany GmbH

Until June 30, 2015, Unibail-Rodamco held 91.15% of Unibail-Rodamco Germany GmbH which was fully consolidated.

Since July 1, 2015, Unibail-Rodamco Germany GmbH is jointly held by the Group (48%) and by Canada Pension Plan Investment Board (CPPIB) (46.1%).

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The Group is entitled to nominate three members of Unibail-Rodamco Germany GmbH's Supervisory Board and CPPIB two members. According to the governance, the Group has the control on Unibail-Rodamco Germany GmbH which remains fully consolidated.

Parly 2 shopping centre

The Parly 2 shopping centre (Paris region) is held by the Group and Abu Dhabi Investment Authority ("ADIA").

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of the shopping centre.

The Managing Director is a Unibail-Rodamco company designated for an indefinite term, which holds powers in order to administrate the companies and obtain the authorisations needed for their activities.

There is no casting vote held by other governance or supervisory bodies (Management Boards, Shareholders' General Meetings) which could question this control.

As a result, the Group controls the asset which is fully consolidated.

Forum des Halles shopping centre & parking

The shopping centre and the parking Forum des Halles located in Paris are held by the Group (65%) and an insurance company, AXA (35%).

The Managing Director is a Unibail-Rodamco company designated for an indefinite term, which holds powers in order to administrate the Company and obtain the authorisations needed for its activities and cannot be removed without the agreement of the Group.

These assets are therefore fully consolidated.

Les Quatre Temps shopping centre

The asset is held at 53.3% by the Group and at 46.7% by two insurance companies.

The Managing Director is a Unibail-Rodamco company designated for an indefinite term, which holds large powers in order to administrate the Company and obtain the authorisations needed for its activities and cannot be removed without the agreement of the Group.

The asset is therefore fully consolidated.

3.3. Share deals: acquisitions and disposals

3.3.1. Acquisitions and disposals of consolidated shares (Consolidated statement of cash flows)

Acquisition of consolidated shares

(€Mn)	2016	2015
Acquisition price of shares	(13.1)	(110.0)(2)
Cash and current accounts	(0.5)	(116.5)(3)
ACQUISITION OF CONSOLIDATED SHARES	**(13.6)(1)**	**(226.5)**

(1) This item refers mainly to the acquisition of Le Blériot, an office building located in Paris region.
(2) Refers mainly to the acquisition of an additional stake in Unibail-Rodamco Germany GmbH for €22.7 Mn and a 15% additional stake in Ruhr Park shopping centre (Bochum) for €61.5 Mn.
(3) Corresponds mainly to the financing by current accounts in the Ruhr Park shopping centre (Bochum).

Disposal of shares/consolidated subsidiaries

(€Mn)	2016	2015
Net price of shares sold	25.9	123.2
Cash and current accounts	5.7	43.4
DISPOSAL OF SHARES/CONSOLIDATED SUBSIDIARIES(1)	**31.6**	**166.6**

(1) In 2016, corresponds mainly to the disposal of Europark shopping centre in Budapest.
In 2015, corresponds to the share deal's disposal of Nova Lund shopping centre (Lund).

Disposal of interests in subsidiaries not resulting in a loss of control

On July 1, 2015, the Group completed the sale of a 46.1% stake in Unibail-Rodamco Germany GmbH to the Canada Pension Plan Investment Board's wholly-owned subsidiary, CPP Investment Board Europe S.à r.l. (CPPIB).

Since the Company remains fully consolidated, the transaction was treated as a transaction with non-controlling interests. As a result, the impact of this operation was recognised in the shareholder's equity, for a positive amount of €56.8 Mn, net of the transaction costs.

(€Mn)	2016	2015
Net price of shares sold	-	408.9
Current accounts	-	281.9
DISPOSAL OF INTERESTS IN SUBSIDIARIES NOT RESULTING IN A LOSS OF CONTROL	**-**	**690.8**

3.3.2. Acquisitions and disposal of shares of associates/non-consolidated subsidiaries

In 2016

None.

In 2015

Disposal of shares of associates

Refers mainly to the disposal of the Group's 75% stake in Arkady Pankrac (Prague) and to the disposal of the 50% stake in Comexposium.

Acquisition of shares of associates

Following the acquisition of an additional stake of 15% and the change of control, Ruhr Park (Bochum) is fully consolidated by the Group since July 24, 2015.

The acquisition was therefore treated as a business combination in stages.

The impact, at the acquisition date, of the fair value adjustment of the equity interest in Ruhr Park held by the Group immediately before acquisition date amounted to €24.5 Mn, which is recognised on the line "Valuation movements on assets" of the Consolidated statement of income.

The total consideration of €265.5 Mn booked for the shares consists of €61.5 Mn for the acquisition of the additional 15% stake in the company and €204.0 Mn is the current value of the 50% stake acquired previously.

At acquisition date, the external borrowing (€201.7 Mn) was fully refinanced with shareholders' loans.

From the date of acquisition and the corresponding take over, the full consolidation of Ruhr Park has contributed €10.3 Mn to the gross rental income and €6.7 Mn to the recurring result of the Group in 2015.

The goodwill of €14.2 Mn was justified by tax optimisation expected on the asset.

3.4. Non-controlling interests and related liabilities

3.4.1. Commitment to purchase non-controlling interests

Unibail-Rodamco has given long-term commitments to purchase some non-controlling interests.

These commitments are accounted for in debts and are revalued at the present value of the exercise price.

3.4.2. Non-controlling interests

In 2016, this item comprised mainly non-controlling interests in the following entities:

- several shopping centres in France (€187.8 Mn, mainly Les Quatre Temps for €83.9 Mn, Parly 2 for €60.3 Mn and Forum des Halles for €40.4 Mn);
- Convention & Exhibition entities (€106.7 Mn);
- several shopping centres in Germany (€71.5 Mn) and in Spain (€42.8 Mn).

Note 4 - Net Recurring Result and Segment reporting

4.1. Accounting principles

Segment information is presented in respect of the Group's divisions and geographical segments, based on the Group's management and internal reporting structure and in accordance to IFRS 8.

Contributions of affiliates are also presented according to the Group's divisions and geographical segments.

Business segments

The Group presents its result by segment: Shopping Centres, Offices, Convention & Exhibition and Property services.

The Convention & Exhibition segment comprises management of exhibition venues (Viparis) and hotels (Pullman-Montparnasse and Cnit-Hilton hotels, operated under an operational lease agreement, and Novotel Confluence in Lyon operated under a management contract).

Geographical segments

Geographical segments are determined on the basis of the Group's definition of a home region. A home region is defined as a region with more than €1 Bn in property investment, a local organisation dedicated to all three business lines: the "owner function" (asset selection and management including pipeline), Shopping Centres management, the finance function and a regional consolidated reporting.

The following are considered home regions based on specific operational and strategic factors:

- France, including France and Belgium;
- Central Europe, including the Czech Republic, Poland, Hungary and Slovakia;
- Spain;
- Nordic, including Sweden, Denmark and Finland;
- Austria;
- Germany;
- The Netherlands.

4.2. Net recurring result definition

The income statement by segment is split between recurring and non-recurring activities. The non-recurring result before tax consists of the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments on the full cancelled commitment period when the maturity of the financial instrument is beyond the current period, bond tender premiums, currency gains/losses on revaluation of balance sheet items, the net result on disposals, impairment of goodwill or recognition of negative goodwill, as well as costs directly related to a business combination and other non-recurring items.

The income tax is split between recurring taxes and non-recurring taxes.

Recurring tax is the outcome of:

- the amount of income tax effectively due on recurring income, after deduction of any tax losses;
- plus/minus changes in a deferred tax asset recognised on tax losses stemming from recurring income (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits);
- plus/minus changes in deferred tax assets not related to tax losses and deferred tax liabilities relating to recurring result (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits).

The 3% contribution levied on cash dividends paid by the French entities of the Group is accounted for in the non-recurring result. This contribution has been calculated on the amount of distribution paid in cash above the legal distribution obligation related to the French SIIC status.

4.3. Consolidated income statement by segment

(€Mn)		2016 Recurring activities	2016 Non-recurring activities [(1)]	2016 Result	2015 Recurring activities	2015 Non-recurring activities [(1)]	2015 Result
SHOPPING CENTRES							
FRANCE	Gross rental income	651.2	-	651.2	606.4	-	606.4
	Operating expenses & net service charges	(70.7)	-	(70.7)	(57.3)	-	(57.3)
	Net rental income	**580.5**	**-**	**580.5**	**549.1**	**-**	**549.1**
	Contribution of affiliates	7.0	8.8	15.8	9.0	(2.9)	6.1
	Gains/losses on sales of properties	-	6.1	6.1	-	6.9	6.9
	Valuation movements	-	520.2	520.2	-	307.7	307.7
	Result Shopping Centres France	**587.5**	**535.2**	**1,122.6**	**558.1**	**311.6**	**869.8**
CENTRAL EUROPE	Gross rental income	159.6	-	159.6	153.6	-	153.6
	Operating expenses & net service charges	(3.4)	-	(3.4)	(5.4)	-	(5.4)
	Net rental income	**156.2**	**-**	**156.2**	**148.2**	**-**	**148.2**
	Contribution of affiliates	30.7	(74.2)	(43.5)	36.0	102.3	138.3
	Gains/losses on sales of properties	-	3.1	3.1	-	23.7	23.7
	Valuation movements	-	410.9	410.9	-	266.9	266.9
	Result Shopping Centres Central Europe	**186.9**	**339.8**	**526.7**	**184.2**	**392.9**	**577.1**
SPAIN	Gross rental income	163.3	-	163.3	164.0	-	164.0
	Operating expenses & net service charges	(17.3)	-	(17.3)	(16.5)	-	(16.5)
	Net rental income	**146.0**	**-**	**146.0**	**147.5**	**-**	**147.5**
	Contribution of affiliates	0.5	(0.1)	0.5	1.1	(2.1)	(1.0)
	Gains/losses on sales of properties	-	20.8	20.8	-	(3.0)	(3.0)
	Valuation movements	-	370.1	370.1	-	385.5	385.5
	Result Shopping Centres Spain	**146.5**	**390.8**	**537.3**	**148.6**	**380.4**	**529.0**
NORDIC	Gross rental income	158.4	-	158.4	126.4	-	126.4
	Operating expenses & net service charges	(18.5)	-	(18.5)	(20.4)	-	(20.4)
	Net rental income	**139.9**	**-**	**139.9**	**106.1**	**-**	**106.1**
	Gains/losses on sales of properties	-	(0.5)	(0.5)	-	2.2	2.2
	Valuation movements	-	161.6	161.6	-	354.0	354.0
	Result Shopping Centres Nordic	**139.9**	**161.1**	**301.0**	**106.1**	**356.2**	**462.3**
AUSTRIA	Gross rental income	102.1	-	102.1	99.7	-	99.7
	Operating expenses & net service charges	(3.5)	-	(3.5)	(7.6)	-	(7.6)
	Net rental income	**98.6**	**-**	**98.6**	**92.1**	**-**	**92.1**
	Valuation movements	-	141.0	141.0	-	138.7	138.7
	Result Shopping Centres Austria	**98.6**	**141.0**	**239.6**	**92.1**	**138.7**	**230.8**
GERMANY	Gross rental income	96.6	-	96.6	73.2	-	73.2
	Operating expenses & net service charges	(6.7)	-	(6.7)	(6.1)	-	(6.1)
	Net rental income	**89.9**	**-**	**89.9**	**67.1**	**-**	**67.1**
	Contribution of affiliates	28.5	3.9	32.4	32.9	82.7	115.6
	Gains/losses on sales of properties	-	-	-	-	3.1	3.1
	Valuation movements	-	124.4	124.4	-	38.4	38.4
	Result Shopping Centres Germany	**118.4**	**128.3**	**246.7**	**100.0**	**124.2**	**224.2**
THE NETHERLANDS	Gross rental income	73.3	-	73.3	76.2	-	76.2
	Operating expenses & net service charges	(11.8)	-	(11.8)	(9.2)	-	(9.2)
	Net rental income	**61.5**	**-**	**61.5**	**67.0**	**-**	**67.0**
	Gains/losses on sales of properties	-	0.1	0.1	-	0.5	0.5
	Valuation movements	-	1.3	1.3	-	7.4	7.4
	Result Shopping Centres The Netherlands	**61.5**	**1.4**	**62.9**	**67.0**	**7.9**	**74.9**
TOTAL RESULT SHOPPING CENTRES		**1,339.4**	**1,697.6**	**3,037.0**	**1,256.1**	**1,711.9**	**2,968.0**

(1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, and impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.

(€Mn)		2016 Recurring activities	2016 Non-recurring activities (1)	2016 Result	2015 Recurring activities	2015 Non-recurring activities (1)	2015 Result
OFFICES							
FRANCE	Gross rental income	140.9	-	140.9	156.7	-	156.7
	Operating expenses & net service charges	(5.2)	-	(5.2)	(5.3)	-	(5.3)
	Net rental income	**135.7**	**-**	**135.7**	**151.4**	**-**	**151.4**
	Gains/losses on sales of properties	-	61.4	61.4	-	4.4	4.4
	Valuation movements	-	219.8	219.8	-	221.7	221.7
	Result Offices France	**135.7**	**281.2**	**416.9**	**151.4**	**226.1**	**377.5**
OTHER COUNTRIES	Gross rental income	21.7	-	21.7	22.7	-	22.7
	Operating expenses & net service charges	(4.1)	-	(4.1)	(3.7)	-	(3.7)
	Net rental income	**17.6**	**-**	**17.6**	**19.0**	**-**	**19.0**
	Gains/losses on sales of properties	-	5.2	5.2	-	-	-
	Valuation movements	-	15.0	15.0	-	16.8	16.8
	Result Offices other countries	**17.6**	**20.2**	**37.8**	**19.0**	**16.8**	**35.8**
TOTAL RESULT OFFICES		**153.3**	**301.4**	**454.7**	**170.4**	**242,9**	**413,3**
CONVENTION & EXHIBITION							
FRANCE	Gross rental income	186.0	-	186.0	188.0	-	188.0
	Operating expenses & net service charges	(96.4)	-	(96.4)	(96.8)	-	(96.8)
	Net rental income	**89.6**	**-**	**89.6**	**91.2**	**-**	**91.2**
	Contribution of affiliates	0.7	(0.7)	(0.1)	0.5	0.2	0.7
	On site property services	**61.8**	**-**	**61.8**	**51.4**	**-**	**51.4**
	Hotels net rental income	**13.0**	**-**	**13.0**	**14.2**	**-**	**14.2**
	Exhibitions organising	**-**	**-**	**-**	**8.0**	**43.6**	**51.6**
	Valuation movements, depreciation, capital gains	(11.4)	43.8	32.4	(11.1)	85.1	73.9
TOTAL RESULT CONVENTION & EXHIBITION		**153.6**	**43.0**	**196.7**	**154.1**	**128,9**	**283,0**
Other property services net operating result		35.8	(2.4)	33.4	33.4	(2.4)	31.0
Other net income		0.4	-	0.4	-	-	-
TOTAL OPERATING RESULT AND OTHER INCOME		**1,682.5**	**2,039.6**	**3,722.2**	**1,614.0**	**2,081.3**	**3,695.4**
General expenses		(119.0)	(1.3)	(120.4)	(106.1)	(1.6)	(107.7)
Development expenses		(5.9)	-	(5.9)	(4.5)	-	(4.5)
Financing result		(254.9)	(240.4)	(495.3)	(299.5)	(362.1)	(661.6)
RESULT BEFORE TAX		**1,302.7**	**1,797.9**	**3,100.6**	**1,203.9**	**1,717.7**	**2,921.6**
Income tax expenses		(11.1)	(272.1)	(283.2)	(24.8)	(263.5)	(288.3)
NET RESULT FOR THE PERIOD		**1,291.6**	**1,525.8**	**2,817.4**	**1,179.1**	**1,454.2**	**2,633.3**
Non-controlling interests		177.4	231.0	408.4	148.7	150.6	299.3
NET RESULT – OWNERS OF THE PARENT		**1,114.2**	**1,294.8**	**2,409.0**	**1,030.4**	**1,303.6**	**2,334.0**
Average number of shares and ORA		99,160,738			98,496,508		
RECURRING EARNINGS PER SHARE *(€)*		**11.24**			**10.46**		
RECURRING EARNINGS PER SHARE GROWTH		**7,5%**			**-4.2%**		

(1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, and impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.

4.3.1. Gross rental income

Revenue recognition

Accounting treatment of investment properties leases

Assets leased as operating leases are recorded on the statement of financial position as investment property assets. Gross rental revenue is recorded on a straight-line basis over the firm duration of the lease.

In case of an Investment property Under Construction (IPUC), revenues are recognised once spaces are delivered to tenants.

Rents and key money

Gross rental income consists of rents and similar income (*e.g.* occupancy compensation, key money, parking revenues) invoiced for Shopping Centres and Offices properties over the period.

Under IAS 17 and SIC 15, the effects of rent-free periods, step rents and key monies are spread over the fixed term of the lease.

The property management fees re-invoiced to the tenants are classified in gross rental income.

Gross rental income from the Convention & Exhibition segment includes turnover generated by the rental of exhibition space and the provision of unavoidable associated support services to this space.

Charges invoiced to tenants are not included in rental income but deducted from net service charge expenses.

Gross rental income by segments

(€Mn excluding taxes)	2016	2015
SHOPPING CENTRES	**1,404.6**	**1,299.5**
France	651.2	606.4
Central Europe	159.6	153.6
Spain	163.3	164.0
Nordic	158.4	126.4
Austria	102.1	99.7
Germany	96.6	73.2
The Netherlands	73.3	76.2
OFFICES	**162.6**	**179.4**
France	140.9	156.7
Other countries	21.7	22.7
CONVENTION & EXHIBITION	**203.2**	**206.1**
TOTAL	**1,770.3**	**1,685.0**

Minimum guaranteed rents under leases

As at December 31, 2016, minimum future rents due under leases until the next possible termination date break down as follows:

Minimum future rents per year *(€Mn)*

Year	Shopping Centres	Offices	Total
2017	1,185.1	163.6	1,348.7
2018	943.3	153.2	1,096.5
2019	697.9	114.1	812.0
2020	448.7	86.8	535.5
2021	306.3	80.1	386.4
2022	218.4	81.6	300.0
2023	159.1	62.1	221.2
2024	128.9	58.1	187.1
2025	89.6	65.8	155.4
2026	67.6	20.5	88.1
2027	56.4	15.6	72.1
Beyond	30.6	14.9	45.5
TOTAL	**4,331.9**	**916.6**	**5,248.5**

4.3.2. Operating expenses & net service charges

The operating expenses & net service charges are composed of ground rents paid, net service charge expenses and property operating expenses.

Ground rents paid

Ground leaseholds

Based on the analysis of existing contracts, IAS 17 and IAS 40, a leasehold may be classified as either an operating lease or a finance lease. The classification is made on a contract-by-contract basis and depends on the risks and rewards transferred to the Group.

For the leaseholds recognised as operating leases, rental payments are recognised as expenses in the income statement. Rental payments made at the beginning of the contract are classified as prepaid expenses and expensed over the life of the contract.

For the leaseholds recognised as financial leases, future cash flows are discounted. An asset and a financial liability are recognised for the same amount.

Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in note 5.

Ground rents correspond to variable lease payments (or straight-lining of initial payments) for properties built on land subject to leasehold or operated under an operating contract (concession). This item mainly applies to the French conventions and exhibitions venue of Le Bourget in Paris and to some shopping centres, in particular in France and in Austria.

Net service charge expenses

These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

Property operating expenses

These expenses comprise service charges borne by the owner, works-related expenses, litigation expenses, charges relating to doubtful accounts and expenses relating to property management, and expenses related to venue sites on Convention & Exhibition segment.

4.3.3. Net other income

The Net other income consists of on-site property service and other property services net operating result.

Revenues from other activities mainly cover:

- fees for property management and maintenance services provided to Offices and Shopping Centres. These fees are invoiced by property service companies for their property management activities on behalf of owners outside the Group;
- fees invoiced for leasing activity and for project development and consulting services. These fees are capitalised by the company owning the asset. The internal margins generated on these leasing, construction and renovation operations are eliminated;
- fees for property services received by companies in the Convention & Exhibition segment.

Other expenses comprise charges relating to property services, general costs and depreciation charges for related fixed assets.

(€Mn)	2016	2015
NET OTHER INCOME	**86.2**	**73.7**
Convention & Exhibition	50.4	40.3
Other property services	35.8	33.4

4.3.4. Administrative expenses

This item comprises personnel costs, head office and Group administrative expenses, expenses relating to development projects and not capitalised and depreciation charges and rents relating mainly to Unibail-Rodamco's headquarters in Paris and Schiphol.

The increase in 2016 is mainly due to:

- the impact of less recharges to the pipeline due to deliveries of projects in 2015;
- higher staff costs, including some one-off charges; and
- increased IT spending to modernise and upgrade the Group's information systems.

4.4. Other information by segment

4.4.1. Reconciliation between the results by segment and the income statement of the period (IFRS format)

For 2016

(€Mn)	Net rental income	Administrative expenses, acquisition and related costs	Net other income	Result on disposal of investment properties and shares	Valuation movements on assets	Net operating result before financing cost	Profit on disposal of associates	Share of the result of companies under equity method & income on financial assets	Total
SHOPPING CENTRES									
France	580.5	-	-	6.1	520.2	1,106.9	-	15.8	1,122.6
Central Europe	156.2	-	-	3.1	410.9	570.2	-	(43.5)	526.7
Spain	146.0	-	-	20.8	370.1	536.8	-	0.5	537.3
Nordic	139.9	-	-	(0.5)	161.6	301.0	-	-	301.0
Austria	98.6	-	-	-	141.0	239.6	-	-	239.6
Germany	89.9	-	-	-	124.4	214.4	-	32.4	246.7
The Netherlands	61.5	-	-	0.1	1.3	62.9	-	-	62.9
TOTAL SHOPPING CENTRES	**1,272.6**	**-**	**-**	**29.6**	**1,729.7**	**3,031.9**	**-**	**5.1**	**3,037.0**
OFFICES									
France	135.7	-	-	61.4	219.8	416.9	-	-	416.9
Others	17.6	-	-	5.2	15.0	37.8	-	-	37.8
TOTAL OFFICES	**153.3**	**-**	**-**	**66.6**	**234.8**	**454.7**	**-**	**-**	**454.7**
C. & E. (1)									
France	102.6	-	50.4	-	43.7	196.7	-	(0.1)	196.6
TOTAL C. & E.	**102.6**	**-**	**50.4**	**-**	**43.7**	**196.7**	**-**	**(0.1)**	**196.6**
NOT ALLOCATED									
TOTAL NOT ALLOCATED	**-**	**(126.2)**	**35.8**	**-**	**(2.4)**	**(92.8)**	**-**	**-**	**(92.8)**
TOTAL 2016	**1,528.5**	**(126.2)**	**86.2**	**96.2**	**2,005.8**	**3,590.5**	**-**	**5.0**	**3,595.5**

(1) Convention & Exhibition segment.

For 2015

(€Mn)	Net rental income	Administrative expenses, acquisition and related costs	Net other income	Result on disposal of investment properties and shares	Valuation movements on assets	Net operating result before financing cost	Profit on disposal of associates	Share of the result of companies under equity method & income on financial assets	Total
SHOPPING CENTRES									
France	549.1	-	-	6.9	307.7	863.7	-	6.1	869.8
Central Europe	148.2	-	-	-	266.9	415.1	23.7	138.3	577.1
Spain	147.5	-	-	(3.0)	385.5	530.0	-	(1.0)	529.0
Nordic	106.1	-	-	2.2	354.0	462.3	-	-	462.3
Austria	92.1	-	-	-	138.7	230.8	-	-	230.8
Germany	67.1	-	-	3.1	38.4	108.6	-	115.6	224.2
The Netherlands	67.0	-	-	0.5	7.4	74.9	-	-	74.9
TOTAL SHOPPING CENTRES	**1,177.0**	**-**	**-**	**9.6**	**1,498.7**	**2,685.3**	**23.7**	**259.1**	**2,968.0**
OFFICES									
France	151.4	-	-	4.4	221.7	377.5	-	-	377.5
Others	19.0	-	-	-	16.8	35.8	-	-	35.8
TOTAL OFFICES	**170.4**	**-**	**-**	**4.4**	**238.5**	**413.3**	**-**	**-**	**413.3**
C. & E. (1)									
France	105.4	-	40.3	1.1	84.0	230.8	45.9	6.3	283.0
TOTAL C. & E.	**105.4**	**-**	**40.3**	**1.1**	**84.0**	**230.8**	**45.9**	**6.3**	**283.0**
NOT ALLOCATED									
TOTAL NOT ALLOCATED	**-**	**(112.2)**	**33.4**	**-**	**(2.4)**	**(81.2)**	**-**	**-**	**(81.2)**
TOTAL 2015	**1,452.8**	**(112.2)**	**73.7**	**15.1**	**1,818.8**	**3,248.2**	**69.6**	**265.4**	**3,583.2**

(1) Convention & Exhibition segment.

4.4.2. Statement of financial position by segment

For 2016

(€Mn)	Investment properties	Goodwill	Shares and investments in companies under the equity method	Other non current assets	Properties or shares held for sale	Other current assets	Total Assets	Total Liabilities excluding shareholders' equity
SHOPPING CENTRES								
France	13,960.4	2.9	185.3	12.3	-	249.1	14,410.1	713.9
Central Europe	3,607.8	110.5	831.3	13.0	-	31.1	4,593.6	796.3
Spain	3,484.2	-	1.8	75.8	-	24.5	3,586.3	368.2
Nordic	3,337.3	49.8	-	0.0	-	39.0	3,426.0	588.2
Austria	2,278.5	72.9	-	0.0	-	31.2	2,382.5	477.1
Germany	2,099.1	256.7	686.2	36.5	-	86.1	3,164.5	240.3
The Netherlands	1,498.7	-	-	0.0	-	23.7	1,522.4	27.8
TOTAL SHOPPING CENTRES	**30,265.9**	**492.8**	**1,704.5**	**137.6**	**-**	**484.7**	**33,085.6**	**3,211.8**
OFFICES								
France	3,162.8	-	-	150.5 (2)	-	139.5	3,452.8	142.1
Others	280.4	-	-	-	-	6.9	287.3	0.5
TOTAL OFFICES	**3,443.3**	**-**	**-**	**150.5**	**-**	**146.4**	**3,740.1**	**142.7**
C. & E. (1)								
France	2,671.7	36.9	3.6	254.4 (3)	-	124.4	3,091.0	222.5
TOTAL C. & E.	**2,671.7**	**36.9**	**3.6**	**254.4 (3)**	**-**	**124.4**	**3,091.0**	**222.5**
NOT ALLOCATED								
TOTAL NOT ALLOCATED	**-**	**10.3**	**-**	**337.7 (4)**	**-**	**480.4 (5)**	**828.4**	**16,148.3**
TOTAL 31/12/2016	**36,380.9**	**539.9**	**1,708.2**	**880.3**	**-**	**1,235.8**	**40,745.0**	**19,725.3**

(1) Convention & Exhibition segment.
(2) Corresponds mainly to the operating asset of the Group's headquarters.
(3) Relates mainly to tangible and intangible assets.
(4) Refers mainly to the derivatives.
(5) Includes mainly cash and cash equivalents.

For 2015

(€Mn)	Investment properties	Goodwill	Shares and investments in companies under the equity method	Other non current assets	Properties or shares held for sale	Other current assets	Total Assets	Total Liabilities excluding shareholders' equity
SHOPPING CENTRES								
France	12,904.7	3.1	170.8	2.5	3.6	295.7	13,380.3	683.6
Central Europe	3,072.1	112.0	680.5	11.9	-	20.6	3,897.2	471.6
Spain	3,017.4	-	16.6	25.1	-	15.8	3,074.9	315.4
Nordic	3,238.3	49.9	-	-	-	35.8	3,324.0	549.0
Austria	2,029.8	72.9	-	-	-	39.7	2,142.4	363.3
Germany	1,895.5	256.7	663.9	22.8	-	68.6	2,907.6	181.2
The Netherlands	1,432.2	-	-	0.3	-	33.8	1,466.3	32.9
TOTAL SHOPPING CENTRES	**27,590.1**	**494.5**	**1,531.9**	**62.7**	**3.6**	**510.1**	**30,192.8**	**2,597.1**
OFFICES								
France	3,358.7	-	-	151.7 (2)	248.5	131.1	3,890.0	149.3
Others	306.3	-	0.4	-	16.7	3.1	326.5	6.8
TOTAL OFFICES	**3,665.0**	**-**	**0.4**	**151.7**	**265.2**	**134.2**	**4,216.5**	**156.1**
C. & E. (1)								
France	2,454.9	38.0	3.7	263.3 (3)	-	106.1	2,866.0	208.9
TOTAL C. & E.	**2,454.9**	**38.0**	**3.7**	**263.3 (3)**	**-**	**106.1**	**2,866.0**	**208.9**
NOT ALLOCATED								
TOTAL NOT ALLOCATED	**-**	**10.3**	**-**	**367.8 (4)**	**-**	**456.5 (5)**	**834.5**	**15,909.0**
TOTAL 31/12/2015	**33,710.0**	**542.8**	**1,536.0**	**845.4**	**268.8**	**1,206.9**	**38,109.8**	**18,871.2**

(1) Convention & Exhibition segment.
(2) Corresponds mainly to the operating asset of the Group's headquarters.
(3) Relates mainly to tangible and intangible assets.
(4) Refers mainly to the derivatives.
(5) Includes mainly cash and cash equivalents.

4.4.3. Investments by segment

(€Mn)	2016 Investments in investment properties at fair value	2016 Investments in investment properties at cost(2)	2016 Total investments	2015 Investments in investment properties at fair value	2015 Investments in investment properties at cost(2)	2015 Total investments
SHOPPING CENTRES						
France	408.8	130.4	539.2	466.4	66.2	532.6
Central Europe	39.5	120.2	159.7	33.8	49.6	83.4
Spain	82.0	19.0	101.0	49.8	8.1	58.0
Nordic	98.9	-	98.9	225.0	-	225.0
Austria	72.0	-	72.0	33.8	-	33.8
Germany	22.7	25.1	47.9	76.4	8.4	84.8
The Netherlands	31.4	22.3	53.7	83.9	-	83.9
TOTAL SHOPPING CENTRES	**755.4**	**317.0**	**1,072.4**	**969.2**	**132.3**	**1,101.5**
OFFICES						
France	47.9	59.0	106.9	64.0	84.1	148.1
Others	5.3	9.4	14.7	10.8	-	10.8
TOTAL OFFICES	**53.2**	**68.4**	**121.6**	**74.8**	**84.1**	**158.9**
C. & E.(1)						
France	153.7	5.1	158.8	69.9	1.8	71.7
TOTAL C. & E.	**153.7**	**5.1**	**158.8**	**69.9**	**1.8**	**71.7**
TOTAL	**962.3**	**390.5**	**1,352.7**	**1,113.9**	**218.2**	**1,332.1**

(1) Convention & Exhibition segment.
(2) Before transfer between category of investment property.

Note 5 - Investment properties, tangible and intangible assets, goodwill

5.1. Investment properties

5.1.1. Accounting principles

Investment properties (IAS 40 & IFRS 13)

Under the accounting treatment recommended by IAS 40, investment properties are shown at their market value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (*i.e.* an exit price). Expectations about future improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest.

Unibail-Rodamco complies with the IFRS 13 fair value measurement rule and the position paper[1] on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Transaction costs incurred for an asset deal are capitalised in the value of the investment property. Capitalised expenses include capital expenditures, evictions costs, capitalised financial interests, letting fees and other internal costs related to development projects.

Investment Properties Under Construction (IPUC) are covered by IAS 40 and are eligible to be measured at fair value. In accordance with the Group's investment properties valuation method, they are valued at fair value by an external appraiser twice a year. Projects for which the fair value is not reliably determinable are valued at cost until such time that a fair value valuation becomes reliable, or until one year before the construction completion.

According to the Group, a development project is eligible for a fair value measurement once all three of the following criteria are fulfilled:

- all administrative authorisations needed to complete the project are obtained;
- the construction has started and costs are committed toward the contractor; and
- substantial uncertainty in future rental income has been eliminated.

If the time to delivery is less than one year, the project has to be taken at fair value.

(1) *EPRA position paper on IFRS 13 – Fair value measurement and illustrative disclosures, February 2013.*

For properties measured at fair value, the market value adopted by Unibail-Rodamco is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. The gross value is reduced by disposal costs and transfer taxes[1], depending on the country and on the tax situation of the property, in order to arrive at a net market value.

For the Shopping Centres and Offices portfolios, the independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per m^2 and the fair market values established through actual market transactions.

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

The sites of the Convention & Exhibition portfolio are qualified as Investment property.

For the Convention & Exhibition portfolio, the valuation methodology adopted is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession, or over the life of the long-term lease (notably the Porte de Versailles long-term lease) or leasehold, if it exists or otherwise over a 10-year period, with an estimation of the asset's value at the end of the given time period, based either on the residual contractual value for concessions or on capitalised cash flows over the last year. The valuations carried out by the appraisers took into account total net income, which comprised net rents and ancillary services, as well as net income from car parks. The cost of maintenance works, major repairs, refurbishments, redevelopments and extensions, as well as concession or leasehold fees, are included in projected cash flow figures.

The income statement for a given year (Y) records the change in value for each property, which is determined as follows: market value Y – [market value Y-1 + amount of works and other costs capitalised in year Y].

Capital gains on disposals of investment properties are calculated by comparison with their latest market value recorded in the closing statement of financial position for the previous financial year.

Properties under construction carried at cost are subject to impairment tests, determined on the basis of the estimated fair value of the project. The fair value of a project is assessed by the Development & Investment teams through a market exit capitalisation rate and the targeted net rents at completion. When the fair value is lower than net book value, an impairment provision is booked.

Properties held for sale are identified separately in the statement of financial position.

5.1.2. Investment properties at fair value

(€Mn)	31/12/2016	31/12/2015
Shopping Centres	**29,580.8**	**27,062.8**
France	13,724.1	12,629.1
Central Europe	3,576.5	2,937.4
Spain	3,359.3	2,942.3
Nordic	3,337.3	3,238.3
Austria	2,278.5	2,029.8
Germany	2,032.0	1,853.6
The Netherlands	1,273.1	1,432.2
Offices	**3,182.8**	**3,487.4**
France	2,902.4	3,181.1
Other countries	280.4	306.3
Convention & Exhibition	**2,663.4**	**2,451.7**
TOTAL	**35,426.9**	**33,001.8**

(1) *Transfer taxes are valued on the assumption that the property is sold directly, even though the cost of these taxes can, in certain cases, be reduced by selling the property's holding company.*

(€Mn)	Shopping Centres	Offices	Convention & Exhibition	Total investment properties	Properties held for sale	Total
31/12/2014	**23,959.2**	**3,498.3**	**2,324.1**	**29,781.5**	**475.7**	**30,257.2**
Acquisitions	135.1	2.5	0.1	137.7	-	137.7
Entry into scope of consolidation	620.8	-	-	620.8	-	620.8
Capitalised expenses	833.2	72.3	69.8	975.3	0.9	976.2
Disposals/exits from the scope of consolidation	(17.0)	(20.4)	(0.3)	(37.7)	(472.1)	(509.8)
Reclassification and transfer of category	17.0	(294.7)	(17.1)	(294.7)	264.9	(29.9)
Discounting impact	1.9	-	-	1.9	-	1.9
Valuation movements	1,493.2	228.0	75.1	1,796.4	1.0	1,797.4
Currency translation	19.2	1.3	-	20.5	(1.5)	19.0
31/12/2015	**27,062.8**	**3,487.4**	**2,451.7**	**33,001.8**	**268.8**	**33,270.6**
Acquisitions(1)	135.2	2.3	-	137.5	-	137.5
Entry into scope of consolidation	9.2	-	-	9.2	-	9.2
Capitalised expenses(2)	611.1	50.7	153.7	815.4	0.1	815.6
Disposals/exits from the scope of consolidation(3)	(64.3)	(526.7)	0.0	(591.0)	(268.9)	(860.0)
Reclassification and transfer of category(4)	266.0	(53.7)	(0.0)	212.2	-	212.2
Discounting impact	(6.4)	-	-	(6.4)	-	(6.4)
Valuation movements	1,734.4	234.8	58.0	2,027.2	-	2,027.2
Currency translation	(167.0)	(12.0)	-	(179.0)	-	(179.0)
31/12/2016	**29,580.8**	**3,182.8**	**2,663.4**	**35,426.9(4)**	**-**	**35,426.9**

(1) The acquisitions refer mainly to Forum des Halles, Rosny 2 and La Part Dieu.
(2) Capitalised expenses mainly include:
- shopping centres in France, Sweden, Spain and Austria;
- offices in France;
- convention & exhibition site such as Parc des Expositions de la Porte de Versailles.
(3) Disposals are mainly office buildings in France: 2-8 Ancelle, So Ouest Office, Nouvel Air and 70-80 Wilson (see Note 1)
(4) Refers mainly to the transfer from IPUC at cost of Parly 2, Carré Sénart, Centrum Chodov extension and renovation projects as well as Wroclavia project which are assessed at fair value as at December 31, 2016. It is partly offset by the transfer to IPUC at cost of part of Leidsenhage due to extension/renovation project for The Mall of The Netherlands.

Acquisitions of investment properties and entry into scope of consolidation

The main acquisitions include:

- Retail units in Rosny 2 (Paris region), La Part Dieu (Lyon) and Les Quatre Temps (La Défense);
- Additional plots acquired in France such as Forum des Halles (Paris) and Vélizy 2 (Paris region).

Valuation assumptions and sensitivity

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, Unibail-Rodamco believes it appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumption on growth rates and exit yields, are used by appraisers to determine the fair values of Unibail-Rodamco's assets.

As at December 31, 2016, independent experts have appraised 97% of Unibail-Rodamco's portfolio.

The outstanding balances of deferred lease incentives and key monies amortised over the firm term of the lease, which corrected the appraisal value, represented -€51.3 Mn.

The following tables provide a number of quantitative elements used by the appraisers to assess the fair valuation of the Group's assets.

Shopping Centres

All Shopping Centres are valued using the discounted cash flow and/or yield methodologies.

Shopping Centres – December 31, 2016		Net initial yield	Rent in € per sqm (1)	Discount Rate (2)	Exit yield (3)	CAGR of NRI (4)
	Max	7.5%	853	13.0%	9.5%	10.4%
France	Min	3.5%	110	5.3%	3.7%	1.3%
	Weighted average	4.1%	491	5.8%	4.2%	4.1%
	Max	6.6%	554	7.9%	7.5%	2.8%
Central Europe	Min	4.7%	188	6.5%	4.7%	2.2%
	Weighted average	4.9%	389	6.8%	5.1%	2.6%
	Max	12.1%	513	9.5%	8.3%	4.3%
Nordic	Min	3.9%	100	6.5%	4.1%	1.1%
	Weighted average	4.4%	356	7.0%	4.4%	3.5%
	Max	7.8%	785	11.0%	7.8%	4.1%
Spain	Min	4.0%	95	7.2%	4.2%	1.6%
	Weighted average	4.8%	288	7.8%	4.8%	3.3%
	Max	7.2%	453	8.0%	6.6%	4.7%
Germany	Min	4.0%	244	6.2%	4.0%	2.3%
	Weighted average	4.5%	303	6.5%	4.6%	3.4%
	Max	4.4%	382	6.2%	4.1%	3.0%
Austria	Min	4.1%	359	6.2%	4.1%	2.6%
	Weighted average	4.3%	370	6.2%	4.1%	2.8%
	Max	9.3%	404	8.8%	8.9%	5.5%
The Netherlands	Min	4.5%	113	5.8%	4.2%	n.m
	Weighted average	5.0%	247	6.2%	4.9%	3.4%

Net initial yield, discount rate and exit yield weighted by GMV.
(1) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m^2.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalise the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Based on an asset value excluding estimated transfer taxes and transaction costs, the shopping centre division's net initial yield as at December 31, 2016, decreased to 4.4% from 4.6% as at December 31, 2015.

A change of +25 basis points of the net initial yield would result in a downward adjustment of -€1.630 Mn (-5.4%) of the total shopping centres portfolio value (excluding assets under development or accounted for using the equity method), including transfer taxes and transaction costs.

Offices

Appraisers value the Group's Offices using the discounted cash flow and yield methodologies.

Offices – December 31, 2016		Net initial yield on occupied space	Rent in € per sqm [1]	Discount Rate [2]	Exit yield [3]	CAGR of NRI [4]
France	Max	11.2%	536	9.5%	8.2%	15.3%
	Min	3.9%	105	5.0%	3.8%	-4.1%
	Weighted average	5.7%	439	5.8%	4.8%	3.6%
Nordic	Max	10.7%	218	9.4%	7.8%	3.0%
	Min	6.2%	104	7.1%	5.2%	2.3%
	Weighted average	7.5%	183	7.8%	6.4%	2.6%
The Netherlands	Max	18.3%	48	13.8%	9.8%	11.2%
	Min	n.m	n.m	6.3%	4.6%	n.m
	Weighted average	17.3%	40	9.7%	7.0%	11.0%
Germany	Max	7.9%	152	8.4%	7.5%	12.2%
	Min	4.8%	48	6.5%	4.5%	1.7%
	Weighted average	5.5%	114	6.8%	4.9%	2.8%
Austria	Max	6.8%	130	7.6%	7.0%	5.0%
	Min	6.6%	118	7.5%	6.5%	2.0%
	Weighted average	6.7%	124	7.6%	6.8%	3.7%

Net initial yield, discount rate and exit yield weighted by GMV. Central Europe region only encompasses one asset (excluding shares in Zlote Tarasy offices, Lumen and Skylight) and is therefore not displayed. Vacant assets, assets considered at bid value and assets under restructuring are not included in this table.
(1) Average annual rent (minimum guaranteed rent) per asset per m^2. The computation takes into account the areas allocated to company restaurants.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalise the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the office division's net initial yield as at December 31, 2016 fell by -15 bps to 5.8%.

A change of +25 basis points of the net initial yield would result in a downward adjustment of -€168 Mn (-4.9%) of the total Office portfolio value (occupied and vacant spaces, excluding assets under development or accounted for using the equity method), including transfer taxes and transaction costs.

Convention & Exhibition

Based on these valuations, the average EBITDA yield (recurring earnings before interest, tax, depreciation and amortisation divided by the value of assets, excluding estimated transfer taxes and transaction costs) as at December 31, 2016 decreased by -96 basis points from December 31, 2015 to 5.4%.

A change of +25 basis points of the yield and WACC as determined at the end of the year would result in an adjustment of -€120.4 Mn (-5.1%).

5.1.3. Investment properties under construction at cost

(€Mn)	31/12/2016	31/12/2015
Shopping Centres	**685.2**	**527.3**
France	236.3	275.6
Central Europe	31.3	134.7
Spain	124.9	75.1
Nordic	-	-
Austria	-	-
Germany	67.1	41.9
The Netherlands	225.6	-
Offices	**260.5**	**177.7**
France	260.5	177.7
Other countries	-	-
Convention & Exhibition	**8.3**	**3.2**
TOTAL	**954.0**	**708.2**

As at December 31, 2016, assets under construction valued at cost are notably:

- offices developments such as Trinity and Phare-Sisters in La Défense;
- shopping centres extension and renovation projects such as Mall of The Netherlands (Leidsenhage)

Assets still stated at cost were subject to impairment tests as at December 31, 2016. Allowances were booked for a total amount of €4.7 Mn.

(€Mn)	Gross value	Impairment	Total investment properties at cost
31/12/2014	**530.1**	**(58.1)**	**472.1**
Acquisitions	72.4	-	72.4
Capitalised expenses	145.9	-	145.9
Disposals/exits from the scope of consolidation	(0.5)	-	(0.5)
Reclassification and transfer of category	30.5	-	30.5
Discounting impact	(2.0)	-	(2.0)
Impairment/reversal	-	(8.7)	(8.7)
Currency translation	(1.4)	-	(1.4)
31/12/2015	**775.0**	**(66.8)**	**708.2**
Acquisitions(1)	41.3	-	41.3
Entry into scope of consolidation(2)	32.0	-	32.0
Capitalised expenses(3)	349.2	-	349.2
Disposals/exits from the scope of consolidation	(0.1)	-	(0.1)
Reclassification and transfer of category(4)	(170.9)	-	(170.9)
Discounting impact	0.6	-	0.6
Impairment/reversal	-	(4.7)	(4.7)
Currency translation	(1.6)	-	(1.6)
31/12/2016	**1,025.4**	**(71.5)**	**954.0**

(1) Mostly relates to acquisitions in Spain, The Netherlands and one office building in Paris region.
(2) Relates to an asset previously accounted for using the equity method and fully consolidated as at December 31, 2016.
(3) Capitalised expenses mainly refer to investments in Carré Sénart and Centrum Chodov extension and renovation projects before their transfers to IPUC at fair value, and to Trinity, Uberseequartier and Wroclavia new development projects.
(4) Refers mainly to the transfer to investment properties at fair value of Parly 2, Carré Sénart, Centrum Chodov extension and renovation projects as well as Wroclavia project which are assessed at fair value as at December 31, 2016. It is partly offset by the transfer to IPUC at cost of part of Leidsenhage due to extension/renovation project for The Mall of The Netherlands.

5.2. Tangible assets

5.2.1. Accounting principles

Under the preferential method proposed by IAS 16, operating assets are valued at their historic cost, less cumulative depreciation and any decrease in value. Depreciation is calculated using the "component accounting" method, where each asset is broken down into major components based on their useful life. The four components of a property are the main structure, the facade, technical equipment and finishing fixtures and fittings, depreciated respectively over 60, 30, 20 and 15 years for Offices properties and 35, 25, 20 and 15 years for Shopping Centres assets.

The property owned and occupied by the Group, located at 7, Place Adenauer, Paris 16th, is classified in "Tangible assets".

If the appraisal value of a property is lower than net book value, an impairment provision is booked.

5.2.2. Changes in tangible assets

Net value (€Mn)	Operating assets [1]	Furniture and equipment	Total
31/12/2014	**153.5**	**62.2**	**215.7**
Acquisitions and capitalised expenses	-	15.6	15.6
Depreciation	(2.2)	(15.5)	(17.7)
Impairment/reversal	-	3.7	3.7
Other movements	-	(1.0)	(1.0)
31/12/2015	**151.3**	**65.0**	**216.3**
Acquisitions and capitalised expenses	0.9	23.6[2]	24.5
Depreciation	(2.2)	(14.8)	(17.0)
Impairment/reversal[3]	-	(3.8)	(3.8)
Other movements	-	(0.2)	(0.2)
31/12/2016	**150.1**	**69.7**	**219.8**

(1) Related to the headquarters of the Group located at 7 Place Adenauer (Paris).
(2) Increase on Viparis assets and property services entities.
(3) Impairment on Viparis assets according to the external appraisals.

5.3. Intangible assets

5.3.1. Accounting principles

Intangible assets (IAS 38)/Impairment of assets (IAS 36)

An intangible asset is recognised when it is identifiable and separable and can be sold, transferred, licensed, rented, or exchanged, either individually or as part of a contract with an attached asset or a liability, or which arises from contractual or other legal rights regardless of whether those rights are transferable or separable. After initial recognition, intangible assets are recognised at cost less any amortisation charges and impairment losses.

Intangible assets with a finite life are amortised on a linear basis over the life of the asset. The useful life of an asset is reviewed each year and an impairment test is carried out whenever there is an indication of impairment.

Intangible assets with an indefinite useful life are not amortised but their life span is reviewed each year. These assets are subject to impairment tests annually or whenever there is an indication of impairment, which consists of comparing the book value with the recoverable amount of the intangible. The recoverable amount of an asset or a cash-generating unit is the maximum between its fair value less disposal costs and its value in use. It is assessed on the basis of the present value of expected future cash flows from the continued use of the asset and its terminal value. Impairment tests are carried out by grouping assets together into cash-generating units. In the case of reduction in value, a corresponding impairment charge is recognised in the income statement.

The intangible assets qualified as “Rights and exhibitions” relate mainly to the Viparis’ entities and are valued by external appraisers. If the appraisal value of an intangible asset is lower than net book value, an impairment provision is booked.

5.3.2. Changes in intangible assets

Net value (€Mn)	Rights and exhibitions	Other intangible assets	Total
31/12/2014	**233.3**	**4.2**	**237.5**
Acquisitions	-	6.4	6.4
Amortisation	(2.3)	(2.3)	(4.6)
Impairment/reversal	2.8	-	2.8
31/12/2015	**233.8**	**8.3**	**242.1**
Acquisitions	-	4.4	4.4
Amortisation	(2.4)	(1.9)	(4.2)
Impairment/reversal [1]	(12.8)	-	(12.8)
31/12/2016	**218.5**	**10.9**	**229.4**

(1) The amount of impairment relates mainly to impairment on the Convention & Exhibition’s intangible assets according to the external appraisals.

A change of +25 basis points of the yield and WACC of Viparis’ intangible assets as determined at December 31, 2016 would result in a negative adjustment of -€25 Mn (-6.4%).

5.4 Goodwill

5.4.1. Accounting principles

Goodwill only arises upon a business combination and is initially measured as the residual cost of the business combination after recognising the acquiree's identifiable assets, liabilities, and contingent liabilities. Subsequently the goodwill is carried at cost and is subject to regular reviews by the Group and impairment tests at least once per year or whenever there is an indication of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units expected to benefit from the acquisition. The recoverable amount of a cash-generating unit is determined using the most appropriate method, most commonly the discounted cash flows method, and is applied to the full cash-generating unit rather than each legal entity.

Goodwill may arise on acquiring an asset *via* a share deal, where the Group inherits the fiscal basis of the assets. As IFRS require recognition of deferred taxes on a nominal basis, while share transactions are based on market value of these taxes, a difference may appear that is reflected in the goodwill. Therefore, in this case the impairment test consists in a comparison between the accounting value of the goodwill and the potential tax optimisation existing at the date of reporting.

5.4.2. Changes in goodwill

(€Mn)	Gross value	Impairment	Total
31/12/2014	**2,185.3**	**(1,644.1)**	**541.2**
Entry in the scope of consolidation	14.2	-	14.2
Decrease	(12.6)	-	(12.6)
31/12/2015	**2,186.9**	**(1,644.1)**	**542.8**
Decrease	(1.7)(1)	(1.2)	(2.9)
31/12/2016	**2,185.2**	**(1,645.3)(2)**	**539.9**

(1) Corresponds to the exit of the goodwill following the disposal of some assets.
(2) Relates mainly to the write off of part of the Rodamco Europe goodwill in 2007.

Goodwill amounts to €539.9 Mn and breaks down as follows:

- €287.2 Mn correspond to the potential tax optimisation existing at the date of acquisition on the assets;
- €252.7 Mn mainly related to the goodwill recognised on Unibail-Rodamco Germany in 2014 and represent the value of the fee business and the ability to generate and develop projects.

An impairment test was carried out on the goodwill which represents the potential tax optimisation existing on the assets. An allowance of €1.2 Mn was recognised as at December 31, 2016.

The goodwill corresponds to the value of the fee business and the ability to generate development projects. The impairment test of the goodwill is based on an external appraisal.

5.5. Valuation movements on assets

This item reflects changes in market valuation of investment properties, impairment and reversal on tangible and intangible assets.

(€Mn)	2016	2015
Investment properties at fair value	2,027.2	1,797.4
• *Shopping centres*	*1,734.4*	*1,494.2*
• *Offices*	*234.8*	*228.0*
• *Convention & Exhibition*	*58.0*	*75.1*
Investment properties at cost	(4.7)	(8.7)
Tangible and intangible assets	(16.6)	6.5
Other	-	23.7
TOTAL	**2,005.8**	**1,818.8**

5.6. Amounts paid for works and acquisition/ disposal of property assets (Consolidated statement of cash flows)

In 2016, payments for works and acquisition of property assets amounted to €1,343.7 Mn. This includes acquisitions, transactions capitalised costs, works and capitalised expenses and is adjusted taking into account the changes on amounts due on investments of the period.

The increase in debt on investments, with a maturity above 1 year, is mainly due to acquisitions, with deferred payments, of several plots in the shopping centre Forum des Halles (Paris).

In 2016, asset disposals amounted to €908.8 Mn (total net disposal price) of Offices and €65.1 Mn of Shopping Centres. One of these disposals was made with a deferred payment, accounted for in the loans and receivables, which was deducted from the amount of "Disposals of investment properties" in the consolidated statement of cash flows.

Note 6 - Shares and investments in companies accounted for using the equity method

6.1. Accounting principles

The accounting principles are detailed in note 3.1.1 "Scope and methods of consolidation".

6.2. Changes in shares and investments in companies accounted for using the equity method

These shares and investments are those in the 22 companies accounted for using the equity method, of which 11 are under significant influence and 11 are jointly controlled. The list of these companies is given in note 14 "List of consolidated companies".

(€Mn)	31/12/2016	31/12/2015
Shares in Shopping Centres and Convention & Exhibition companies	992.7	982.4
Loans granted to Shopping Centres and Convention & Exhibition companies	715.5	553.6
TOTAL SHARES AND INVESTMENTS IN COMPANIES UNDER THE EQUITY METHOD	**1,708.2**	**1,536.0**

The increase of the loans granted to shopping centres corresponds to the financing of the repayment of a participating loan in the Zlote Tarasy complex. This payment will take place early in 2017 and as a result an equivalent amount has been accounted for in sundry creditors. (see Note 12 "Off balance sheet commitments and contingent liabilities" § 12.1).

6.3. Share of the result of companies accounted for using the equity method and income on financial assets

The contribution of affiliates breaks down as follows:

	2016			2015[2]		
(€Mn)	Recurring activities	Non-recurring activities	Result	Recurring activities	Non-recurring activities	Result
Result from stake in Shopping Centres and Convention & Exhibition companies	49.1	(62.4)[1]	(13.3)	59.0	180.2	239.1
Result from stake in Comexposium group	-	-	-	6.5	(2.3)	4.2
TOTAL SHARE OF THE RESULT OF COMPANIES UNDER THE EQUITY METHOD	**49.1**	**(62.4)**	**(13.3)**	**65.4**	**177.9**	**243.3**
Interests on the loans granted to Shopping Centres companies	18.3	-	18.3	20.6	-	20.6
Interests on the loan granted to Comexposium group	-	-	-	1.5	-	1.5
TOTAL INTERESTS ON LOANS GRANTED TO COMPANIES UNDER THE EQUITY METHOD	**18.3**	**-**	**18.3**	**22.1**	**-**	**22.1**

(1) Correspond mainly to the fair value adjustment on the underlying investment properties and to the recognition of a deferred tax liability in Poland due to a change on tax regime.
(2) Comprise:
- Arkady Pankrac (Prague) sold on June 30, 2015;
- companies owning Ruhr Park accounted for using the equity method until July 24, 2015;
- Comexposium sold on July 31, 2015.

6.4. Joint ventures

According to IFRS 11, joint ventures are those entities in which the Group has joint control established by contractual agreement and rights to the net assets of the arrangement.

6.4.1. Description of the main joint ventures accounted for using the equity method

CentrO

CentrO, a leading shopping centre located in Oberhausen, is jointly held by the Group and Canada Pension Plan Investment Board (CPPIB).

The joint venture is governed by a Board of Directors with six members, three of which are designated by Unibail-Rodamco and three designated by CPPIB.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The decision-making process for all these relevant activities required the approval of both partners.

Therefore these companies which are joint ventures are accounted for using the equity method.

6.4.2. Consolidated financial position of the joint ventures

The main jointly controlled assets accounted for using the equity method are:

- CentrO in Oberhausen;
- Paunsdorf in Leipzig;
- Rosny 2 in Paris region;
- Palais des Sports in Paris.

The main items of the statements of financial position and income statement of joint ventures are presented in aggregate in the tables below.

These items are stated in Group share including restatements for consolidation purposes.

Shopping Centres and Convention & Exhibition companies

(€Mn)	31/12/2016 (1)	31/12/2015
Investment properties	1,239.8	1,215.9
Other non-current assets	25.8	26.6
Current assets	51.5	38.9
TOTAL ASSETS	**1,317.1**	**1,281.4**
Restated shareholders' equity	644.9	564.7
Deferred tax liabilities	122.7	121.3
Internal borrowings	118.1	170.9
External borrowings	392.9	397.8
Other non-current liabilities	3.0	2.7
Current liabilities	35.5	24.0
TOTAL LIABILITIES	**1,317.1**	**1,281.4**

(€Mn)	2016 (1)	2015 (2)
Net rental income	52.5	58.4
Change in fair value of investment properties	20.9	102.2
Net result	55.5	119.9

(1) Unibail-Rodamco Benidorm SL was accounted for using the equity method from January 1, 2016 to June 24, 2016.
(2) Ruhr Park shopping centre was accounted for using the equity method from January 1, 2015 to July 24, 2015.

6.5. Associates

Associates are those entities, not controlled by the Group, but in which it has a significant influence according to IAS 28 R.

6.5.1. Description of the main associates accounted for using the equity method

Zlote Tarasy complex

The Group is the sole limited partner in a partnership which holds 100% of a holding company (Warsaw III) which owns 100% of Zlote Tarasy complex (Warsaw). In compliance with the restrictions imposed on Unibail-Rodamco by the Polish competition authorities in connection with the acquisition by the Group of the shopping centres Arkadia and Wilenska in July of 2010, the management of Warsaw III and the shopping centre and parking is not performed by the Group. Consequently, the Group does not control this asset and its investment in the Zlote Tarasy complex is accounted for using the equity method.

6.5.2. Consolidated financial position of associates

The main associates are the following assets:

- Zlote Tarasy complex (Warsaw);
- Ring-Center (Berlin);
- Gropius Passagen (Berlin).

The main items of the statements of financial position and income statement of associates are presented in aggregate in the tables below. These items are stated in Group share including restatements for consolidation purposes.

Shopping Centres

(€Mn)	31/12/2016	31/12/2015
Investment properties	1,009.5	945.8
Other non-current assets	15.9	7.0
Current assets	292.5	76.7
TOTAL ASSETS	**1,317.9**	**1,029.6**
Restated shareholders' equity	257.4	326.4
Deferred tax liabilities	120.1	4.5
Internal borrowings	597.5	382.9
External borrowings	320.1	307.5
Other non-current liabilities	3.7	3.7
Current liabilities	19.1	4.5
TOTAL LIABILITIES	**1,317.9**	**1,029.6**

(€Mn)	2016	2015(1)
Net rental income	50.2	53.9
Change in fair value of investment properties	54.6	70.0
Net result	(68.7)(2)	119.2

(1) Comprise Arkady Pankrac (Prague) which was accounted for using the equity method through June 30, 2015, the effective disposal date.
(2) This amount includes the recognition of a deferred tax liability in Poland due to a change on tax regime.

6.6. Transactions with related-parties (joint ventures and associates)

The consolidated financial statements include all companies in the Group's scope of consolidation (see note 14 "List of consolidated companies").

The Parent Company is Unibail-Rodamco SE.

To the Group's knowledge, there are neither shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the Group.

The main related party transactions refer to transactions with companies accounted for using the equity method.

(€Mn)	31/12/2016	31/12/2015
Comexposium(1)		
Loan	N/A	-
Recognised interest	N/A	1.5
Rents and fees invoiced(2)	N/A	42.4
Shopping Centres and Convention & Exhibition companies		
Loans(3) (4)	722.1	553.6
Recognised interest(3)	18.3	20.6
Current account in debit	1.3	1.0
Current account in credit(4)	(240.9)	(7.7)
Asset management fees invoiced and other fees(5)	16.0	35.5

(1) On July 31, 2015, the Group completed the disposal of its 50% stake in Comexposium to Charterhouse.
(2) Correspond mainly to rents and fees invoiced by Viparis entities to Comexposium and to rent invoiced by the SCI Wilson for the head office of Comexposium until July 31, 2015.
(3) Correspond to 100% of the financing in the shopping centres investment.
(4) The change is mainly explained by the loan granted by Unibail Rodamco SE for the reimbursement of a participative loan in the Zlote Tarasy complex. Its payment will take place early in 2017. An equivalent amount has been accounted for in sundry creditors. (see Note 6."Changes in shares and investments in companies accounted for using the equity method" § 6.2 & Note 12 "Off balance sheet commitments and contingent liabilities" § 12.1).
(5) The decrease is mainly justified by the change of consolidation method of Ruhr Park (Germany), from the equity method to the full consolidation in July 2015.

All of these transactions are based on market prices.

No transactions with related parties had a material impact on the Group consolidated financial statements.

Note 7 - Financing and financial instruments

7.1. Accounting principles

7.1.1. Financial instruments (IAS 32/IAS 39/ IFRS 7/IFRS 13)

Classification and measurement of non-derivative financial assets and liabilities

Loans and receivables

Loans and receivables, acquired or granted, not held for the purpose of trading or sale, are recorded on the statement of financial position as "Loans and receivables". After initial recording, they are measured at amortised cost based on the effective interest rate. They may be subject to impairment when necessary.

Financial assets

They comprise shares of non-consolidated companies and bonds held to maturity. After initial recording, they are measured at amortised cost. They may be subject to impairment when necessary.

Financial assets available for sale

These are non-derivative financial assets held for an undetermined period that may be sold by the Group at any time. They are measured at their fair value at the accounting date and recorded as available for sale investments. Interest accrued or received on fixed-income securities is recorded as income based on the effective interest rate. Changes in market value other than income are recorded in other comprehensive income. Fair value variations are recorded in the income statement if the asset is sold or significantly impaired.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured after initial booking at amortised cost using the effective interest rate.

Being a financial debt with an embedded derivative, and based on the option provided by IAS 39, the ORNANE convertible bond, net of the issuance costs' write off, are accounted for fully, at inception, at fair value, on a separate line in the statement of financial position, with subsequent changes recorded on a separate line in the income statement. The interest expenses are booked based on the contractual interest rates and are classified in the statement of comprehensive income on the line "Net financing costs".

Classification and measurement of financial derivatives and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to movements in interest and currency exchange rates.

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives, apart from those designated as cash flow hedges or as net investment hedges (see below), are recognised in the income statement for the period.

Unibail-Rodamco has a macro-hedging strategy for its debt. Except for some currency derivatives, it has chosen not to use the hedge accounting proposed by IAS 39. All such derivatives are therefore measured at their market value and any fair value variations are recorded in the income statement.

Regarding the currency derivatives, they aim at hedging the investments made in countries outside the euro-zone. The majority of currency swaps and forward contracts are therefore designated as a net investment hedge. The portion of the gain or loss on these instruments that is determined to be an effective hedge is recognised directly in equity (currency translation reserve). The ineffective portion is recognised directly in the income statement, as fair value adjustments of derivative and debt.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement.

Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of the "financing result" as these instruments are designated as hedging instruments.

7.1.2. Discounting of deferred payments

Long-term liabilities and receivables are discounted when this has a significant impact.

- Deferred payments on assets deals, share deals, acquisitions of lands and ground leases have been discounted up to the payment date;
- Provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover;
- Guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.

7.1.3. Borrowing costs generated by construction projects (IAS 23)

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest costs capitalised are calculated using the Group's weighted average costs of borrowing applied to the average value of the work completed during each quarter, unless specific financing exists for the project. In this case, the specific interests costs of the project are capitalised.

Capitalisation of borrowing costs starts when an Investment Property Under Construction is recognised as an asset and ends when the project is transferred to standing investment property at the delivery date to the tenant or earlier when the project is technically completed.

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7.2. Financing result

7.2.1. Net financing costs

(€Mn)	2016	2015
Security transactions	2.1	0.9
Other financial interest	3.4	7.7
Interest income on derivatives	83.3	77.6
SUBTOTAL FINANCIAL INCOME	**88.8**	**86.3**
Security transactions	-	-
Interest on bonds and EMTNs	(257.4)	(265.3)
Interest and expenses on borrowings	(47.5)	(64.4)
Interest on partners' advances	(29.5)	(22.7)
Other financial interest	(1.8)	(2.5)
Interest expenses on derivatives	(22.3)	(61.1)
Financial expenses before capitalisation of financial expenses	**(358.6)**	**(416.1)**
Capitalised financial expenses	14.9	30.3
SUBTOTAL NET FINANCIAL EXPENSES	**(343.7)**	**(385.8)**
TOTAL NET FINANCIAL COSTS	**(254.9)**	**(299.5)**

Financial income and expenses from the consolidated statement of cash flows correspond to cash amounts of financial interest paid and received during the period. They do not include any non-cash items such as accrued interest and amortisation of issuance costs.

7.2.2. Fair value adjustment of debts and derivatives

(€Mn)	2016	2015
Premium and costs paid on the repurchased bonds and ORNANEs and on repayments of borrowings	(74.3)	(214.3)
Mark-to-market of the ORNANEs	37.0	(75.9)
Currency impact	4.2	(64.8)
Restructuring of hedges and mark-to-market of derivatives	(205.1)	(13.4)
Debt discounting and other items	(2.2)	6.3
TOTAL NON-RECURRING FINANCIAL RESULT	**(240.4)**	**(362.1)**

7.3. Financial assets and liabilities

7.3.1. Loans and receivables

As at December 31, 2016, loans and receivables from the consolidated statement of financial position include a receivable on disposal of asset with a deferred payment.

7.3.2. Main financing transactions in 2016

In total, medium- to long-term financing transactions completed in 2016 amounted to €3,686 Mn and include:

- the signing of €1,450 Mn medium- to long-term bank loan and credit facilities with an average maturity of 5.2 years. This amount includes the refinancing of a mortgage loan in Poland and of a corporate loan in France for a total amount of €400 Mn.

  Certain of these lines (€325 Mn) were signed with new banks, allowing the Group to further diversify its financing sources.

  In addition to the €1,450 Mn of bank loans raised, Unibail-Rodamco extended existing bilateral and syndicated lines for a total of €2,325 Mn by an additional year;
- four public EMTN bonds were issued in March, April and November 2016, respectively, for a total amount of € 2,000 Mn with the following features:
  - €500 Mn with a 10-year maturity,
  - €500 Mn with a 20-year maturity,
  - €500 Mn with an 11-year maturity,
  - €500 Mn with an 8-year and 3 month maturity;
- the issue of three private placements under Unibail-Rodamco's EMTN program for a total equivalent amount of €236 Mn:
  - a SEK 1,500 Mn fixed rate private placement swapped to floating with a 5-year maturity kept in local currency to refinance a Swedish asset,
  - a €20 Mn, 11-year private placement,
  - a HKD 500 Mn, corresponding to ca. €61 Mn, 10-year private placement with an Asian investor that was swapped back into Euro.

  These last two transactions were completed at discounts to secondary levels.

  In total, these bonds were issued for an average duration of ca. 12 years;
- the Group also completed two tender offers:
  - in April 2016, €282 Mn encompassing eight bonds (including seven bonds subject to a prior buy back) maturing between 2017 and 2023,
  - in November 2016, €565 Mn encompassing six bonds (including five bonds subject to a prior buy back) maturing between 2017 and 2023.

In addition, Unibail-Rodamco accessed the money market by issuing BMTN and commercial paper under its "*billets de trésorerie*" program.

The Group also put in place a *"US Commercial Paper"* (USCP) program in H1-2016. The average outstanding amount was $105 Mn over the period the USCP program was used.

The average amount of commercial paper, USCP, and BMTN outstanding in 2016 was equivalent to €1,252 Mn (€1,192 Mn on average in 2015) with a remaining maturity of up to 17 months. *Billets de trésorerie* were raised in 2016 at an average margin of 8 bps above Eonia.

As at December 31, 2016, the total amount of undrawn credit lines came to €5,995 Mn following the signing of new lines and cash on-hand came to €400 Mn.

7.3.3. Financial debt breakdown and outstanding duration to maturity

	Current	Non-current		Total	Total
Outstanding duration to maturity *(€Mn)*	Less than 1 year	1 year to 5 years	More than 5 years	31/12/2016	31/12/2015
NET SHARE SETTLED BONDS CONVERTIBLE INTO NEW AND/OR EXISTING SHARES (ORNANE)	**0.0**	**557.9**	**491.5**	**1,049.4**	**1,087.8**
Principal debt	-	507.8	500.0	1,007.8	1,009.2
Mark-to-market of debt	-	50.1	(8.5)	41.6	78.6
Accrued interest	0.0	-	-	0.0	0.0
BONDS AND EMTNs	**743.0**	**3,218.4**	**6,381.5**	**10,342.9**	**9,602.2**
Principal debt(1)	688.0	3,218.4	6,381.5	10,287.9(1)	9,538.0
Accrued interest	113.2	-	-	113.2	112.1
Issuance costs	(15.5)	-	-	(15.5)	(12.9)
Bonds redemption premium	(42.7)	-	-	(42.7)	(35.0)
BANK BORROWINGS	**104.2**	**597.2**	**690.0**	**1,391.3**	**1,546.3**
Principal debt	110.8	597.2	690.0	1,398.0	1,535.5
Accrued interest	5.2	-	-	5.2	4.5
Borrowings issue fees	(16.1)	-	-	(16.1)	(16.7)
Bank overdrafts & current accounts to balance out cash flow	4.1	-	-	4.1	22.5
Mark-to-market of debt	0.2	-	-	0.2	0.5
OTHER FINANCIAL LIABILITIES	**1,158.4**	**1,104.9**	**231.7**	**2,495.1**	**2,822.0**
Interbank market instruments and negotiable instruments	1,158.5	62.3	-	1,220.8	1,595.0
Accrued interest on interbank market instruments and negotiable instruments	(0.1)	-	-	(0.1)	-
Current accounts with non-controlling interests(2)	-	1,042.6	231.7	1,274.3	1,227.0
FINANCIAL LEASES	**6.1**	**12.0**	**343.4**	**361.6**	**367.4**
TOTAL	**2,011.7**	**5,490.4**	**8,138.1**	**15,640.3**	**15,425.7**

(1) Include currency impacts on debt raised in foreign currency for an amount of +€99.5 Mn as at December 31, 2016 (+€99.9 Mn as at December 31, 2015). The amount shown in the Financial Resources note (€10,188 Mn) corresponds to the amount of bonds after impact of derivatives instruments on debt raised in foreign currencies.
(2) They are considered as non-current as they are financing the related assets.

Maturity of current principal debt

	Current			Total
(€Mn)	Less than 1 month	1 month to 3 months	More than 3 months	31/12/2016
Bonds and EMTNs	-	-	688.0	688.0
Bank borrowings	0.4	-	110.5	110.8
Other financial liabilities	225.0	696.5	237.0	1,158.5
Financial leases	-	-	6.1	6.1
TOTAL	**225.4**	**696.5**	**1,041.6**	**1,963.4**

7.3.4. Net share settled bonds convertible into new and/or existing shares (ORNANE)

As at December 31, 2016, the ORNANEs are presented in the table below.

(€Mn)	Debt at fair value	Fair value recognised in the profit and loss
ORNANE issued in 2012	9.4	0.5
ORNANE issued in 2014	548.4	15.7
ORNANE issued in 2015	491.5	20.7
TOTAL	**1,049.4**	**37.0**

7.3.5. Characteristics of bonds and EMTNs (excluding ORNANE)

Issue date	Rate	Amount at 31/12/2016 (€Mn)	Maturity
July 2009	Fixed rate 4.22% during 2 years then linked to inflation	70.0	July 2019
August 2009	Fixed rate 5% during 3 years then Constant Maturity Swap 10 years (floored at 5%. capped at 7.5%)	50.0	August 2019
August 2009	Fixed rate 5% during 3 years then Constant Maturity Swap 10 years (floored at 5%. capped at 7.5%)	50.0	August 2019
September 2009	Fixed rate 4.8%	150.0	November 2017
May 2010	Structured coupon linked to CMS 10 year	50.0	May 2020
June 2010	Structured coupon linked to CMS 10 year	50.0	June 2020
September 2010	Fixed rate 3.35%	50.0	September 2018
September 2010	Fixed rate 3.35%	60.0	September 2018
November 2010	Fixed rate 4.17%	41.0	November 2030
November 2010	Fixed rate 3.875%	616.7	November 2020
June 2011	Float rate (Erb3M + 78 bps)	50.0	June 2017
October 2011	Fixed rate 4.08%	27.0	October 2031
November 2011	Fixed rate 4.05%	20.0	November 2031
December 2011	Fixed rate 3.875%	270.9	December 2017
March 2012	Fixed rate 3.000%	428.9	March 2019
May 2012	Fixed rate 3.196%	425.0	May 2022
August 2012	Fixed rate 2.250%	431.4	August 2018
October 2012	Fixed rate 1.625%	217.1	June 2017
February 2013	Fixed rate 2.375%	418.4	February 2021
February 2013	Fixed rate HKD swapped back into EUR	85.1	February 2025
March 2013	Fixed rate HKD swapped back into EUR	71.1	March 2025
June 2013	Fixed rate 2.500%	498.7	June 2023
October 2013	Fixed rate HKD swapped back into EUR	48.6	October 2025
October 2013	Fixed rate 1.875%	194.4	October 2018
November 2013	Fixed rate CHF swapped back into EUR	124.1	November 2023
December 2013	Fixed rate 3.000% SEK	81.6	December 2018
December 2013	Float rate SEK (Stib3M + 100 bps)	142.9	December 2018
February 2014	Float rate (Erb3M + 70 bps)	30.0	February 2019
February 2014	Fixed rate 2.50%	750.0	February 2024
March 2014	Fixed rate 3.08%	20.0	March 2034
April 2014	Fixed rate 3.08%	30.0	April 2034
April 2014	Float rate USD swapped back into EUR	188.5	April 2019
June 2014	Fixed rate 2.250% SEK	86.7	June 2019
June 2014	Float rate SEK (Stib3M + 78 bps)	66.3	June 2019
June 2014	Fixed rate 2.50%	600.0	June 2026
October 2014	Fixed rate 1.375%	318.5	October 2022
April 2015	Fixed rate 1.00%	500.0	March 2025
April 2015	Fixed rate 1.375%	500.0	April 2030
October 2015	Float rate (Erb3M + 81 bps)	50.0	October 2024
November 2015	Fixed rate 2.066%	30.0	November 2030
November 2015	Fixed rate HKD swapped back into EUR	91.2	November 2025
December 2015	Fixed rate 2.1% during 3 years then Constant Maturity Swap 10 years (floored at 0% capped at 4%)	70.0	December 2030
March 2016	Fixed rate 1.375%	500.0	March 2026
March 2016	Float rate (Erb6M+0%, floored at 0.95%, capped at 3%)	20.0	March 2027
April 2016	Fixed rate 1.125%	500.0	April 2027
April 2016	Fixed rate 2%	500.0	April 2036
October 2016	Fixed rate 0.850% SEK swapped to STIBOR3M+87.5 bps	153.1	October 2021
November 2016	Fixed rate 0.875%	500.0	February 2025
November 2016	Fixed rate 2.74% HKD swapped into Erb3M	60.8	November 2026
TOTAL		**10,287.9**	

7.3.6. Covenants

No bank loans are subject to prepayment clauses linked to the Group's ratings, barring exceptional circumstances such as change in control.

There are no financial covenants (such as Loan-to-Value (LTV)[1] or Interest Coverage Ratio (ICR)[2]) in the EMTN and the Commercial Paper programs.

Bonds issued are not restricted by any covenant based on financial ratios which could lead to early repayment of the debt. Green bonds must be used to finance projects or assets that meet certain criteria.

The majority of bank loans and credit facilities contain financial covenants such as LTV and ICR ratios, as well as a prepayment clause in case of occurrence of a material adverse change.

As at December 31, 2016, the LTV ratio calculated for Unibail-Rodamco amounted to 33% compared to 35% as at December 31, 2015.

The ICR ratio further improved to 5.9x for 2016 as a result of strong rental level growth including the impact of assets delivery and the lower cost of debt.

Those ratios show ample headroom *vis-à-vis* bank covenants usually set at a maximum of 60% LTV and a minimum of ICR of 2x, which the Group reports to the banks twice a year.

As at December 31, 2016, 97% of the Group's credit facilities and bank loans allowed indebtedness up to 60% of the Group's total asset value or of the value of the asset of the borrowing entity, as the case may be.

7.3.7. Other financing activities

In the consolidated statement of cash flows, "Other financing activities" comprise mainly costs paid on the hedging restructuring operations which occurred in H2-2016.

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7.3.8. Debt's market value

The market value of Unibail-Rodamco's fixed-rate and index-linked debt is presented in the table below.

	31/12/2016		31/12/2015	
(€Mn)	Carrying value	Market value	Carrying value	Market value
Fixed-rate and index-linked debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	12,036.5[(1)]	12,691.8	11,077.4	11,546.7

(1) ORNANE included, at market value (see § 7.3.4 "ORNANE").

Financial debt is valued at market value based on market rates and on spreads issuers at such closing date.

7.3.9. Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	31/12/2016	31/12/2015
Amounts accounted for in B/S		
Net share settled bonds convertible into new and/or existing shares (ORNANE)	1,049.4	1,087.8
Long-term bonds and borrowings	12,223.7	11,522.9
Current borrowings and amounts due to credit institutions	2,005.6	2,447.7
TOTAL FINANCIAL LIABILITIES	**15,278.7**	**15,058.3**
Adjustments		
Mark-to-market of debt	(41.8)	(79.1)
Current accounts with non-controlling interests	(1,274.3)	(1,227.0)
Impact of derivatives instruments on debt raised in foreign currency	(99.5)	(99.9)
Accrued interests/issuance fees	(44.0)	(52.0)
TOTAL FINANCIAL LIABILITIES (NOMINAL VALUE)	**13,819.1[(1)]**	**13,600.3**
Cash & cash equivalents	**(400.1)[(1)]**	**(342.6)**
NET FINANCIAL DEBT	**13,418.9**	**13,257.7**

(1) Bank overdrafts & current accounts to balance out cash flow are included in the total financial liabilities, in 2016 for €4.1 Mn and in 2015 for €22.5 Mn.

(1) See definition in note 11.1.
(2) Interest Cover Ratio (ICR) = Recurring EBITDA/Recurring Net Financial Expenses (including capitalised interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortisation.

Net cash at period-end

(€Mn)	31/12/2016	31/12/2015
Available for sale investments[1]	38.2	98.4
Cash	362.0	244.2
TOTAL ASSET	**400.1**	**342.6**
Bank overdrafts & current accounts to balance out cash flow	(4.1)	(22.5)
TOTAL LIABILITIES	**(4.1)**	**(22.5)**
NET CASH AT PERIOD-END	**396.0**	**320.1**

(1) This item includes investments in money-market SICAV (marketable securities).

7.4. Hedging instruments

7.4.1. Accounting principles

Exposure to the credit risk of a particular counterparty

The Group, which holds a group of financial assets or financial liabilities, is exposed to market risks and credit risks of every single counterparty as defined in IFRS 7. The Group applies the exception provided by IFRS 13 (§ 48) which permits to measure the fair value of a group of financial assets or a group of financial liabilities on the basis of the price that would be received to sell or transfer a net position towards a particular risk in an orderly transaction between market participants at the measurement date under current market conditions.

To determine the net position, the Group takes into account existing arrangements to mitigate the credit risk exposure in the event of default (*e.g.* a master netting agreement with the counterparty). The fair value measurement takes into consideration the likelihood that such an arrangement would be legally enforceable in the event of default.

Valuation of derivatives has to take into account the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA, calculated for a given counterparty, is the product of:

- the total mark-to-market the Group has with this counterparty, in case it is positive;
- the probability of default of this counterparty over the average maturity, weighted by the nominal of the derivatives booked with them. This probability of default is taken from the Bloomberg model, based on market data and derived from the Credit Default Swaps of the banks;
- and the loss given default set at 60% following market standard.

DVA based on Unibail-Rodamco's credit risk corresponds to the loss that the Group's counterparties may face in case of the Group's default. It is the product of:

- the total mark-to-market the Group has with a counterparty, in case it is negative;
- the probability of default of the Group over the average maturity, weighted by the nominal of the total portfolio of derivatives. The Group's probability of default is derived from the Credit Default Swaps of Unibail-Rodamco and taken from Bloomberg model;
- and the loss given default set at 60% following market standard.

7.4.2. Change on hedging instruments

		Amounts recognised in the Statement of Comprehensive Income				
(€Mn)	31/12/2015	Net financing costs	Fair value adjustments of derivatives	Other comprehensive income	Acquisitions/ Disposals	31/12/2016
ASSETS						
Derivatives at fair value	**297.2**	**(1.6)**	**(38.9)**	**0.2**	**12.0**	**268.8**
• Cash-flow hedge	1.0	(1.6)	-	0.7	-	-
• Without a hedging relationship	281.7	-	(47.8)	(0.5)	12.0	245.4
• Other derivatives	14.5	-	8.8	-	-	23.3
LIABILITIES						
Derivatives at fair value	**263.9**	**-**	**166.2**	**(0.1)**	**(102.1)**	**327.9**
• Without a hedging relationship	263.9	-	166.2	(0.1)	(102.1)	327.9
NET	**33.3**	**(1.6)**	**(205.1)**	**0.3**	**114.1**	**(59.1)**

7.5. Risk management policy

7.5.1. Market risk

Liquidity risk

The following table shows the Group's contractually agreed interest payments and repayments of the non-derivative financial liabilities (excluding financial leases) and the derivatives with positive and negative fair values. Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interests rates published on December 31, 2016. Lines drawn as at December 31, 2016 are considered as drawn until maturity.

Billets de trésorerie and commercial paper have been allocated at the earliest period of redemption even if they are rolled over. All other borrowings have been allocated by date of maturity.

	Carrying amount(1)	Less than 1 year		1 year to 5 years		More than 5 years	
(€Mn)	31/12/2016	Interest	Redemption	Interest	Redemption	Interest	Redemption
BONDS, BORROWINGS AND AMOUNTS DUE TO CREDIT INSTITUTIONS							
Bonds and EMTNs	(11,295.7)	(230.2)	(688.0)	(670.9)	(3,726.2)	(547.7)	(6,881.5)
Bank borrowings and other financial liabilities(2)	(2,618.8)	(11.5)	(1,269.3)	(33.9)	(659.5)	(16.2)	(690.0)
FINANCIAL DERIVATIVES							
Derivative financial liabilities							
Interest rate derivatives without a hedging relationship	(327.9)	9.4	-	(228.3)	43.0	(85.4)	55.6
Derivative financial assets							
Interest rate derivatives without a hedging relationship	245.4	57.8	-	126.9	-	53.9	0.9

(1) Corresponds to the amount of principal debt (see section 7.3.3).
(2) Excludes current accounts with non-controlling interests.

The average maturity of the Group's debt as at December 31, 2016, taking into account the unused credit lines improved to 7.0 years (*versus* 6.5 years as at December 2015).

Unibail-Rodamco's debt repayment needs[1] for the next 12 months are covered by the available undrawn credit lines. The amount of bonds and bank loans outstanding as at December 31, 2016 and maturing or amortising in 2017 is €799 Mn (including a total of €688 Mn bonds maturing in June, November and December 2017), compared with €5,995 Mn of undrawn committed credit lines and €400 Mn of cash on-hand as at December 31, 2016.

Unibail-Rodamco's long-term refinancing policy consists of diversifying the Group's expiry schedules and financial resources. Accordingly, bonds & EMTN issues represented 74% of financial nominal debt at December 31, 2016, bank loans and overdrafts 10%, convertible bonds 7% and commercial paper & *billets de trésorerie* 9%.

The commercial paper programs are backed by confirmed credit lines. These credit lines protect Unibail-Rodamco against the risk of a temporary or more sustained absence of lenders in the short- or medium-term debt markets and were provided by leading international banks.

Counterparty risk

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, Unibail-Rodamco relies solely on major international banks for its hedging operations.

In case of derivatives terminations, netting can apply as a result of existing agreements between the Group and the banks. The related amounts of derivatives instruments, including accrued interests, would be €78.6 Mn as assets and €140.8 Mn as liabilities.

Interest rate risk

Unibail-Rodamco is exposed to interest rate fluctuations on its existing or future variable rate borrowings. Unibail-Rodamco's strategy regarding interest rate risk is to minimise the impact that changes in rates could have on earnings and cash flow and optimise the overall cost of financing in the medium-term. In order to implement this strategy, Unibail-Rodamco uses notably derivatives (mainly caps and swaps) to hedge its interest rate exposure. The Group's market transactions are confined exclusively to those interest hedging activities. All transactions are managed centrally and independently by the Group.

(1) *Excluding Commercial Papers and BMTN maturing in 2017 amounting to €1,159 Mn.*

Average cost of Debt

It corresponds to the ratio between "recurring financial expenses (excluding the ones on financial leases and partners' current accounts) + capitalised financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact)" and "average net debt over the period".

Unibail-Rodamco's average cost of debt in 2016 decreased to 1.6% compared to 2.2% for 2015. This record low average cost of debt results from:

- low coupon levels the Group achieved during the last years on its fixed rate debt;
- the tender offer transactions realised in April 2015, April 2016 and November 2016;
- the level of margins on existing borrowings;
- the cost of carry of the undrawn credit lines and;
- the Group's hedging instruments in place, including the caps put in place in 2015 which allowed the Group to take advantage of the low interest rate environment in 2016.

Interest rate hedging transactions

The Group took advantage of historically low long term interest rates in 2016 on the back of the supportive monetary measures implemented by the ECB to issue longer maturities and lock-in attractive coupons kept at fixed rate:

- €500 Mn 20-year bond with a 2% coupon;
- €500 Mn 10-year bond with a 1.375% coupon.

The other bonds issued by the Group in 2016 were swapped into floating-rate bonds in accordance with the Group's position on hedging.

The Group also put in place a €200 Mn fixed rate loan in view of rates levels in H2-2016.

With the Brexit, the US elections, the rate hike expected by the U.S. Federal reserve and the rumours around QE tapering in Europe, the market was very volatile in H2-2016. The rate curve steepened with an increase of long-term rates while short-term rates remained low.

In view of this market context and the Group's hedging position, Unibail-Rodamco restructured part of its hedging position to (i) be protected through caps in the short-term and (ii) extend the maturity of its long-term hedges. To achieve this objective, Unibail-Rodamco proceeded with the following operations in H2-2016:

- the restructuring of existing swaps for €2.5 Bn to extend the hedging by 3 to 5 years up to 2024;
- the implementation of a total of €3 Bn of new forward swaps and caps over 2017 and up to 2020, taking advantage of rate levels over these maturities;
- cancellation of €1 Bn of swaps because the Group issued fixed rate debt in 2016 and this debt was kept at a fixed rate.

Following these restructurings:

- the debt the Group expects to raise over the next three years is fully hedged;
- the debt the Group expects to raise in 2020 and 2021 is hedged at 90% and 70%, respectively;
- the hedging of the Group is more balanced now with an increased proportion of hedging by way of caps on more than 32% of the future 2020-2021 debt, allowing it to benefit from lower rates.

The cost of adjustment of the hedging position in 2016 (including cancellation, restructuring and implementation of new instruments) was €114 Mn.

Measuring interest rate risk

As at December 31, 2016, the measuring interest risk is as follow:

	Financial assets		Financial liabilities		Net exposure before hedging	
(€Mn)	Fixed rate	Variable rate	Fixed rate	Variable rate[1]	Fixed rate	Variable rate
Less than 1 year	362.0	38.2	1,538.5	422.9	1,176.5	384.7
1 year to 2 years	-		845.2	252.4	845.2	252.4
2 years to 3 years	-	-	685.6	544.3	685.6	544.3
3 years to 4 years	-	-	641.7	110.0	641.7	110.0
4 years to 5 years	-	-	1,096.5	210.0	1,096.5	210.0
More than 5 years	-	-	7,091.5	480.0	7,091.5	480.0
TOTAL	**362.0**	**38.2**	**11,899.0**	**2,019.5**	**11,537.1**	**1,981.3**

(1) Including index-linked debt.

The Group does not have a micro-hedging strategy, except when both currency exchange risk and interest rate risk are hedged, which enables it not to correlate its liquidity risk and interest rate risk management. Consequently, the maturities of the debts and hedging instruments can be dissociated and the outstanding derivatives instruments can hedge a part of the fixed rate debt maturing in the following years.

The outstanding debt was fully hedged against an increase in variable rates, based on debt outstanding as at December 31, 2016, through both:

- debt kept at fixed rate;
- hedging in place as part of Unibail-Rodamco's macro hedging policy.

The hedging balance as at December 31, 2016 breaks down as follows:

	Outstanding total at 31/12/2016	
(€Mn)	**Fixed rate**	**Variable rate[1]**
Financial liabilities	(11,899.0)	(2,019.5)
Financial assets	362.0	38.2
Net financial liabilities before hedging program	**(11,537.1)**	**(1,981.3)**
Micro-hedging	3,347.1	(3,247.7)
Net financial liabilities after micro-hedging[2]	**(8,190.0)**	**(5,229.0)**
Swap rate hedging[3]		-
Net debt not covered by swaps		**(5,229.0)**
Cap and floor hedging		6,450.0
HEDGING BALANCE	**-**	**1,221.0**

(1) Including index-linked debt.
(2) Partners' current accounts are not included in variable-rate debt.
(3) Forward hedging instruments are not accounted for in this table.

Based on the estimated average debt position of Unibail-Rodamco in 2017, if interest rates (Euribor, Stibor or Pribor) were to rise by an average of +0.5%[1] (50 bps) during 2017, the estimated impact on financial expenses would be -€4.5 Mn, reducing the 2017 recurring net profit by a broadly similar amount. A further rise of +0.5% (50 bps) would reduce financial expenses by +€3.8 Mn. In total, a +1.0% (100 bps) increase in interest rates during 2017 would have a net negative impact on the financial expenses of less than -€1 Mn. A -0.5% (50 bps) drop in interest rates (leading to negative interest rates) would reduce the financial expenses by +€31.2 Mn and would increase the 2017 recurring net profit by a broadly equivalent amount.

Management of other risks

Regarding exchange rate risk, the Group aims to limit its net exposure to an acceptable level by taking up debt in the same currency, by using derivatives and by buying or selling foreign currencies at spot or forward rates.

Measuring currency exchange rate exposure

The Group has activities and investments in countries outside the euro zone (*e.g.*, the Czech Republic, Poland and Sweden). When converted into euros, the income and value of the Group's net investment may be influenced by fluctuations in exchange rates against the euro. Wherever possible, the Group aims to match foreign currency income with expenses in the same currency, reducing the exchange effects on earnings volatility and net valuation of the investment. Translation risks can be hedged by either matching cash investments in a specific currency with debt in the same currency, or using derivatives to achieve the same risk management-driven goal. Currency risk during the building period of pipeline investments is covered as early as possible after signing of the actual building contract. Other monetary assets and liabilities held in currencies other than the euro are managed by ensuring that net exposure is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates where necessary to address short term balances.

The Group, through its activities, is exposed to market risks which can generate losses as a result of fluctuations in stock markets. The Group is either (i) directly exposed to fluctuations in stock prices due to the ownership of participations or financial instruments, or, (ii) indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share based derivatives which are directly correlated with the price of the asset underlying such derivatives.

(1) The eventual impact on exchange rates due to this theoretical increase of 0.5% in interest rates is not taken into account; theoretical impacts of rise or decrease in interest rates are calculated above the 3-month Euribor as of December 31, 2016 of -0.319%.

Measure of the exposure to other risks as at December 31, 2016 (€Mn)

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
DKK	433.9	(58.0)	375.8	-	375.8
PLN	177.6	(0.2)	177.4	-	177.4
SEK	2,645.0	(849.3)	1,795.7	-	1,795.7
Other	7.3	(661.9)	(654.6)	669.1	14.5
TOTAL	**3,263.8**	**(1,569.5)**	**1,694.3**	**669.1**	**2,363.4**

Exposure sensitivity to currency exchange rate

The main exposure kept is in Swedish Krona (SEK).

	31/12/2016		31/12/2015	
(€Mn)	Recurring result Gain/(Loss)	Equity Gain/(Loss)	Recurring result Gain/(Loss)	Equity Gain/(Loss)
Impact of an increase of +10% in the EUR/SEK exchange	(10.0)(1)	(167.5)	(10.5)	(145.0)

(1) The sensitivity is measured by applying a change in exchange rate to the net revenues in SEK (net rents – administrative and financial expenses – taxes), based on a EUR/SEK exchange rate of 9.7983.

7.5.2. Credit risk

Credit risk arises from cash and equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.

The main tenants of Unibail-Rodamco's Office properties in France are blue-chip companies. The tenants profile minimises insolvency risks.

In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.

When tenants sign their lease agreements, they are required to provide financial guarantees, such as a deposit, first-demand guarantee or a surety bond amounting to between three and six months' rent.

Payments for ancillary services provided by the Convention & Exhibition segment are generally received in advance, thereby reducing the risk of unpaid debt.

Late payment reminders are automatically issued in respect of late payments and penalties are applied. Such late payments are monitored by a special "default" Committee in each business segment which decides on the pre-litigation or litigation action to be taken.

The Group applies the following rules to calculate the provision for doubtful accounts:

- 50% for receivables due for more than three months (calculation after preliminary deduction of deposits and bank guarantee);
- 100% for receivables due for more than six months.

7.6. Carrying value of financial instruments per category

L&R: Loans and Receivables

AfS: Available for Sale financial assets

FAFVPL: Financial Assets at Fair Value through Profit and Loss

FLAC: Financial Liabilities measured At Cost

FLFVPL: Financial Liabilities at Fair Value through Profit and Loss

31/12/2016 (€Mn)	Categories in accordance with IAS 39	Carrying Amount 31/12/2016	Amounts recognised in statement of financial position according to IAS 39			Fair value
			Amortised Cost	Fair value recognised in equity	Fair value recognised in profit & loss	
ASSETS						
Loans	L&R	113.3	113.3	-	-	113.3
Financial assets	L&R	25.1	25.1	-	-	25.1
Derivatives at fair value	FAFVPL	268.8	-	-	268.8	268.8
Trade receivables from activity(1)	L&R	235.5	235.5	-	-	235.5
Other receivables(2)	L&R	84.7	84.7	-	-	84.7
Cash and cash equivalents	FAFVPL	400.1	-	-	400.1	400.1
		1,127.5	**458.6**	**-**	**668.9**	**1,127.5**
LIABILITIES						
Financial debts (excluding ORNANE)	FLAC	14,229.3	14,229.3	-	-	14,884.6
Financial leases	FLAC	361.6	361.6	-	-	370.1
Net share settled bonds convertible into new and/or existing shares (ORNANE)	FLFVPL	1,049.4	-	-	1,049.4	1,049.4
Derivatives at fair value	FLFVPL	327.9	-	-	327.9	327.9
Guarantee deposits	FLAC	208.1	208.1	-	-	208.1
Non-current amounts due on investments	FLAC	271.4	271.4	-	-	271.4
Amounts due to suppliers and other current debt(3)	FLAC	1,026.7	1,026.7	-	-	1,026.7
		17,474.4	**16,097.1**	**-**	**1,377.3**	**18,138.2**

31/12/2015 (€Mn)	Categories in accordance with IAS 39	Carrying Amount 31/12/2015	Amounts recognised in statement of financial position according to IAS 39			Fair value
			Amortised Cost	Fair value recognised in equity	Fair value recognised in profit & loss	
ASSETS						
Loans	L&R	41.1	41.1	-	-	41.1
Financial assets	L&R	17.1	17.1	-	-	17.1
Derivatives at fair value	FAFVPL	297.2	-	(0.7)	297.9	297.2
Trade receivables from activity(1)	L&R	252.0	252.0	-	-	252.0
Other receivables(2)	L&R	126.2	126.2	-	-	126.2
Cash and cash equivalents	FAFVPL	342.6	-	-	342.6	342.6
		1,076.2	**436.4**	**(0.7)**	**640.6**	**1,076.2**
LIABILITIES						
Financial debts (excluding ORNANE)	FLAC	13,970.5	13.970.5	-	-	14,439.8
Financial leases	FLAC	367.4	367.4	-	-	359.3
Net share settled bonds convertible into new and/or existing shares (ORNANE)	FLFVPL	1,087.8	-	-	1,087.8	1,087.8
Derivatives at fair value	FLFVPL	263.9	-	-	263.9	263.9
Guarantee deposits	FLAC	201.4	201.4	-	-	201.4
Non-current amounts due on investments	FLAC	135.4	135.4	-	-	135.4
Amounts due to suppliers and other current debt(3)	FLAC	876.8	876.8	-	-	876.8
		16,903.3	**15,551.6**	**-**	**1,351.7**	**17,364.5**

(1) Excluding rent-free periods and step rents.
(2) Excluding prepaid expenses, service charges due and tax receivables.
(3) Excluding prepaid income, service charges billed and tax liabilities.

"Trade receivables from activity", "Other receivables", "Cash and cash equivalents" and "Amounts due to suppliers and other current debt" mainly have short-term maturity. Consequently, their carrying amounts at the reporting date approximate the fair value.

7.6.1. Fair value hierarchy of financial assets and liabilities

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments. The following categories are identified:

- Level 1: financial instruments quoted in an active market;
- Level 2: financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument (*i.e.* without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets;
- Level 3: financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (*i.e.* without modification or repackaging) and not based on available observable market data.

	Fair value measurement at 31/12/2016			
(€Mn)	**Total**	**Level 1**	**Level 2**	**Level 3**
ASSETS				
Fair value through profit or loss				
Derivatives	268.8	-	268.8	-
Available for sale investments	38.2	38.2	-	-
Fair value through equity				
Derivatives	-	-	-	-
TOTAL	**307.0**	**38.2**	**268.8**	**-**
LIABILITIES				
Fair value through profit or loss				
ORNANE	1,049.4	1,049.4	-	-
Derivatives	327.9	-	327.9	-
TOTAL	**1,377.3**	**1,049.4**	**327.9**	**-**

7.6.2. Net gain/loss by category

Unibail-Rodamco closely monitors its financial risk linked to its activity and the financial instruments it uses. The Group identifies and evaluates regularly its different risk exposures (liquidity, interest rates, and currency exchange rates) in order to implement the adopted strategy.

2016 *(€Mn)*	**From interest**	**Net gain/loss**
Loans & receivables	1.0	1.0
Derivatives at fair value through profit and loss	61.1	61.1
Financial liabilities at amortised cost	(331.8)	(331.8)
	(269.8)	**(269.8)**
Capitalised expenses		14.9
NET FINANCIAL EXPENSES		**(254.9)**

2015 *(€Mn)*	**From interest**	**Net gain/loss**
Loans & receivables	(0.1)	(0.1)
Derivatives at fair value through profit and loss	16.5	16.5
Financial liabilities at amortised cost	(346.2)	(346.2)
	(329.8)	**(329.8)**
Capitalised expenses		30.3
NET FINANCIAL EXPENSES		**(299.5)**

Note 8 - Taxes

8.1. Accounting principles

8.1.1. Income tax expenses

The Group companies are taxable according to the tax rules of their country. In some countries, special tax regimes for public property companies exist.

Calculation of income tax expenses is based on the local rules and rates.

8.1.2. Deferred tax

Deferred taxes are recognised in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.

Deferred tax assets or liabilities are calculated based on total temporary differences and on tax losses carried forward, using the local tax rate that will apply on the expected reversal date of the concerned differences, if this rate has been set. Otherwise, they are calculated using the applicable tax rate in effect at the financial year-end date. Within a given fiscal entity or group and for a given tax rate, debit balances are booked to assets for the amount expected to be recoverable over a foreseeable period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

The main deferred tax liabilities relate to:

- the mark-to-market of investment properties, resulting in the recognition of a deferred tax liability for non-tax-exempt assets;
- the recognition of intangible assets at the acquisition date identified on Viparis entities, particularly Viparis-Porte de Versailles and Viparis- Nord Villepinte.

8.1.3. Tax regimes

Different tax regimes exist in the following countries.

France SIIC regime (*Société d'Investissement Immobilier Cotée*)

Unibail-Rodamco elected to participate in the SIIC regime from the creation of the regime on January 1, 2003. Its French subsidiaries eligible for SIIC status have also opted for this regime. The SIIC regime is based on the concept of tax transparency, meaning that rental income and capital gains made from divestments are not subject to income tax at the level of the Group's French property companies, but upon distribution to Unibail-Rodamco's shareholders. The SIIC regime requires that Unibail-Rodamco and its SIIC subsidiaries distribute 95% of their recurring income and 100% of their dividend income received from SIIC or equivalent subsidiaries before the end of the following tax year, and 60% of their capital gains before the end of the second tax year following the year in which the gain was generated.

The SIIC regime only applies to real estate rental activities, therefore income generated by Unibail-Rodamco and its SIIC subsidiaries' ancillary activities remains subject to income tax.

Spain SOCIMI regime (*Sociedades Ánonimas Cotizadas de Inversión en el Mercado Inmobiliaro*)

Unibail-Rodamco entered the SOCIMI-regime in 2013 with most of its Spanish subsidiaries which own standing-assets. The SOCIMI regime provides for a tax rate of 0% on recurring income provided that certain requirements – some of them related to the shareholders of Unibail-Rodamco – are fulfilled. Capital gains realised within the SOCIMI regime are taxed at 0%, and capital gains related to the period before entering into the regime are taxed at the moment of realisation. Based on the SOCIMI regime, the company has to fulfil distribution obligations of at least 80% of its profits annually, as well as 50% of its capital gains, provided that the remaining 50% is reinvested in the real estate sector within a three-year period.

The Netherlands FBI regime (*Fiscale BeleggingsInstelling*)

The requirements for companies to qualify for the FBI regime are partly related to their activities and their shareholding base. According to the Dutch Ministry of Finance, Unibail-Rodamco itself does not qualify as an FBI, as it is deemed not to meet the activity test. Therefore, as reported in its press release of December 11, 2009, Unibail-Rodamco expects that the Dutch tax authorities will deny FBI status for Unibail-Rodamco's Dutch activities for 2010 onwards. Differences between the French SIIC regime and the Dutch FBI regime, although materially insignificant in the Group's case, proved to be irreconcilable for the Dutch tax authorities.

Although Unibail-Rodamco does not agree with the viewpoint of the Dutch tax authorities, it continues to apply a prudent view in its 2016 accounts, based on the assumption that its Dutch activities from 2010 onwards will be taxable. In light of the significant Dutch tax loss carry forwards identified by the Group's fiscal advisors in the Netherlands, this assumption had no impact on the recurring result for 2016, even though questioned by the Dutch tax authorities.

8.2. Income tax expenses

(€Mn)	2016	2015
Recurring deferred and current tax on:		
• Allocation/reversal of provision concerning tax issues	(0.6)	4.3
• Other recurring results	(10.5)	(29.1)
TOTAL RECURRING TAX	**(11.1)**	**(24.8)**
Non-recurring deferred and current tax on:		
• Change in fair value of investment properties and impairment of intangible assets	(243.6)	(222.3)
• Other non-recurring results[1]	(27.4)	(41.2)
• Impairment of goodwill justified by taxes	(1.1)	-
TOTAL NON-RECURRING TAX	**(272.1)**	**(263.5)**
TOTAL TAX	**(283.2)**	**(288.3)**
Total tax paid	(12.6)	(38.9)

(1) Includes the 3% tax levied on cash dividends paid by French companies for a total amount of -€2.6 Mn in 2016 (-€14.1 Mn in 2015).

Reconciliation of effective tax rate	%	2016	2015
Profit before tax, impairment of goodwill and result of associates		**3 115,6**	**2,678.3**
Income tax using the average tax rate	27.7%	(861.8)	(778.4)
Tax exempt profits (including SIIC and SOCIMI regimes)	(18.3%)	571.5	490.6
Non-deductible costs	0.5%	(15.8)	(33.6)
Effect of tax provisions	0.0%	(0.6)	4.3
Effect of non-recognised tax losses	(0.2%)	6.9	24.7
Effect of change in tax rates	(0.4%)	11.3	3.6
Effect of currency translation in tax	(0.3%)	8.0	1.6
Other	0.1%	(2.7)	(1.1)
	9.1%[1]	**(283.2)**	**(288.3)**

(1) The tax rate of 9.1% is mainly due to tax exempt profits in France according to the SIIC regime.

8.3. Deferred taxes

2016 change

(€Mn)	31/12/2015	Increase	Decrease	Reclassification	Currency translation	Change in scope of consolidation	31/12/2016
Deferred tax liabilities	**(1,575.1)**	**(273.4)**	**29.9**	**-**	**19.8**	**2.1**	**(1,796.7)**
Deferred tax on investment properties	(1,508.6)	(273.5)	18.5	-	19.8	2.1	(1,741.7)
Deferred tax on intangible assets	(66.5)	0.1	11.4	-	-	-	(55.0)
Other deferred tax	**109.5**	**21.3**	**(23.7)**	**(0.1)**	**(0.5)**	**-**	**106.5**
Tax loss carry-forward[1]	106.7	1.0	(20.9)	-	(0.6)	-	86.2
Other[1]	2.8	20.3	(2.7)	(0.1)	0.1	-	20.3
TOTAL DEFERRED TAX LIABILITIES	**(1,465.6)**	**(252.1)**	**6.2**	**(0.1)**	**19.3**	**2.1**	**(1,690.2)**
Deferred tax assets							
Tax loss carry-forward	43.4	0.3	(11.6)	-	-	-	32.1
Other deferred tax assets[1]	(11.8)	-	3.6	0.1	-	-	(8.1)
TOTAL DEFERRED TAX ASSETS	**31.6**	**0.3**	**(8.0)**	**0.1**	**-**	**-**	**24.0**

(1) Deferred tax assets and liabilities within a same tax group are offset.

Deferred tax liabilities on properties refer to those countries where there is no tax efficient status comparable to that of France (SIIC), providing a tax exemption on recurring income and capital gains on property sales with an obligation to distribute part of their net result.

The increase of deferred tax liabilities on investment properties is mainly due to the increase of the valuation of the assets outside France.

The change in scope of consolidation is mainly due to the share deal disposal of Europark, a shopping centre in Budapest (see section 3.3 "Share deals: acquisitions and disposals" § 3.3.1).

2015 change

(€Mn)	31/12/2014	Increase	Decrease	Reclassification	Currency translation	Change in scope of consolidation	31/12/2015
Deferred tax liabilities	**(1,312.1)**	**(243.8)**	**21.0**	**0.6**	**(2.2)**	**(38.6)**	**(1,575.1)**
Deferred tax on investment properties	(1,245.7)	(242.4)	19.7	0.6	(2.2)	(38.6)	(1,508.6)
Deferred tax on intangible assets	(66.4)	(1.4)	1.3	-	-	-	(66.5)
Other deferred tax	**139.2**	**(9.5)**	**(25.0)**	**(0.6)**	**-**	**5.4**	**109.5**
Tax loss carry-forward[1]	122.8	(16.5)	(10.4)	(0.6)	-	11.5	106.7
Other[1]	16.4	7.0	(14.6)	-	-	(6.0)	2.8
TOTAL DEFERRED TAX LIABILITIES	**(1,172.9)**	**(253.3)**	**(4.0)**	**-**	**(2.2)**	**(33.2)**	**(1,465.6)**
Deferred tax assets							
Tax loss carry-forward	26.9	20.6	(3.8)	-	-	(0.4)	43.4
Other deferred tax assets[1]	(12.6)	0.1	-	-	-	0.7	(11.8)
TOTAL DEFERRED TAX ASSETS	**14.3**	**20.7**	**(3.8)**	**-**	**-**	**0.3**	**31.6**

(1) Deferred tax assets and liabilities within a same tax group are offset.

Unrecognised deferred tax assets

The table below presents the tax basis on which no deferred tax assets were recognised:

(€Mn)	31/12/2016	31/12/2015
Temporary differences investment properties	2.9	8.5
Tax loss carry-forwards not recognised[1]	642.6	578.2
TOTAL UNRECOGNISED TAX-BASIS	**645.5**	**586.7**

(1) This amount does not include Dutch tax losses.

Detail of unrecognised tax losses at the end of 2016 into final year of use:

(€Mn)	
2017	30.3
2018	55.9
2019	10.9
2020	4.0
2021	0.6
Unlimited	540.9
TOTAL	**642.6**

The temporary differences and tax losses are mainly related to negative financial result on French SIIC entities (€432.0 Mn). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available to be offset against these assets.

As underlined above, it is expected that the Dutch tax authorities will deny the FBI status for Unibail-Rodamco's Dutch activities for 2010 onwards. The Group does not agree with this position. As at December 31, 2016, a deferred tax liability of €88.5 Mn was booked on the Dutch investment properties. A deferred tax asset for the same amount based on tax losses was recognised. Both amounts were netted. In this context of uncertainty, no other deferred tax asset has been recognised for significant Dutch tax-loss carry forwards.

Note 9 - Provisions

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgment of the management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from subsequent actual events.

2016 CHANGE

(€Mn)	31/12/2015	Allocations	Reversals used	Reversals not used	Other movements(1)	31/12/2016
Long-term provisions	**35.3**	**3.8**	**(1.7)**	**(3.5)**	**(0.4)**	**33.6**
Provisions for litigation	25.3	1.0	(0.2)	(0.3)	0.6	26.5
Other provisions	10.0	2.8	(1.5)	(3.2)	(1.0)	7.1
Short-term provisions	**18.1**	**5.5**	**(2.5)**	**(6.5)**	**(4.3)**	**10.3**
Provisions for litigation	15.5	3.0	(0.7)	(6.1)	(4.3)	7.4
Other provisions	2.6	2.5	(1.8)	(0.4)	-	2.9
TOTAL	**53.4**	**9.4**	**(4.2)**	**(10.0)**	**(4.7)**	**43.9**

(1) Reversal of a provision in counterpart of the value of the asset.

The Group was involved in legal proceedings in Austria where a tenant had obtained a court judgment limiting the amount of square meters a certain category of retailers in the shopping centre may operate without its consent. This litigation was settled mid-2016.

2015 CHANGE

(€Mn)	31/12/2014	Allocations	Reversals used	Reversals not used	Other movements	31/12/2015
Long-term provisions	**40.2**	**3.9**	**(3.4)**	**(6.4)**	**1.1**	**35.3**
Provisions for litigation	28.8	2.3	(2.9)	(4.4)	1.6	25.3
Other provisions	11.4	1.7	(0.5)	(2.1)	(0.5)	10.0
Short-term provisions	**23.1**	**8.0**	**(3.4)**	**(5.4)**	**(4.2)**	**18.1**
Provisions for litigation	21.3	6.0	(2.1)	(5.1)	(4.6)	15.5
Other provisions	1.8	2.0	(1.2)	(0.3)	0.4	2.6
TOTAL	**63.3**	**11.9**	**(6.8)**	**(11.9)**	**(3.1)**	**53.4**

Note 10 - Employee remuneration and benefits

10.1. Headcount

The average number of employees of the Group's companies breaks down as follows:

Regions	2016	2015
France(1)	1,022	1,017
Central Europe	119	109
Spain	153	148
Nordic	105	101
Austria	56	55
Germany	467	500
The Netherlands	68	66
TOTAL	**1,990**	**1,996**

(1) Of which Viparis: 379/383.

10.2. Personnel costs

(€Mn)	2016	2015
Head and regional office personnel costs	104.1	100.9
Personnel costs for property services activities	34.7	34.5
Personnel costs for Convention & Exhibition centre management activities	31.9	33.7
Employee benefits(1)	9.8	8.8
TOTAL	**180.4**	**177.8**

(1) Expenses relating to the Company Savings Plan, stock options and performance shares, recognised with an equivalent increase in equity.

Employee profit sharing

Employees belonging to the UES (*Unité Économique et Sociale-Social* and Economic Group) comprising notably Unibail Management and Espace Expansion, and employees of Unibail-Rodamco SE benefit from a common employee profit-sharing plan and a common profit-sharing agreement introduced in 1999. The common profit-sharing agreement was renewed in 2014. The profit-sharing agreement is based on the annual growth of the net recurring result and of the EPRA NNNAV, weighted for the activity in France and adjusted for indexation.

Employees belonging to the UES Viparis benefit from an employee profit-sharing plan introduced on June 27, 2008 with its subsequent riders and the calculation of the special statutory profit-sharing reserve complies with the legal requirements. The profit-sharing agreement was renewed in 2014, based on growth in net operating income.

The following amounts were allocated to these schemes:

(€Mn)	2016	2015
Regulated employee profit-sharing plan	2.9	2.8
Employee profit-sharing agreement	-	1.1

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10.3. Employee benefits

10.3.1. Pension plan

Accounting principles

Under IAS 19 Revised, a company must recognise all commitments made to its employees (*i.e.* current or future, formal or informal, cash payments or payments in kind). The cost of employee benefits must be recorded during the vesting period.

Post-employment benefits

Pension schemes may be defined contribution or defined benefit schemes.

Under defined contribution schemes, the employer only pays a contribution, with no commitment from the Group regarding the level of benefits to be provided. The contributions paid are booked as expenses for the year.

Under defined benefit schemes, the employer makes a formal or implied commitment to an amount or level of benefits and therefore carries the medium- or long-term risk. A provision is booked to liabilities to cover all of these pension commitments. This provision is assessed regularly by independent actuaries using the projected unit credit method, which takes into account demographic assumptions, early retirements, salary increases and discount and inflation rates.

In the majority of the Group companies, pensions due under the various compulsory retirement schemes to which employers contribute are managed by specialist external organisations. Defined contributions paid into these various compulsory retirement schemes are recognised in the income statement for the period.

The Dutch companies had pension plans with both defined contribution as well as defined benefit components until 2015. Due to the termination of the defined benefit contract in The Netherlands by the Insurer in 2015, the Group has decided to change the pension plans. From January 1, 2016, one new defined contribution pension plan has been introduced for all employees in The Netherlands.

Provisions are booked for retirement allowances relating to defined benefit schemes based on the net present value of these future allowances. According to IAS 19 Revised, the actuarial gains and losses are accounted for in the "other comprehensive income".

Long-term benefits

These are benefits paid to employees more than 12 months after the end of the financial year during which the corresponding service was provided. The same valuation method is used as for post-employment benefits.

With the exception of the provision for retirement allowances, no commitments relating to long-term or post-employment benefits need to be accrued.

Provisions for pension liabilities *(€Mn)*	31/12/2016	31/12/2015
Retirement allowances	6.1	5.5
Pension plans with defined benefit[1]	3.1	3.2
TOTAL	**9.2**	**8.7**

(1) The provision corresponds to the remaining obligation to the defined benefit contract in The Netherlands.

10.3.2. Share-based payments

Accounting principles

Under IFRS 2, all transactions relating to share-based payments must be recognised in the income statement. This is the case for Unibail-Rodamco's Company Savings Plan, Stock Option Plan, Performance Shares Plan.

Shares issued under the Company Savings Plan are offered at a discount to the share price. This discount represents an employee benefit and is recorded in the income statement for the period, with a corresponding increase in equity.

Stock options granted to employees are stated at their fair value on the date of allocation. As the transactions are equity-settled share-based payments, this value remains unchanged, even if the options are never exercised. The value applied to the number of options finally exercised at the end of the vesting period (estimation of the turnover) is booked as an expense, with a corresponding increase in equity which is spread over the vesting period (*i.e.* the period during which employees must work for the Company before they can exercise the options granted to them).

The stock options and performance shares, all subject to performance condition, have been valued using a Monte Carlo model.

The additional expenses incurred by the Company Savings Plan, Stock Option Plans and Performance Shares Plans are classified under personnel expenses.

Company Savings Plan

Subscription to the Company Savings Plan is offered to employees in France who have been with the Group for more than three months. The subscription period is opened once per year, after the share capital increase reserved to employees has been authorised by the Management Board, which also sets the subscription price. The subscription price is equal to the average of the opening share prices on the Eurolist of Euronext Paris over the 20 trading days preceding the decision of the Management Board, less a 20% discount. The Group also makes a top-up contribution applied exclusively to voluntary contributions (including profit-sharing), made by employees to the Group E Fund (fund fully vested in Unibail-Rodamco shares). These voluntary contributions are limited to a maximum of one quarter of the annual salary with a cap of €25,000 (for the shares acquired with the discount).

The total cost of subscriptions to the Company Savings Plan (employer contribution and difference between the subscription price and the share price on the date of the capital increase) amounted to €1.7 Mn in 2016 compared with €1.8 Mn in 2015.

Stock option plans

There are currently four stock option plans granted to Directors and employees of the Group, all subject to performance condition. These stock options have a duration of seven years and may be exercised at any time, in one or more installments, as from the 4th anniversary of the date of their allocation. The right to exercise stock options is subject to Unibail-Rodamco stock performance being higher in percentage terms than that of the EPRA benchmark index over the reference period.

Stock options are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to stock options came to €5.6 Mn in 2016 and €5.1 Mn in 2015.

The performance-related stock-options allocated in March 2016 were valued at €11.26 using a Monte Carlo model. This valuation is based on an initial exercise price of €227.24, a share price at the grant-date of allocation of €232.40, a vesting period of four years, an estimated duration of 4.7 years, a market volatility of 17.34%, a dividend representing 5.0% of the share value, a risk-free interest rate of -0.25% and a volatility of EPRA index of 14.11% with a correlation EPRA/Unibail-Rodamco of 91.51%.

The table below shows allocated stock options not exercised at the period-end:

Plan		Exercise period[(1)]	Adjusted subscription price (€)[(2)]	Number of options granted	Adjustments in number of options[(2)]	Number of options cancelled	Number of options exercised	Potential additional number of shares[(3)]
2007 plan (n°5)	2009	from 14/03/2013 to 13/03/2016	79.08	735,450	170,116	199,064	706,502	-
2010 plan (n° 6)	2010	from 11/03/2014 to 10/03/2017	120.33	778,800	170,561	231,172	697,473	20,716
	2011	from 11/03/2015 to 10/03/2018	141.54	753,950	15,059	182,234	544,165	42,610
2011 plan (n° 7)	2011	from 10/06/2015 to 09/06/2018	152.03	26,000	-	-	26,000	-
	2012	from 15/03/2016 to 14/03/2019	146.11	672,202	-	155,642	440,248	76,312
	2013	from 05/03/2017 to 04/03/2020	173.16	617,066	-	139,946	5,525	471,595
	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	119,438	5,738	480,911
2015 plan (n°8)	2015	from 04/03/2019 to 03/03/2022	256.81	615,860	-	87,132	-	528,728
	2015	from 05/09/2019 to 04/09/2022	238.33	7,225	-	-	-	7,225
	2016	from 09/03/2020 to 08/03/2023	227.24	611,608	-	22,947	1,913	586,748
TOTAL				**5,424,248**	**355,736**	**1,137,575**	**2,427,564**	**2,214,845**

(1) Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.
(2) Adjustments reflect distribution paid from retained earnings.
(3) All the options are subject to performance condition.

The table below shows the number and weighted average exercise prices of stock options:

	2016		2015	
	Number	Weighted average price (€)	Number	Weighted average price (€)
Outstanding at the beginning of the period	2,386,861	185.65	2,460,675	156.56
Allocated over the period	611,608	227.24	623,085	256.60
Cancelled over the period	(144,889)	212.29	(120,315)	201.95
Exercised over the period	(638,735)	140.40	(576,584)	134.78
Average share price on date of exercise	-	238.26	-	247.56
Outstanding at the end of the period	2,214,845	208.44	2,386,861	185.65
Of which exercisable at the end of the period[(1)]	139,638	140.89	250,295	126.46

(1) The right to exercise is subject to meeting the following performance condition: the overall market performance of Unibail-Rodamco must be higher in percentage terms than the performance of the EPRA reference index over the reference period.

Performance share plan

All the shares are subject to performance condition.

Performance shares are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to performance shares came to €3.1 Mn in 2016 and €2.4 Mn in 2015.

The awards allocated in April 2016 were valued, using a Monte Carlo model, at €126.61 for French tax residents beneficiaries and €136.14 for other beneficiaries. This valuation is based on a share price at the date of allocation of €238.35, a vesting period of three years for French tax residents beneficiaries and four years for other beneficiaries, a market volatility of 17.35%, a volatility of the EPRA index of 13.99% with a correlation EPRA/Unibail-Rodamco of 92.29%, a dividend representing 5.0% of the share value and risk-free interest rates of -0.37%, -0.19% and 0.07% (respectively for three, five and seven years).

The table below shows allocated performance shares not exercised at the period-end:

Starting date of the vesting period[(1)]	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares[(2)]
2012	44,975	10,479	34,496	-
2013	36,056	7,394	21,807	6,855
2014	36,516	7,196	345	28,975
2015	37,554	4,909	345	32,300
2016	36,745	1,384	-	35,361
TOTAL	**191,846**	**31,362**	**56,993**	**103,491**

(1) For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested; For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.
(2) The acquisition of the shares is subject to performance condition.

10.3.3. Remuneration of the Management Board and the Supervisory Board

Remuneration of the Management Board

(K€) Paid in:	2016	2015
Fixed income	3,084	3,056
Short-term incentive	3,114	2,861
Other benefits[(1)]	1,075	1,021
TOTAL[(2)]	**7,273**	**6,938**

(1) Mainly Supplementary Contribution Scheme and company car.
(2) The amounts indicated correspond to the periods during which the beneficiaries were members of the Management Board.

In 2016, members of the Management Board were allocated a total of 148,750 stock options, all subject to performance condition, and 8,963 performance shares.

Regarding the 2016 results, the Management Board members will receive in 2017 a total variable remuneration of €3,472 K.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board amounts to €766,179 for the 2016 fiscal year.

Loans or guarantees granted to Directors

None.

Transactions involving Directors

None.

Note 11 - Share capital and dividends

11.1. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new debt or buy back existing outstanding debt, adjust the amount of dividends paid to shareholders (subject to the Group's fiscal status under the SIIC regime in France), return capital to shareholders, issue new shares or buy back outstanding shares or sell assets to reduce debt.

The Group has disclosed the debt ratio "Loan-to-Value" (LTV) which is calculated as the net financial nominal debt expressed as a percentage of the portfolio valuation (including transfer taxes). As at December 31, 2016, net financial debt stood at €13,419 Mn[(1)] excluding partners' current accounts and after taking cash surpluses into account (€400 Mn).

As at December 31, 2016, the total Portfolio valuation includes consolidated portfolio valuation which amounts to €40,495 Mn, including transfer taxes.

As at December 31, 2016, the calculated ratio amounted to 33%, compared to 35% as at December 31, 2015.

(1) After impact of derivatives instruments on debt raised in foreign currencies.

11.2. Number of shares

Accounting principles

The Earnings Per Share indicator is calculated by dividing net result (Owners of the parent) by the weighted average number of ordinary shares in circulation over the period.

To calculate diluted Earnings Per Share, the average number of shares in circulation is adjusted to take into account the conversion of all potentially dilutive ordinary shares, in particular stock options and performance shares during the vesting period, as well as the bonds redeemable for shares *(ORA)* and the net share settled bonds convertible into new and/or existing shares (ORNANE).

The dilutive impact is determined using the treasury stock method, which assumes that proceeds from the exercise of options are used to repurchase Company shares at their market value. The market value corresponds to the average monthly share price weighted by trading volumes. The theoretical number of shares that may be purchased at the market value is deducted from the total number of shares resulting from the exercise of rights. This number is then added to the average number of shares in circulation and hence constitutes the denominator.

The ORNANE being accounted as a debt at fair value, the impact of the variation of their fair value and the related financial expenses are restated from the net result when taking into account the dilutive impact.

Change in share capital

	Total number of shares
AS AT 01/01/2015	**98,058,347**
Exercise of stock options	576,584
Capital increase reserved for employees under Company Savings Plan	28,202
Shares created from performance shares	27,527
Conversion of ORNANE	1,831
Bonds reedemable for shares	1,451
AS AT 31/12/2015	**98,693,942**
Exercise of stock options	638,735
Capital increase reserved for employees under Company Savings Plan	29,783
Shares created from performance shares	29,423
Conversion of ORNANE	1,549
Bonds reedemable for shares	353
AS AT 31/12/2016	**99,393,785**

Average number of shares diluted and undiluted

	2016	2015
AVERAGE NUMBER OF SHARES (UNDILUTED)	**99,153,052**	**98,488,530**
Dilutive impact		
Potential shares *via* stock options(1)	242,643	318,720
Attributed Performance shares (unvested)(1)	35,830	7,138
Potential shares *via* ORNANE	3,323,265	1,489,060
Potential shares *via* ORA	7,686	7,978
AVERAGE NUMBER OF SHARES (DILUTED)	**102,762,477**	**100,311,426**

(1) Correspond only to shares and attributed Performance shares which are in the money and for which the performance condition is fulfilled.

11.3. Dividends

In accordance with the combined Ordinary and Extraordinary General Meeting held on April 21, 2016, a dividend of €963.1 Mn (€9.70 per share) was paid in cash to the shareholders, of which €480.1 Mn as an interim dividend on March 29, 2016 and the remaining €483.0 Mn on July 6, 2016.

On April 16, 2015, Unibail-Rodamco's combined Ordinary and Extraordinary General Meeting of shareholders resolved to distribute a dividend of €9.60 per share. The cash dividend amounted to €946.5 Mn. An interim dividend of €472.5 Mn was paid on March 26, 2015. The balance dividend was paid on July 6, 2015.

Note 12 - Off-balance sheet commitments and contingent liabilities

All significant commitments are shown below. The Group does not have any complex commitments.

12.1. Commitments given

Commitments given (€Mn)	Description	Maturities	31/12/2016	31/12/2015
1) Commitments related to the scope of the consolidated Group			**104.9**	**114.2**
Commitments for acquisitions	• Purchase undertakings and earn-out	2017 to 2020	37.5	37.9
Commitments given as part of specific transactions	• Warranties and bank letters given in the course of the ordinary business	2017+	67.4	76.3
2) Commitments related to Group financing			**1,048.0**	**1,097.9**
Financial guarantees given	• Mortgages and first lien lenders(1)	2017 to 2027	1,048.0	1,097.9
3) Commitments related to Group operational activities			**1,525.5**	**1,634.5**
Commitments related to development activities	• Properties under construction: residual commitments for works contracts and forward purchase agreements	2017+	569.2	622.3
	• Residual commitments for other works contracts	2017 to 2021	22.9	36.3
	• Commitments subject to conditions precedent	2017 to 2023	188.0	225.9
Commitments related to operating contracts	• Commitments for construction works(2)	2017 to 2064	539.7	674.3
	• Rental of premises and equipment	2017+	55.0	40.1
	• Other(3)	2017 to 2089	150.6	35.5
TOTAL COMMITMENTS GIVEN			**2,678.4**	**2,846.5**

(1) The outstanding balances at the reporting date of the debts and drawn credit lines which are secured by mortgages. The gross amount of mortgages contracted, before taking into account subsequent debt reimbursement and unused credit lines, was €1,072.9 Mn as at December 31, 2016 (€1,114.8 Mn as at December 31, 2015).
(2) On the 50-year lease contract to operate Porte de Versailles (Paris), Viparis has committed to invest €497 Mn for renovation works and €220 Mn for the maintenance works (i.e. €717 Mn of which €190 Mn have already been invested), representing an initial commitment of €358 Mn in Group share.
(3) Corresponds mainly to perpetual usufruct rights in Poland.

Other unquantifiable commitments given related to the scope of the consolidated Group

- For a number of recent acquisitions of properties in France, Unibail-Rodamco SE has committed to the French tax authorities to retain these interests during at least five years, in accordance with the SIIC tax regime.
- For a number of disposals, the Group granted usual representations and warranties to the purchasers.
- The agreements in connection with joint investments with partners may include usual clauses like (i) a lock-up period during which the shareholders have to retain their interest in shared subsidiaries or (ii) arrangements pursuant to which the parties can organise the exit of the shareholders (*e.g.*: right of first offer, tag-along right in case the partner sells its shares to a third party).

These kinds of clauses are included in the following partnerships:

- As part of the agreements signed with Socri to develop Polygone Riviera, Unibail-Rodamco SE has committed to retain its interests in shared subsidiaries until three years after the date of the shopping centre's opening.
- Following the disposal of a 46.1% stake in Unibail-Rodamco Germany (formerly mfi AG) to the Canadian Pension Plan Investment Board (CPPIB), the Group has committed to retain its interests in shared subsidiaries for a period of five years as from July 1, 2015.

Other commitments given related to Group operational activities

- The Group's 50% subsidiary SCI Propexpo has committed that the Espace Champerret venue in Paris, France, will continue to be used as an exhibition hall until 2066.
- The French companies which are eligible for SIIC tax status have opted for this regime. Recurring income and capital gains are exempted from French tax but companies are required to distribute 95% of their recurring income, 60% of capital gains and 100% of dividends received from SIIC subsidiaries.
- In 2014, the City of Brussels selected Unibail-Rodamco as the co-developer, with its partners BESIX and CFE, of the NEO 1 project. BESIX has the possibility to increase its interest in the Mall of Europe from 12.5% to 20%.

  CFE has an option to sell its shares in the Mall of Europe to Unibail-Rodamco from December 31 following the opening of the shopping centre and during a period of one year. If the put is not exercised, the Group has an option to buy CFE's shares in the Mall of Europe.

  BESIX has an option to sell its shares in the Mall of Europe to Unibail-Rodamco from the end of the second full year after the opening of the shopping centre and lasting 38 months from such date.

  Unibail-Rodamco SE together with the parent companies of BESIX and CFE provided guarantees to the City of Brussels with respect of all payment obligations of the joint ventures which will develop the project.

  Several counter guarantees were provided between Unibail-Rodamco SE, BESIX and CFE, to ensure that each joint venture shall not bear any financial consequence beyond its program and that ultimate shareholder shall not bear more than its share in each joint venture.
- The Group has entered into an agreement to acquire from the City of Hamburg a land plot for the Überseequartier project. This acquisition is subject to conditions precedent not yet fulfilled as at December 31, 2016.

Commitments relating to entities' interests in joint ventures and associates

- In connection with the acquisition of a limited partnership owning through its subsidiary Warsaw III B.V., the Zlote Tarasy complex (Warsaw), the Group undertook to reimburse the developer for payments the developer would be required to make to the fund managed by CBRE Global Investors if Warsaw III did not make such payments.

  At the end of December 2016, these payment obligations of Warsaw III to this fund consisted of the repayment of the fund's prorata share of the "Open Market Value" of the Zlote Tarasy shopping centre at that date, as determined by three independent experts. The related payment should be made early in 2017.

12.2. Commitments received

Commitments received (€Mn)	Description	Maturities	31/12/2016	31/12/2015
1) Commitments related to the scope of the consolidated Group			**35.9**	**51.8**
Commitments for acquisitions	• Sales undertakings	2020	0.2	3.8
Commitments received as part of specific transactions	• Representations and warranties	2019	35.7	48.0
2) Commitments related to Group financing			**5,995.0**	**5,450.0**
Financial guarantees received	• Undrawn credit lines(1)	2017 to 2022	5,995.0	5,450.0
3) Commitments related to Group operational activities			**552.5**	**579.1**
Other contractual commitments received related to operations	• Bank guarantees on works and others	2017+	9.9	5.2
	• Other	2017 to 2024	102.4	100.3
Assets received as security, mortgage or pledge, as well as guarantees received	• Guarantees received relating to Hoguet regulation (France)	2017+	150.4	150.2
	• Guarantees received from tenants	2017+	247.7	259.7
	• Guarantees received from contractors on works	2017 to 2020	42.0	63.7
TOTAL COMMITMENTS RECEIVED			**6,583.4**	**6,080.9**

(1) These agreements are usually accompanied by a requirement to meet specific target ratios based on revalued shareholders' equity, Group portfolio valuation and debt. Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these thresholds on target ratios are not expected to be attained during the current year. A total amount of €430 Mn is guaranteed by mortgages as at December 31, 2016.

Other commitments received related to the scope of the consolidated Group

As part of the agreements signed with Socri to develop Polygone Riviera, Socri has committed to retain its interests in shared subsidiaries until three years after the date of the shopping centre's opening.

The Group has an option to buy up to 29.99% from 24 months after the opening of the shopping centre and during a period of six months.

Commitments relating to entities' interests in joint ventures and associates

Following the acquisition of a stake in the German shopping centre CentrO in May 2014, the vendor has provided an unlimited tax guarantee in proportion to the stake acquired for any tax claim related to previous years that may arise after the acquisition date. The vendor has also guaranteed a certain amount of tax losses carried forward available at the date of acquisition.

Note 13 - Subsequent events

None.

Note 14 - List of consolidated companies

List of consolidated companies	Country	Method[1]	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
Unibail-Rodamco SE	France	FC	100.00	100.00	100.00
SHOPPING CENTRES					
Donauzentrum Besitz- u. Vermietungs GmbH	Austria	FC	100.00	100.00	100.00
SCS Liegenschaftsverwertung GmbH	Austria	FC	100.00	100.00	100.00
SCS Motor City Süd Errichtungsges.mbH	Austria	FC	100.00	100.00	100.00
Shopping Center Planungs- und Entwicklungsgesellschaft mbH	Austria	FC	100.00	100.00	100.00
Shopping Center Planungs- und Entwicklungsgesellschaft mbH & Co. Werbeberatung KG	Austria	FC	100.00	100.00	100.00
Shopping City Süd Erweiterungsbau Gesellschaft mbH & Co Anlagenvermietung KG	Austria	FC	99.99	99.99	99.99
Broekzele Vastgoed Sprl	Belgium	FC	100.00	100.00	100.00
Mall of Europe NV	Belgium	FC	86.00	86.00	86.00
Beta Development sro	Czech Republic	FC	80.00	80.00	80.00
Centrum Cerny Most as	Czech Republic	FC	100.00	100.00	100.00
Centrum Chodov	Czech Republic	FC	100.00	100.00	100.00
Centrum Praha Jih-Chodov sro	Czech Republic	FC	100.00	100.00	100.00
Cerny Most II, as	Czech Republic	FC	100.00	100.00	100.00
Autopaikat Oy	Finland	JO	34.29	34.29	34.29
Kiinteistö Oy Vantaanportin Liikekeskus	Finland	JO	21.40	21.40	21.40
Kiinteistö Oy Vantaanportin Liiketilat	Finland	JO	60.00	60.00	60.00
SA Société d'Exploitation des Parkings et du Forum des Halles de Paris	France	FC	65.00	65.00	65.00
SARL Geniekiosk	France	FC	50.00	50.00	50.00
SARL Le Cannet Développement	France	FC	100.00	100.00	100.00
SAS Aquarissimo	France	FC	50.00	50.00	50.00
SAS Archero	France	FC	53.30	53.30	-
SAS Bisarch	France	FC	53.30	53.30	-
SAS BEG Investissements	France	FC	100.00	100.00	100.00
SAS Copecan	France	EM-JV	50.00	50.00	50.00
SAS La Toison d'Or	France	FC	100.00	100.00	100.00
SAS Le Carrousel du Louvre	France	FC	100.00	100.00	100.00
SAS Monpar	France	FC	100.00	100.00	100.00
SAS Parimall-Bobigny 2	France	FC	100.00	100.00	100.00
SAS Parimall-Ulis 2	France	FC	100.00	100.00	100.00
SAS Parimall-Vélizy 2	France	FC	100.00	100.00	100.00
SAS Parimmo-58 Marceau	France	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method[1]	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
SAS PCE-FTO	France	EM-JV	50.00	50.00	50.00
SAS Rodamco France	France	FC	100.00	100.00	100.00
SAS SALG	France	FC	100.00	100.00	100.00
SAS Société de Lancement de Magasins à l'Usine	France	FC	100.00	100.00	100.00
SAS SP Poissy Retail Entreprises	France	EM-JV	50.00	50.00	50.00
SAS Spring Alma	France	FC	100.00	100.00	100.00
SAS Spring Valentine	France	FC	100.00	100.00	100.00
SAS Spring Vélizy	France	FC	100.00	100.00	100.00
SAS Uni-commerces	France	FC	100.00	100.00	100.00
SAS Uniwater	France	FC	100.00	100.00	100.00
SAS Villeneuve 2	France	FC	100.00	100.00	100.00
SCI 3borders	France	FC	100.00	100.00	100.00
SCI Aéroville	France	FC	100.00	100.00	100.00
SCI Berri Washington	France	FC	50.00	50.00	50.00
SCI Chesnay Pierre 2	France	FC	50.00	50.00	50.00
SCI Chesnay Remiforme	France	FC	50.00	50.00	50.00
SCI Coquelles et Coquelles	France	FC	100.00	100.00	100.00
SCI du CC de Lyon La Part Dieu	France	FC	100.00	100.00	100.00
SCI du Forum des Halles de Paris	France	FC	65.00	65.00	65.00
SCI du Petit Parly 2	France	FC	50.00	50.00	50.00
SCI Eiffel Levallois Commerces	France	FC	100.00	100.00	100.00
SCI Élysées Parly 2	France	FC	50.00	50.00	50.00
SCI Élysées Vélizy 2	France	FC	100.00	100.00	100.00
SCI Extension Villeneuve 2	France	FC	100.00	100.00	100.00
SCI Grand Magasin Sud LPD	France	FC	100.00	100.00	100.00
SCI Grigny Gare	France	FC	100.00	100.00	100.00
SCI Hoche	France	FC	50.00	50.00	50.00
SCI Lyon Kléber	France	FC	100.00	100.00	100.00
SCI Lyon Les Brotteaux	France	FC	100.00	100.00	100.00
SCI Marceau Bussy-Sud	France	FC	100.00	100.00	100.00
SCI Marceau Parly 2	France	FC	50.00	50.00	50.00
SCI Marceau Plaisir	France	-	Liquidated	Liquidated	100.00
SCI Olvègue	France	FC	100.00	100.00	100.00
SCI Parimall-Parly 2	France	FC	50.00	50.00	50.00
SCI Pégase	France	FC	53.30	53.30	53.30
SCI Rosny Beauséjour	France	EM-JV	50.00	50.00	50.00
SCI SCC de La Défense	France	FC	53.30	53.30	53.30
SCI SCC du Triangle des Gares	France	FC	76.00	100.00	76.00
SCI Tayak	France	FC	100.00	100.00	100.00
SCI Vendôme Villeneuve 2	France	FC	100.00	100.00	100.00
SEP Bagnolet	France	JO	35.22	35.22	35.22
SEP du CC de Rosny 2	France	EM-JV	26.00	26.00	26.00
SEP Galerie Villabé	France	JO	36.25	36.25	36.25
SNC Almacie	France	FC	100.00	100.00	100.00
SNC CC Francilia	France	FC	100.00	100.00	100.00
SNC de Bures-Palaiseau	France	FC	100.00	100.00	100.00
SNC de l'Extension de Rosny	France	FC	100.00	100.00	100.00
SNC des Bureaux de la Mare Boizard	France	FC	100.00	100.00	-
SNC Francilium	France	FC	100.00	100.00	100.00
SNC Juin Saint Hubert	France	FC	50.01	50.01	50.01
SNC Juin Saint Hubert II	France	FC	50.01	50.01	50.01
SNC Les Terrasses Saint-Jean	France	FC	50.01	50.01	50.01
SNC Maltèse	France	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method[1]	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
SNC PCE	France	FC	100.00	100.00	100.00
SNC Randoli	France	FC	100.00	100.00	100.00
SNC Saint Jean	France	FC	50.01	50.01	50.01
SNC Saint Jean II	France	FC	50.01	50.01	50.01
SNC Vélizy Petit-Clamart	France	FC	100.00	100.00	100.00
SNC Vilplaine	France	FC	40.00	40.00	40.00
SNC VUC	France	FC	100.00	100.00	100.00
KG Schliebe & Co Geschäftszentrum Frankfurter Allee	Germany	EM-A	66.67	66.67	66.67
Unibail-Rodamco Beteiligungs GmbH	Germany	FC	48.02	48.02	48.02
mfi Gropius	Germany	EM-A	9.60	20.00	9.60
Minto GmbH	Germany	FC	48.17	48.17	48.17
Rhein Arcaden GmbH	Germany	FC	48.02	48.02	48.02
Höfe am Brühl GmbH	Germany	FC	48.17	48.17	48.17
Gera Arcaden GmbH	Germany	FC	48.17	48.17	48.17
Palais Vest GmbH	Germany	FC	48.17	48.17	48.17
mfi Paunsdorf	Germany	EM-JV	24.01	50.00	24.01
Neumarkt 14 Projekt GmbH & Co. KG	Germany	FC	42.41	42.41	42.41
Pasing Arcaden GmbH	Germany	FC	48.17	48.17	48.17
Unibail-Rodamco ÜSQ Bleu 1 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 2 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 3 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 4 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 5 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 6 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 7 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 8 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 9 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Bleu 10 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Residential 1 GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Residential 2 GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Residential 3 GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge A GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge A Holding GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge B GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge B Holding GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge E3 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Rouge E3 Holding GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Euromall Kft	Hungary	-	Sold	Sold	100.00
SARL Red Grafton 1	Luxembourg	FC	65.00	65.00	65.00
SARL Red Grafton 2	Luxembourg	FC	65.00	65.00	65.00
CH Warsaw U Sp zoo	Poland	EM-JV	4.82	4.82	4.82
Crystal Warsaw Sp zoo	Poland	FC	100.00	100.00	100.00
GSSM Warsaw Sp zoo	Poland	FC	100.00	100.00	100.00
WSSM Warsaw Sp zoo	Poland	FC	100.00	100.00	100.00
Zlote Tarasy partnership	Poland	EM-A	100.00	-	100.00
Aupark as	Slovakia	FC	100.00	100.00	100.00
RP P6 s.r.o.	Slovakia	FC	100.00	100.00	100.00
D-Parking	Spain	EM-JV	42.50	42.50	42.50
Essential Whites SLU	Spain	FC	52.78	100.00	52.78
Glorias Parking	Spain	EM-JV	50.00	50.00	50.00
Promociones Immobiliarias Gardiner SLU	Spain	FC	52.78	100.00	52.78
Proyectos Immobiliarios New Visions SLU	Spain	FC	100.00	100.00	100.00
Proyectos Immobiliarios Time Blue SLU	Spain	FC	51.11	100.00	51.11

List of consolidated companies	Country	Method(1)	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
Unibail-Rodamco Retail Spain	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Benidorm SL	Spain	FC	60.81	60.81	50.00
Unibail-Rodamco Spain SLU	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Ocio SLU	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Palma SL	Spain	FC	100.00	100.00	100.00
Unibail-Rodamco Steam SLU	Spain	FC	51.11	100.00	51.11
UR Real Estate	Spain	FC	100.00	100.00	100.00
Eurostop KB	Sweden	FC	100.00	100.00	100.00
Rodamco Arninge Centrum KB	Sweden	FC	100.00	100.00	100.00
Rodamco Centerpool AB	Sweden	FC	100.00	100.00	100.00
Rodamco Fisketorvet AB	Sweden	FC	100.00	100.00	100.00
Rodamco Forum Nacka KB	Sweden	FC	100.00	100.00	100.00
Rodamco Garage AB	Sweden	FC	100.00	100.00	100.00
Rodamco Parkering AB	Sweden	FC	100.00	100.00	100.00
Rodamco Solna Centrum AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby Centrum KB	Sweden	FC	100.00	100.00	100.00
Rodamco Väsby Centrum AB	Sweden	FC	100.00	100.00	100.00
Unibail-Rodamco Nederland Winkels BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Retail Investments 1 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Retail Investments 2 BV	The Netherlands	FC	100.00	100.00	100.00
OFFICES					
SA G.P.I	France	FC	100.00	100.00	-
SAS Aquabon	France	FC	100.00	100.00	100.00
SAS Iseult	France	FC	100.00	100.00	100.00
SAS Unibail Investissements II	France	-	Liquidated	Liquidated	100.00
SCI Ariane-Défense	France	FC	100.00	100.00	100.00
SCI Bureaux Tour Crédit Lyonnais	France	FC	100.00	100.00	100.00
SCI Cnit Développement	France	FC	100.00	100.00	100.00
SCI Eiffel Levallois Bureaux	France	FC	100.00	100.00	100.00
SCI Gaîté Bureaux	France	FC	100.00	100.00	100.00
SCI Galilée-Défense	France	FC	100.00	100.00	100.00
SCI Le Sextant	France	FC	100.00	100.00	100.00
SCI Marceau Part Dieu	France	-	Liquidated	Liquidated	100.00
SCI Montheron	France	FC	100.00	100.00	100.00
SCI Sept Adenauer	France	FC	100.00	100.00	100.00
SCI Tour Triangle	France	FC	50.00	100.00	50.00
SCI Trinity Défense	France	FC	100.00	100.00	100.00
SCI UR Versailles Chantiers	France	FC	100.00	100.00	100.00
SCI Village 3 Défense	France	FC	100.00	100.00	100.00
SCI Village 4 Défense	France	FC	100.00	100.00	100.00
SCI Village 5 Défense	France	FC	100.00	100.00	100.00
SCI Village 6 Défense	France	FC	100.00	100.00	100.00
SCI Village 7 Défense	France	FC	100.00	100.00	100.00
SCI Wilson (Puteaux)	France	-	Liquidated	Liquidated	100.00
SNC Capital 8	France	FC	100.00	100.00	100.00
SNC Gaîté Parkings	France	FC	100.00	100.00	100.00
SNC Lefoullon	France	FC	100.00	100.00	100.00
SNC Village 8 Défense	France	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Jaune C GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Jaune D1 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Jaune D2 GmbH & Co. KG	Germany	FC	100.00	100.00	100.00
Zlote Tarasy Tower partnership	Poland	EM-A	100.00	-	100.00
Woningmaatschappij Noord Holland BV	The Netherlands	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method[1]	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
CONVENTION & EXHIBITION					
Société d'exploitation de l'Hôtel Salomon de Rothschild	France	FC	50.00	100.00	50.00
SAS Lyoncoh	France	FC	100.00	100.00	100.00
SA Viparis – Le Palais des Congrès d'Issy	France	FC	47.50	95.00	47.50
SCI Pandore	France	FC	50.00	100.00	50.00
SNC Paris Expo Services	France	FC	50.00	100.00	50.00
SAS Société d'Exploitation du Palais des Sports	France	EM-JV	25.00	50.00	25.00
SAS Viparis	France	FC	50.00	100.00	50.00
SAS Viparis – Le Palais des Congrès de Paris	France	FC	50.00	100.00	50.00
SAS Viparis – Nord Villepinte	France	FC	50.00	100.00	50.00
SAS Viparis – Palais des Congrès de Versailles	France	FC	45.00	90.00	45.00
SNC Viparis – Porte de Versailles	France	FC	50.00	100.00	50.00
SCI Propexpo	France	FC	50.00	50.00	50.00
SNC Viparis – Le Bourget	France	FC	50.00	100.00	50.00
SERVICES					
UR Austria Verwaltungs GmbH	Austria	FC	100.00	100.00	100.00
Unibail-Rodamco Invest GmbH	Austria	FC	100.00	100.00	100.00
Rodamco Ceska Republica sro	Czech Republic	FC	100.00	100.00	100.00
SAS Cnit Restauration	France	FC	100.00	100.00	100.00
SAS Espace Expansion	France	FC	100.00	100.00	100.00
SAS Société d'Exploitation Hôtelière de Montparnasse	France	FC	100.00	100.00	100.00
SAS Société d'Exploitation Hôtelière du Cnit	France	FC	100.00	100.00	100.00
SAS Unibail Management	France	FC	100.00	100.00	100.00
SAS Unibail Marketing & Multimédia	France	FC	100.00	100.00	100.00
SAS Unibail-Rodamco Développement	France	FC	100.00	100.00	100.00
SAS UR Lab France	France	FC	100.00	100.00	100.00
mfi Betriebsgesellschaft mbH	Germany	FC	48.02	48.02	48.02
mfi Immobilien Marketing GmbH	Germany	FC	48.02	48.02	48.02
Unibail-Rodamco Germany GmbH	Germany	FC	48.02	48.02	48.02
mfi Shopping Center Management GmbH	Germany	FC	48.02	48.02	48.02
Unibail-Rodamco ÜSQ Development GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Süd Quartiersmanagement GmbH	Germany	FC	100.00	100.00	100.00
Unibail-Rodamco Polska Sp zoo	Poland	FC	100.00	100.00	100.00
Rodamco Projekt AB	Sweden	FC	100.00	100.00	100.00
Rodamco Sverige AB	Sweden	FC	100.00	100.00	100.00
Rodamco Europe Beheer BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Nederland BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Development Nederland BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Project BV	The Netherlands	FC	100.00	100.00	100.00
U&R Management BV	The Netherlands	FC	100.00	100.00	100.00
HOLDINGS AND OTHER					
Unibail-Rodamco Belgium NV	Belgium	FC	100.00	100.00	100.00
Rodareal Oy	Finland	FC	100.00	100.00	100.00
SA Société de Tayninh	France	FC	97.68	97.68	97.68
SA Uni-Expos	France	FC	100.00	100.00	100.00
SA Union Internationale Immobilière	France	FC	100.00	100.00	100.00
SA Viparis Holding	France	FC	50.00	50.00	50.00
SAS Belwarde1	France	FC	100.00	100.00	100.00
SAS Doria	France	FC	100.00	100.00	100.00
SAS Espace Expansion Immobilière	France	FC	100.00	100.00	100.00
SAS Foncière Immobilière	France	FC	100.00	100.00	100.00
SAS R.E. France Financing	France	FC	100.00	100.00	100.00
SAS Unibail-Rodamco Participations	France	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method(1)	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
SAS Unibail-Rodamco SIF France	France	FC	100.00	100.00	100.00
SAS Valorexpo	France	FC	100.00	100.00	100.00
SAS Viparis MMM	France	FC	50.00	100.00	-
SCI du CC d'Euralille S3C Lille	France	FC	60.00	60.00	60.00
SCI Ostraca	France	-	Liquidated	Liquidated	100.00
SCI Sicor	France	FC	73.00	73.00	73.00
SCI Sirmione	France	-	Liquidated	Liquidated	100.00
SNC Acarmina	France	FC	100.00	100.00	100.00
SNC Financière 5 Malesherbes	France	FC	100.00	100.00	100.00
SNC Financière Loutan	France	FC	50.00	50.00	50.00
AS Holding GmbH	Germany	FC	51.00	51.00	51.00
Unibail-Rodamco Germany Objekt GmbH	Germany	-	Liquidated	Liquidated	48.02
Unibail-Rodamco Germany Projekt GmbH	Germany	FC	48.02	48.02	48.02
mfi Development GmbH	Germany	FC	48.02	48.02	48.02
mfi dreiundzwanzigste Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	48.02	48.02	48.02
mfi einundzwanzigste Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	48.02	48.02	48.02
mfi fünfzehnte Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	48.02	48.02	48.02
mfi Grundstücksentwicklungsgesellschaft mbH	Germany	FC	48.02	48.02	48.02
mfi siebzehnte Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	48.02	48.02	48.02
mfi zweiundzwanzigste Grundbesitzgesellschaft mbH & Co. KG	Germany	FC	48.02	48.02	48.02
Neukölln Kino Betriebsgesellschaft mbH	Germany	FC	48.02	48.02	48.02
Neumarkt 14 Projekt Verwaltungs GmbH	Germany	FC	40.81	40.81	40.81
Rodamco Deutschland GmbH	Germany	FC	100.00	100.00	100.00
Rodamco Deutschland GmbH & Co Süd Liegenschafts KG	Germany	FC	100.00	100.00	100.00
Ruhrpark Generalübernehmer Geschäftsführungs GmbH	Germany	FC	65.00	65.00	65.00
Ruhrpark Generalübernehmer GmbH & Co KG	Germany	FC	65.00	65.00	65.00
Unibail-Rodamco Investments GmbH	Germany	FC	100.00	100.00	100.00
Zeilgalerie Gbr	Germany	FC	100.00	100.00	100.00
Liffey River Financing Ltd	Ireland	FC	100.00	100.00	100.00
Polish ZTR Holding SCSp	Luxembourg	EM-A	100.00	-	100.00
SA Crossroads Property Investors	Luxembourg	FC	100.00	100.00	100.00
SARL Crimson Grafton	Luxembourg	FC	65.00	65.00	65.00
SARL Purple Grafton	Luxembourg	FC	51.00	51.00	51.00
SARL Red Grafton	Luxembourg	FC	65.00	65.00	65.00
Polish Office Holding SCSp	Luxembourg	EM-A	100.00	-	100.00
Uniborc SA	Luxembourg	FC	80.00	80.00	80.00
Warsaw III SARL	Luxembourg	EM-A	100.00	-	100.00
ZT Poland 2 SCA	Luxembourg	EM-A	100.00	-	100.00
Calera Investments Spzoo	Poland	EM-A	100.00	-	100.00
CIF (FIZAN)	Poland	-	Liquidated	Liquidated	100.00
Handlei Investments Spzoo	Poland	EM-A	100.00	-	100.00
Wood Sp zoo	Poland	FC	100.00	100.00	100.00
Arrendamientos Vaguada CB	Spain	JO	62.47	62.47	62.47
Anlos Fastighets AB	Sweden	FC	100.00	100.00	100.00
Eurostop AB	Sweden	FC	100.00	100.00	100.00
Eurostop Holding AB	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos H BV	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos K BV	Sweden	FC	100.00	100.00	100.00
Fastighetsbolaget Anlos L BV	Sweden	FC	100.00	100.00	100.00
Knölsvanen Bostads AB	Sweden	FC	100.00	100.00	100.00
Piren AB	Sweden	FC	100.00	100.00	100.00
Rodamco Handel AB	Sweden	FC	100.00	100.00	100.00
Rodamco AB	Sweden	FC	100.00	100.00	100.00

List of consolidated companies	Country	Method(1)	% interest 31/12/2016	% control 31/12/2016	% interest 31/12/2015
Rodamco Expand AB	Sweden	FC	100.00	100.00	100.00
Rodamco Nacka AB	Sweden	FC	100.00	100.00	100.00
Rodamco Northern Europe AB	Sweden	FC	100.00	100.00	100.00
Rodamco Scandinavia Holding AB	Sweden	FC	100.00	100.00	100.00
Rodamco Täby AB	Sweden	FC	100.00	100.00	100.00
Belindam BV	The Netherlands	FC	100.00	100.00	100.00
Broekzele Investments BV	The Netherlands	FC	100.00	100.00	100.00
Cijferzwaan BV	The Netherlands	FC	100.00	100.00	100.00
Deenvink BV	The Netherlands	FC	100.00	100.00	100.00
Dotterzwaan BV	The Netherlands	FC	100.00	100.00	100.00
Eroica BV	The Netherlands	FC	100.00	100.00	100.00
Feldkirchen BV	The Netherlands	FC	100.00	100.00	100.00
New Tower Real Estate BV	The Netherlands	FC	51.11	51.11	51.11
Old Tower Real Estate BV	The Netherlands	FC	52.78	52.78	52.78
Rodamco Austria BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Central Europe BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Czech BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Deutschland BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco España BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Europe B.V.	The Netherlands	-	Liquidated	Liquidated	100.00
Rodamco Europe Finance BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Europe Finance II BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Europe Properties BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Hungary BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Nederland Winkels BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Project I BV	The Netherlands	FC	100.00	100.00	100.00
Rodamco Retail Deutschland BV	The Netherlands	FC	100.00	100.00	100.00
Romanoff Eastern Europe Property BV	The Netherlands	FC	80.00	80.00	80.00
Traffic UK BV	The Netherlands	FC	100.00	100.00	-
Unibail-Rodamco Cascoshop Holding BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Investments BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Investments 2 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Investments 3 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 1 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 2 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 3 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 4 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco Poland 5 BV	The Netherlands	FC	100.00	100.00	100.00
Unibail-Rodamco ÜSQ Holding BV	The Netherlands	FC	100.00	100.00	100.00
Warsaw III BV	The Netherlands	EM-A	100.00	-	100.00
CentrO Holdings (UK) Limited	United Kingdom	EM-JV	47.60	47.60	47.60

(1) FC: full consolidation method, JO: joint operations, EM-JV: joint ventures under the equity method, EM-A: associates under the equity method.

Note 15 - Relationship with Statutory Auditors

Statutory Auditors are:

- EY
  - commencement date of first term of office: AGM of May 13, 1975,
  - person responsible: Christian Mouillon designated in April 2011;
- Deloitte
  - commencement date of first term of office: AGM of April 27, 2011,
  - person responsible: Damien Leurent, designated in April 2011.

Expiry of term of office for both auditors at the AGM held for the purpose of closing the 2016 accounts.

Fees of Statutory Auditors and other professionals in their networks for the 2016 and 2015 fiscal years, for the Parent Company and fully consolidated subsidiaries:

	EY		Deloitte	
(€Mn)	**2016**	2015	**2016**	2015
Audit and limited review of the consolidated and non-consolidated financial statements	2.1	2.2	1.5	1.6
Non audit services	0.1	0.2	0.2	0.1
TOTAL	**2.3**	**2.4**	**1.7**	**1.7**

4.3. Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Unibail-Rodamco SE;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the management board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As stated in notes 5.1.1 and 5.3.1 to the consolidated financial statements, the real estate portfolio and intangible assets are subject to valuation procedures carried out by independent real estate appraisers. We ensured that the fair value of investment properties as stated in the consolidated statement of financial position and in note 5.1.2 to the consolidated financial statements was determined in accordance with the valuations carried out by the aforementioned appraisers. We have also assessed the appropriateness of the valuation process and of its implementation. Moreover, for investment properties under construction maintained at cost, as stated in note 5.1.3, for which the fair value could not be reliably determined, and for intangible assets, we have assessed the reasonableness of data and assumptions used by your company to carry out the impairment tests.
- As indicated in note 7.5.1 to the consolidated financial statements, your company uses derivatives to manage interest rate and exchange rate risks. These derivatives are recorded at fair value. We have assessed the reasonableness of the data and parameters used by your company to determine this fair value.

For those assessments we also ensured that appropriate information was disclosed in the notes.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 20, 2017

The Statutory Auditors

DELOITTE & ASSOCIES Damien Leurent	ERNST & YOUNG Audit Christian Mouillon

Directors' Report

The Directors of Westfield Corporation Limited (Company) submit the following report for the period from 1 January 2017 to 31 December 2017 (Financial Year).

1. OPERATIONS AND ACTIVITIES

1.1 Strategy

The performance of the Group for the year was solid and the Group remains confident with the strategy of developing and transforming Flagship assets. Over many years the Group has adapted and improved the portfolio to meet the changing needs of retailers, consumers and brands, and this remains a core strength. Since 2010, when the Group implemented a strategy focusing on the highest quality assets, the Group has completed $7 billion of developments, divested 29 assets valued at $7 billion and joint ventured 22 assets valued at $10 billion. The Group now has assets under management of $34.5 billion, of which 84% are Flagship assets.

The Group is creating great experiences for retailers, consumers and brands and continue to benefit from the addition of food, leisure and entertainment and a broader mix of uses including many new concepts, emerging technologies and online brands. In the United States the Group has added over 130 retailers and brands that are new to the Group in the recently completed developments.

The Group's $8.5 billion development program is focused on creating pre-eminent retail, dining and entertainment destinations in some of the world's top markets including London, Silicon Valley and Milan. The development program continues to transform the portfolio and is expected to generate significant value and earnings accretion for securityholders.

1.2 Financial results

The Group reported FFO earnings for the year ended 31 December 2017 of $706.8 million. FFO per security was 34.0 cents, at the top end of the forecast. IFRS net profit of $1,551.2 million for the year includes FFO earnings of $706.8 million, $847.4 million of property revaluations, $54.7 million of leasing incentives amortisation, $39.1 million relating to the mark to market of derivatives and preference shares, $23.6 million loss on capital transactions, $22.9 relating to intangible amortisation and impairment and a $137.3 million benefit for deferred tax.

The distribution for the year ended 31 December 2017 is 25.5 cents per security.

The Group's financial position is strong with balance sheet assets of $23.6 billion, gearing ratio of 38.1% and $2.6 billion in available liquidity.

The Group has assets under management of $34.5 billion, of which 84% are Flagship assets. Flagship assets are leading centres in major markets 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 17 $million
Net property income	802.7
Net project and management income	138.1
Overheads	(119.9)
Financing costs	(131.7)
Interest on other financial liabilities	(16.9)
Mark to market of derivatives and preference shares	(39.1)
Property revaluations	847.4
Gain/(loss) in respect of capital transactions	(23.6)
Intangible amortisation and impairment	(22.9)
Tax benefit	117.1
Profit after tax	1,551.2
Adjusted for:	
– Amortisation of leasing incentives and related leasing costs	54.7
– Mark to market of derivatives and preference shares	39.1
– Property revaluations	(847.4)
– (Gain)/loss in respect of capital transactions	23.6
– Intangible amortisation and impairment	22.9
– Deferred tax benefit	(137.3)
FFO (ii)	706.8
Less: amount retained	(176.9)
Dividend/distributions	529.9
FFO per security (cents)	34.01
Dividend/distribution per security (cents)	25.50

(i) The 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 55% (by asset value) of the shopping centre investments are equity accounted. FFO earnings include net property income (before the amortisation of leasing incentives and related leasing costs), management and project income, corporate overheads, underlying net interest (excluding derivative mark to markets), currency gains and underlying taxation of the business (excluding deferred tax).

1.3 Operating environment

In a challenging retail environment, the performance for the year was solid. The Group is transforming its portfolio by creating and operating flagshio assets in leading world markets. During the year the Group successfully launched the redevelopment of Century City in Los Angeles and the expansion of UTC in San Diego. The Group continued to make good progress on the expansions at Westfield London and Valley Fair in Silicon Valley. For the year ended 31 December 2017 $847.4 million of revaluation gains were achieved, primarily driven by the uplift created from developments.

Net property income (on a FFO basis) was $857.4 million for the year ended 31 December 2017 compared to $795.1 million for the year ended 31 December 2016. an increase of $62.3 million or 7.8%. This increase is largely driven by the completed developments at the World Trade Center in New York in Q4 2016 and in Q4 2017 Century City in Los Angeles and UTC in San Diego.

The Group's portfolio achieved comparable net operating income growth of 2.2% for the year and was 93.2% leased at year end, with the Flagship portfolio at 94.9%. The Flagship portfolio achieved comparable net operating income growth of 2.7% for the year with the Regional portfolio growing by 0.7%. For 2018, comparable NOI growth is expected be in the range of 2.5% – 3%. Specialty sales productivity was $733 psf up 2.0% for the year. The Flagship portfolio achieved specialty retail sales of $908 psf, up 2.7% with the Regional portfolio achieving specialty retail sales of $455 psf, down 0.3%.

Management and project income was $138.1 million for the year ended 31 December 2017. This includes income from managing centres held in joint ventures and airports, and project income including developments at London, UTC, Valley Fair and Stratford.

Financing costs of $145.1 million includes underlying interest before interest capitalised of $275.1 million and $130.0 million of interest capitalised on the Group's developments including the Century City, UTC, Valley Fair and Westfield London.

The mark to market of interest rate derivatives and preference shares of $39.1 million primarily reflects the revaluation of the minority interests in the United States.

The deferred tax benefit of $137.3 million includes an $82.6 million one-time benefit arising from the increase to the taxable cost base of certain properties in the United Kingdom and a one-time deferred tax credit of $237.0 million following the reduction of the United States corporate tax rate from 35% to 21%.

1.4 Investment activities

In October 2017 the Group successfully launched the major stage of the $1 billion redevelopment of Century City in Los Angeles, including Nordstrom and a world class and industry leading retail tenancy mix. The opening of Westfield Century City was a hugely important milestone in the execution of the Group's strategy. Century City is on track to achieve annual sales in excess of $1 billion and has changed the face of retail on the west side of Los Angeles.

The Group also successfully launched the $600 million expansion at UTC in San Diego in Q4 2017, including a new Nordstrom department store. The project has been very well received in the San Diego market, with many unique and new to market retailers and brands.

Good progress continues on the $2.4 billion of major projects currently under construction including the £600 million expansion of Westfield London, opening in March 2018, and the $1.1 billion expansion of Valley Fair.

The Group has $6.1 billion of future retail development projects including Westfield Milan and Croydon in South London. At Westfield Milan, to be anchored by a Galeries Lafayette department store, pre-leasing is progressing well and works have commenced on necessary highway infrastructure. The Group expects to be in a position for the project to commence later in 2018.

The Group continues to progress residential rental projects across the United States and United Kingdom. During the year the Group commenced the 300 apartment project at UTC in San Diego and expects to be in a position for the 1,200 apartment project at Stratford to commence later in 2018.

1.5 Capital management

As at 31 December 2017, the Group has balance sheet assets of $23.6 billion, including property investments of $21.4 billion. During the year the Group raised $1.5 billion of bonds and extended $57.0 million (Group's share $28.5 million) of mortgages. The Group continues to operate well within its covenants with gearing at 38.1%, secured debt to total assets at 11.7%, interest cover at 3.2 times and unencumbered leverage of 229%.

1.6 Transaction with Unibail-Rodamco

The proposal to combine Westfield and Unibail-Rodamco will create a $73 billion portfolio comprising 104 assets, of which $61 billion or 84% are flagship.

The combined portfolio will operate leading assets in the United States in New York, Los Angeles, Silicon Valley and the Washington DC area and in Europe in London, Paris, Madrid, Barcelona, Stockholm, Vienna and Milan. It will have strong growth prospects with a $14.6 billion development program.

The proposal has the full support of the Lowy Family and the Westfield Board.

Documentation for the proposal is expected to be sent to securityholders in April with the vote and implementation expected to occur later in the first half of 2018.

Under the terms of the agreement, the Group's securityholders will receive a combination of US$2.67 of cash and 0.01844 securities in Unibail-Rodamco for each Westfield stapled security.

The total transaction costs expected to be borne by the Group if the transaction proceeds are estimated to be approximately $250 million (comprising $36 million in redundancy and other employee related costs, $113 million of cost associated with the vesting of employee share plan benefits, $87 million professional fees and $14 million in other transaction costs). Of this amount, $10.3 million has been incurred as at 31 December 2017. In certain circumstances, if the transaction does not proceed, a "break fee" of $150.0 million is payable by Unibail-Rodamco or by the Group.

1.7 Digital

In November 2017, the Group rebranded its retail technology business to OneMarket reflecting a shift in its business and operating model. OneMarket is a retail technology platform that aims to connect retailers, consumers and venues both physically and digitally with technology companies by creating a network that supports the retail industry with products and services that elevate shopper experiences.

As part of the proposed transaction with Unibail, the Group is proposing to demerge OneMarket into a newly formed ASX listed entity. Further detailed information regarding OneMarket and the demerger will be contained in the Demerger Booklet, which is expected to be sent to securityholders in April 2018.

1.8 Principal activities

The principal activities of 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.

1.9 Outlook

The Group remains confident in the future outlook for its business, which is underpinned by the quality and strength of its Flagship portfolio, and the $8.5 billion development program.

For 2018, the Group's earnings will be positively impacted by the stabilisation of recently completed development projects including Century City and UTC together with the completion of the expansion of Westfield London.

Given the proposal to combine the Group and Unibail, there will be no FFO or Distribution forecasts for 2018.

1.10 Subsequent events

Since 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 (Global Real Estate Sustainability Benchmark), FTSE4Good, and CDP (formerly the Climate Disclosure Project) Climate Change surveys. 2017 was the Group's second year reporting to GRESB, and our performance scored a 76 (up 17 points on the Group's 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 the Group's 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.

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 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 the Group'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 the Group'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 the Group's support for community contribution as part of its staff development program.

The Group'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.

3. DIVIDENDS/DISTRIBUTIONS

No dividend was declared for the six months ended 31 December 2016. A distribution of US12.55 cents per ordinary Westfield Corporation security was paid on 28 February 2017. 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 2017. A distribution of US12.75 cents per ordinary Westfield Corporation security was paid on 31 August 2017. 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 2017. A distribution of US12.75 cents per ordinary Westfield Corporation security will be paid on 28 February 2018. This distribution is an aggregate of distributions from each of Westfield America Trust and WFD Trust.

4. DIRECTORS AND SECRETARY

4.1 Board Membership and Qualifications

The following Directors served on the Board during the Financial Year:

Sir Frank Lowy AC, Mr Brian Schwartz AM, Ms Ilana Atlas, Mr Roy Furman, Lord (Peter) Goldsmith QC PC (retired 7 April 2017), 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.

Sir 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:

Sir Frank Lowy AC is the Chairman of Westfield Corporation. Mr Lowy served as the Westfield Group's Chief Executive Officer for over 50 years before assuming a non-executive role in the former Westfield Group in May 2011. Mr Lowy 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. Frank Lowy was appointed a Knight Bachelor by Her Majesty Queen Elizabeth II in the 2017 Birthday Honours List for his contribution to the UK economy and philanthropy.

(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.

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 and Chairman of Insurance Australia Group Limited and Deputy Chairman of Football Federation Australia Limited.

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 Chairman of Coca-Cola Amatil Limited and Jawun. She is a Director of Australia and New Zealand Banking Group Limited, Paul Ramsay Foundation and Adara Development (Australia), and is a Fellow of the Senate of the University of Sydney. She was previously Chairman of Bell Shakespeare Company. Ms Atlas is a member of the Westfield Corporation Human Resources Committee and the Audit and Risk Committee.

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. Mr Furman is a member of the Westfield Corporation Human Resources Committee and Nomination Committee.

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 Chief Executive Officer of Springharbor Financial Group, LLC and 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, responsible for operations and projects in the UK and the US. 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

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, Aurecon Group Pty Limited, The Hospitals Contribution Fund of Australia Limited (HCF) and The Smith Family. He is also an independent member of the Board of Partners of Corrs, Chambers Westgarth. His former roles include Director of HSBC Bank Australia Limited, 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 Committee of the UNSW Business School Advisory Board. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors. Mr Johnson is a member of the Westfield Corporation Audit and Risk Committee.

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. Mr Johnson is Chairman of the Westfield Corporation Human Resources Committee and a member of the Nomination Committee.

Donald Kingsborough

Term of office:

- Westfield Corporation Limited: 28 August 2014
- Westfield America Management Limited: 28 August 2014

Independent:

No

Skills and Experience:

Don Kingsborough is an executive Director of Westfield Corporation and currently serves as CEO, OneMarket. 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. Born in Dumfries, Scotland and attended Dumfries Academy, Mr McFarlane has an MA from the University of Edinburgh, and a MBA from Cranfield University, and studied finance at the London Business School. He has banking fellowships in Hong Kong, Australia and the UK, and was the inaugural recipient of Cranfield School of Management Distinguished Alumnus Award.

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, marketing, sales, finance, research, legal and publicity. 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
Sir Frank Lowy AC Peter Lowy Steven Lowy AM	198,886,355
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 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:	5
Human Resources Committee:	2
Nomination Committee:	2

	Board		Audit and Risk		Human Resources		Nomination	
Directors	A	B	A	B	A	B	A	B
Sir Frank Lowy AC	7	7	–	–	–	–	-	-
Brian Schwartz AM	7	7	5	5	–	–	2	2
Ilana Atlas	7	7	5	5	2	2	–	–
Roy Furman	7	7	–	–	2	2	2	2
Michael Gutman OBE	7	7	–	–	–	–	–	–
Peter Goldsmith QC PC	2	2	–	–	–	–	–	–
Jeffrey Goldstein	7	7	–	–	–	–	–	–
Mark G. Johnson	7	7	5	5	–	–	–	–
Mark R. Johnson AO	7	7	–	–	2	2	2	2
Donald Kingsborough	7	7	–	–	–	–	–	–
Peter Lowy	7	7	–	–	–	–	–	–
Steven Lowy AM	7	7	–	–	–	–	–	–
John McFarlane	7	7	–	–	–	–	–	–
Dawn Ostroff	7	7	–	–	–	–	–	–

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

Notes:

[1] Westfield Corporation comprises Westfield Corporation Limited, Westfield America 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 Secretary

As at the date of this report, the Company had the following Secretary:

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.

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:

– 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;

– 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;

– 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

– 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
Building a better working world

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

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

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

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

Ernst & Young   Graham Ezzy

Ernst & Young

Graham Ezzy
Partner

22 February 2018

Liability limited by a scheme approved under Professional Standards Legislation.

Building a better working world

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Independent Auditor's Report to the Shareholders of Westfield Corporation Limited
Report on the Audit of the Financial Report

Opinion

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

In our opinion:

a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its consolidated financial performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c)

Basis for Opinion

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

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why significant	*How our audit addressed the key audit matter*

The Group has interests in shopping centre investment properties which are carried at a fair value of $19.5 billion at 31 December 2017. These include shopping centres recorded directly in the consolidated statement of financial position as investment properties and indirectly through equity accounted investments. Collectively they represent 91.7% of total assets.
 	
Fair values were determined by the Group at the end of the reporting period, with changes in fair value recognised in the income statement.
 	
We considered this to be a key audit matter as property valuations are based upon a number of assumptions which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuations and the results of the Group for the period.
 	
Note 14 of the financial report discloses the sensitivity of these valuations to changes in key assumptions. As outlined in note 14, the Group's basis for determining the carrying value of shopping centre investment properties is underpinned by external valuations sourced from qualified valuation experts.
 	
Note 2(b) of the financial report describes the accounting policy for these assets.
	Our audit procedures include the following:
	– We analysed movements in the fair values of individual properties within the portfolio having regard to external market data and the performance of specific properties.
	– In relation to property valuations, we considered the competence and objectivity of valuation experts, evaluated the suitability of the scope and methodology used in the valuation reports and tested a sample of valuation reports for mathematical accuracy.
	– For a sample of investment properties, we agreed the key inputs and assumptions used in the valuations, by:
	  – assessing the appropriateness of valuation inputs in the context of the financial performance of the specific properties.
	  – assessing the valuation assumptions in the context of external market data and expectations developed in conjunction with EY Real Estate valuation specialists.
	– A sample of individual property valuations were evaluated by our real estate valuation specialists.
	– We assessed the adequacy of the associated disclosures in the financial report.

Property Development and Project Management Costs and Revenues

Why significant	*How our audit addressed the key audit matter*

The Group recognised $733.1 million of property development and project management revenue and $629.7 million of property development and project management costs for the year ended 31 December 2017.
 	
As set out in Note 2(e), revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by the Group, by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete.
 	
The determination of cost to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment.
 	
Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report.
 	
Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 3 of the financial report.
	Our audit procedures include the following:
	– We evaluated the Group's processes and assessed the design of key controls for accumulating property development and project management costs and for estimating costs to complete of development projects.
	– For a sample of projects, we undertook the following procedures:
	  – We enquired of the Group as to the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports.
	  – Evaluated the historical accuracy of the Group's budget and forecasting of project management costs and estimating costs to complete.
	  – Assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks.
	  – Inspected project feasibility reports and assessed the assumptions used in forecasting revenues and costs to complete.
	  – Agreed a sample of costs incurred to invoice and/or payment, including testing that they were allocated to the appropriate development.
	  – Assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards.
	We also evaluated subsequent payments made after the reporting date to assess whether costs were accrued in the correct reporting period.

Interest Bearing Liabilities and Financing Costs

Why significant	How our audit addressed the key audit matter
The Group has interest bearing liabilities of $7.2 billion at 31 December 2017. During the year the Group incurred $240.3 million in financing and interest costs of which $136.0 million has been recognised in the consolidated income statement and $104.3 million capitalised to property under development. The Group has established a range of finance facilities with various terms, counterparties and currencies. This was considered to be a key audit matter as the Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 19 of the financial report discloses the Group's interest bearing liabilities. Refer to note 2(l) of the financial report for a description of the accounting policy treatment for these liabilities and instruments.	Our audit procedures included the following; – We assessed the design and operating effectiveness of the Group's internal controls over recording and reporting the terms and conditions of interest bearing liabilities, including their classification as either current or non-current and associated costs. – We confirmed interest bearing liabilities to external third party sources. – We tested the calculation of interest recognised as both an expense and capitalised to properties under development during the period to assess whether these were calculated in accordance with the Australian Accounting Standards. – We assessed whether loans maturing within twelve months from the reporting date were classified as current liabilities.

Derivative Financial Instruments

Why significant	*How our audit addressed the key audit matter*
The Group manages interest and foreign currency risks through the use of derivative financial instruments ("derivatives") which have been set out in notes 11 and 21 of the financial report. Fair value movements in derivatives are driven by movements in financial markets. This was considered to be a key audit matter as the valuation of derivatives requires judgement, are significant to the financial statements and require extensive disclosure in the financial report. Note 39 of the financial report discloses the fair value of the Group's derivative assets and liabilities outstanding at balance date. Refer to note 2(l) of the financial report for a description of the accounting policy treatment for these liabilities and instruments.	Our audit procedures included the following; – We assessed the Group's processes for recording, reviewing and reporting the terms and conditions of its derivatives. – We evaluated the accuracy with which the Group determined the fair value of derivatives, and whether they were calculated in accordance with Australian Accounting Standards. – We confirmed derivatives to third party sources. – We tested that the fair value movements on derivatives during the period were recognised in the consolidated income statement.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial report

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

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 34 of the Directors' Report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Engagement Partner

Sydney

22 February 2018

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**31 Dec 17 $million**	31 Dec 16 $million
Revenue			
Property revenue	4	**630.1**	512.0
Property development and project management revenue		**733.1**	555.4
Property management income		**56.3**	55.2
		1,419.5	1,122.6
Share of after tax profits of equity accounted entities			
Property revenue		**685.6**	675.8
Property revaluations	9	**279.2**	491.2
Property expenses, outgoings and other costs		**(229.9)**	(224.4)
Net interest expense		**(62.7)**	(80.0)
Tax expense		**(0.6)**	(0.5)
	15(a)	**671.6**	862.1
Expenses			
Property expenses, outgoings and other costs		**(283.1)**	(223.2)
Property development and project management costs		**(629.7)**	(462.4)
Property management costs		**(21.6)**	(22.1)
Overheads		**(119.9)**	(116.1)
		(1,054.3)	(823.8)
Interest income		**13.2**	18.8
Currency gain/(loss)	5	**(2.2)**	8.6
Financing costs	6	**(136.0)**	(60.5)
Gain/(loss) in respect of capital transactions	7	**(23.6)**	1.7
Property revaluations	9	**568.2**	513.8
Intangible amortisation and impairment	9	**(22.9)**	–
Profit before tax for the period		**1,433.5**	1,643.3
Tax credit/(expense)	8	**117.7**	(277.2)
Profit after tax for the period		**1,551.2**	1,366.1
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		**1,551.2**	1,366.1
– External non controlling interests		**–**	–
Profit after tax for the period		**1,551.2**	1,366.1

Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:			
Westfield Corporation Limited (WCL) members		**497.5**	331.8
WFD Trust (WFDT) members		**226.6**	175.0
Westfield America Trust (WAT) members		**827.1**	859.3
Net profit attributable to members of Westfield Corporation		**1,551.2**	1,366.1

		cents	cents
Basic earnings per WCL share		**23.94**	15.97
Diluted earnings per WCL share		**23.68**	15.82
Basic earnings per stapled security	26(a)	**74.65**	65.74
Diluted earnings per stapled security	26(a)	**73.84**	64.87

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 17 $million	31 Dec 16 $million
Profit after tax for the period	**1,551.2**	1,366.1
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Net exchange difference on translation of foreign operations	**289.8**	(517.9)
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(50.8)**	(58.9)
Total other comprehensive income	**239.0**	(576.8)
Total comprehensive income for the period	**1,790.2**	789.3
Total comprehensive income attributable to:		
– Members of Westfield Corporation	**1,776.9**	789.3
– External non controlling interests	**13.3**	–
Total comprehensive income for the period	**1,790.2**	789.3

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**399.6**	254.4
WFDT members [(ii)]	**652.9**	(326.3)
WAT members [(ii)]	**724.4**	861.2
Total comprehensive income attributable to members of Westfield Corporation	**1,776.9**	789.3

(i) The portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of $1,053.7 million (31 December 2016: $1,034.3 million) and the net exchange gain on translation of foreign operations of $323.6 million (31 December 2016 loss of: $499.4 million).

Balance Sheet

AS AT 31 DECEMBER 2017

	Note	**31 Dec 17 $million**	31 Dec 16 $million
Current assets			
Cash and cash equivalents	10(a)	**501.2**	292.1
Trade debtors		**35.6**	22.6
Derivative assets	11	**–**	25.7
Receivables		**135.2**	185.0
Inventories and development projects		**69.0**	40.9
Other	12	**47.9**	51.2
Total current assets		**788.9**	617.5
Non current assets			
Investment properties	13	**9,978.3**	8,339.8
Equity accounted investments	15(c)	**9,159.5**	8,236.9
Other property investments	16	**287.6**	607.9
Inventories and development projects		**352.7**	285.9
Derivative assets	11	**92.7**	158.9
Receivables		**214.5**	206.5
Plant and equipment	17	**149.2**	144.1
Deferred tax assets	8(b)	**19.4**	16.7
Other	12	**211.5**	151.3
Total non current assets		**20,465.4**	18,148.0
Total assets		**21,254.3**	18,765.5
Current liabilities			
Trade creditors		**44.6**	29.2
Payables and other creditors	18	**862.3**	722.7
Interest bearing liabilities	19	**3.5**	753.3
Other financial liabilities	20	**2.6**	2.8
Tax payable		**41.7**	29.2
Derivative liabilities	21	**–**	2.6
Total current liabilities		**954.7**	1,539.8
Non current liabilities			
Payables and other creditors	18	**78.2**	102.8
Interest bearing liabilities	19	**7,225.6**	5,261.0
Other financial liabilities	20	**259.0**	263.3
Deferred tax liabilities	8(c)	**1,835.8**	1,967.2
Derivative liabilities	21	**22.0**	21.2
Total non current liabilities		**9,420.6**	7,615.5
Total liabilities		**10,375.3**	9,155.3
Net assets		**10,879.0**	9,610.2
Equity attributable to members of WCL			
Contributed equity	22(b)	**843.7**	853.1
Reserves	23	**(120.4)**	(36.3)
Retained profits	24	**1,589.5**	1,092.0
Total equity attributable to members of WCL		**2,312.8**	1,908.8
Equity attributable to WFDT members			
Contributed equity	22(b)	**5,613.5**	5,613.5
Reserves	23	**(1,224.3)**	(1,650.6)
Retained profits	24	**560.0**	425.9
Total equity attributable to WFDT members		**4,949.2**	4,388.8
Equity attributable to WAT members			
Contributed equity	22(b)	**4,957.5**	4,957.5
Reserves	23	**639.9**	742.6
Retained profits	24	**(2,053.9)**	(2,447.7)
Total equity attributable to WAT members		**3,543.5**	3,252.4
Equity attributable to external non controlling interests			
Contributed equity		**60.2**	60.2
Reserves		**13.3**	–
Retained profits		**–**	–
Total equity attributable to external non controlling interests		**73.5**	60.2
Total equity		**10,879.0**	9,610.2
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		**2,312.8**	1,908.8
WFDT members		**4,949.2**	4,388.8
WAT members		**3,543.5**	3,252.4
Total equity attributable to members of Westfield Corporation		**10,805.5**	9,550.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Comprehensive Income 31 Dec 17 $million	Equity and Reserves 31 Dec 17 $million	**Total 31 Dec 17 $million**	Total 31 Dec 16 $million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,424.1	**11,424.1**	11,440.7
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(9.4)	**(9.4)**	(16.6)
Closing balance of contributed equity	–	11,414.7	**11,414.7**	11,424.1
Opening balance of reserves	–	(944.3)	**(944.3)**	(366.6)
– Movement in foreign currency translation reserve (i) (ii)	225.7	–	**225.7**	(576.8)
– Movement in employee share plan benefits reserve (i)	–	13.8	**13.8**	(0.9)
Closing balance of reserves	225.7	(930.5)	**(704.8)**	(944.3)
Opening balance of retained profits/(accumulated losses)	–	(929.8)	**(929.8)**	(1,774.3)
– Profit after tax for the period (ii)	1,551.2	–	**1,551.2**	1,366.1
– Dividend/distribution paid	–	(525.8)	**(525.8)**	(521.6)
Closing balance of retained profits/(accumulated losses)	1,551.2	(1,455.6)	**95.6**	(929.8)
Closing balance of equity attributable to members of Westfield Corporation	1,776.9	9,028.6	**10,805.5**	9,550.0
Changes in equity attributable to external non controlling interests				
Opening balance of equity	–	60.2	**60.2**	–
– External non controlling interests consolidated during the period	–	–	**–**	60.2
– Movement in foreign currency translation reserve	13.3	–	**13.3**	–
Closing balance of equity attributable to external non controlling interests	13.3	60.2	**73.5**	60.2
Total equity	1,790.2	9,088.8	**10,879.0**	9,610.2

Closing balance of equity attributable to:				
– WCL members	399.6	1,913.2	**2,312.8**	1,908.8
– WFDT members	652.9	4,296.3	**4,949.2**	4,388.8
– WAT members	724.4	2,819.1	**3,543.5**	3,252.4
Closing balance of equity attributable to members of Westfield Corporation	1,776.9	9,028.6	**10,805.5**	9,550.0

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange gain on translation of foreign operations of $323.6 million (31 December 2016 loss of: $499.4 million) and net credit to the employee share plan benefits reserve of nil (31 December 2016: nil).

(ii) Total comprehensive income for the period amounts to a gain of $1,776.9 million (31 December 2016: $789.3 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 17 $million	31 Dec 16 $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,586.5**	1,345.9
Payments in the course of operations (including sales tax)		**(1,069.1)**	(977.2)
Dividends/distributions received from equity accounted associates		**290.6**	296.0
Net payment of interest on borrowings and derivatives		**(103.8)**	(26.8)
Interest received		**17.7**	19.8
Income and withholding taxes paid		**(14.0)**	(53.9)
Sales tax paid		**(4.1)**	(79.8)
Net cash flows from operating activities	10(b)	**703.8**	524.0
Cash flows from investing activities			
Expenditure on property investments, intangibles and plant and equipment – consolidated		**(730.0)**	(855.0)
Expenditure on property investments, intangibles and plant and equipment – equity accounted		**(406.4)**	(290.3)
Acquisition of property and investments – consolidated		**(62.2)**	(351.0)
Acquisition of property and investments – equity accounted		**(98.5)**	(14.7)
Proceeds from the disposition of property and investments and plant and equipment – consolidated		**274.9**	54.9
Tax paid on disposition of property investments		**–**	(6.7)
Financing costs capitalised to qualifying development projects and construction in progress of property investments		**(86.9)**	(108.0)
Net cash flows used in investing activities		**(1,109.1)**	(1,570.8)
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**1,124.3**	787.4
Dividends/distributions paid		**(525.8)**	(521.6)
Net cash flows from financing activities		**598.5**	265.8
Net increase/(decrease) in cash and cash equivalents held		**193.2**	(781.0)
Add opening cash and cash equivalents brought forward		**292.1**	1,106.8
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**15.9**	(33.7)
Cash and cash equivalents at the end of the period	10(a)	**501.2**	292.1

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2017 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 22 February 2018.

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

(b) Proposed acquisition of the Group

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

Under the terms of the agreement, the Group's securityholders will receive a combination of US$2.67 of cash and 0.01844 securities in Unibail-Rodamco for each Westfield stapled security.

Prior to implementation of the Transaction, it is proposed that a 90% interest in OneMarket (formerly Westfield Retail Solutions), Westfield's retail technology platform, will be spun-off from the Group into a newly formed ASX listed entity. The Merged Group will retain the remaining 10% interest in OneMarket. The ASX listed entity that will hold the 90% interest in OneMarket will be demerged to the Group's securityholders on a pro rata basis shortly prior to closing of the Transaction. The Transaction is not conditional on the demerger occurring. The net assets attributable to the division associated with OneMarket activities at 31 December 2017 comprise $197.5 million cash and cash equivalents, $57.3 million goodwill, $42.4 million of capitalised retail technology network and system development costs, $6.6 million unlisted investment and $2.9 million other creditors.

(c) Statement of Compliance

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

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

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

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2017. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group has assessed the impact of the adoption of this standard. It is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 16 Leases (effective from 1 January 2019)

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

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

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

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

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

(d) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(e) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Company and each of its controlled entities which include WFDT and WAT (Subsidiaries) as from the date the Parent Company obtained control until such time control ceased. The Parent Company and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Company, adjustments have been made so as to achieve consistency within the Group.

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

i) Joint arrangements

Joint operations

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

Joint ventures

The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Group and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint venture.

ii) Controlled entities

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

(b) Investment properties

The Group's investment properties include shopping centre investments as well as development projects and construction in progress.

i) Shopping centre investments

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

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

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

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

The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors, and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 14 for further details on investment properties.

(c) Other property investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

i) Presentation currency

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

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

Revenue from property management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

The Parent Company and its Australian resident wholly owned subsidiaries have formed a Tax Consolidated Group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss of the subsidiary at the current tax rate. The Tax Consolidated Group has applied the modified separate tax payer approach in determining the appropriate amount of current taxes to allocate.

ii) WFDT

Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WFDT's constitution.

iii) WAT

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WAT's constitution.

Westfield America, Inc. (WEA), a subsidiary of WAT, is a Real Estate Investment Trust (REIT) for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders. Dividends paid by WEA to WAT are subject to United States withholding taxes.

Under current Australian income tax legislation, holders of the stapled securities of the Group may be entitled to receive a foreign income tax offset for United States withholding tax deducted from dividends paid to WAT by WEA.

iv) Deferred tax

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

The net amount of sales tax payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financing costs

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

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

(i) Inventories and development projects

Inventories and development projects are carried at the lower of cost or net realisable value. Costs include acquisition costs such as purchase price of the land, direct costs associated with the acquisitions, development and construction costs and holding costs. Profit is recognised on inventories and development projects with third parties on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(j) Intangible assets

Intangible assets comprise of goodwill on business combination and retail technology network and system development costs.

Goodwill on business combination represents the excess of acquisition costs over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is assessed for impairment and written down to their expected recoverable amount as required at each reporting period.

The Group incurs research and development costs on retail technology network and systems. Research costs are expensed as incurred. Development costs comprise external direct costs of materials and services and payroll related costs of employee time spent on the project. Development costs are only capitalised where they are expected to contribute future economic benefits through use or sale.

Capitalised development costs are assessed for impairment and written down to their expected recoverable amount as required at each reporting date. Amortisation of capitalised development costs begins when development is complete and is available for use. It is amortised over the period of expected future benefit. Development costs are carried at cost less any accumulated amortisation and accumulated impairment losses.

(k) Contributed equity

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

(l) Derivative and other financial instruments

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

i) Financial assets

Cash and cash equivalents

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

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

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

– Fair value of quoted notes and bonds is based on price quotations at the reporting date.

– The fair value of unquoted instruments, loans from banks and other non current financial liabilities is estimated by discounting future cash flows using rates that approximate the Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

Other financial liabilities include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement.

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(m) Earnings per security

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

(n) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 SEGMENTAL REPORTING

Operating segments

The Group's operating segments are as follows:

a) The Group's operational segments comprises the property investment and the property and project management segments.

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of $450 million, specialty annual sales in excess of $500 per square foot and anchored by premium department stores.

(ii) Property and project management

Property and project management segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of investment properties, change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, intangible amortisation and impairment, gain/(loss) and financing costs in respect of capital transactions and the corporate business unit are not allocated to the above segments and are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

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

(a) Operating segments for the year ended 31 December 2017

(i) Income and expenses

	Operational			
31 December 2017	Property investments $million	Property and project management $million	**Corporate** $million	**Total** $million
Revenue [i]				
Property revenue	1,315.7	–	–	1,315.7
Property development and project management revenue [ii]	–	733.1	–	733.1
Property management income	–	56.3	–	56.3
	1,315.7	**789.4**	**–**	**2,105.1**
Expenses				
Property expenses, outgoings and other costs	(513.0)	–	–	(513.0)
Property development and project management costs [iii]	–	(629.7)	–	(629.7)
Property management costs	–	(21.6)	–	(21.6)
Overheads	–	–	(119.9)	(119.9)
	(513.0)	**(651.3)**	**(119.9)**	**(1,284.2)**
Segment result	**802.7**	**138.1**	**(119.9)**	**820.9**
Property revaluations				568.2
Equity accounted – property revaluations				279.2
Currency gain/(loss)				(2.2)
Gain/(loss) in respect of capital transactions [iv]				(23.6)
Intangible amortisation and impairment [v]				(22.9)
Interest income				13.4
Financing costs				(198.9)
Tax credit/(expense) [vi]				117.1
External non controlling interests				–
Net profit attributable to members of the Group				**1,551.2**

(i) Total revenue of $2,105.1 million comprises of revenue from United States of $1,400.7 million and United Kingdom of $704.4 million.

(ii) Includes $2.4 million in respect of the division associated with OneMarket activities.

(iii) Includes $22.9 million in respect of the division associated with OneMarket activities.

(iv) Includes $7.2 million in relation to investment activities by the division associated with OneMarket activities.

(v) Relates to the division associated with OneMarket activities.

(vi) Includes $11.9 million of tax benefit attributable to the underlying operations of the division associated with OneMarket activities.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(ii) Net property income

	Flagship $million	**Regional and other property investments** $million	**Total** $million
Shopping centre base rent and other property income	973.3	397.1	1,370.4
Amortisation of leasing incentives and related leasing costs	(31.7)	(23.0)	(54.7)
Property revenue	941.6	374.1	1,315.7
Property expenses, outgoings and other costs	(326.2)	(186.8)	(513.0)
Net property income	**615.4**	**187.3**	**802.7**

(iii) Revaluation

	Flagship $million	**Regional and other property investments** $million	**Total** $million
Property revaluations	1,000.2	(152.8)	847.4
	1,000.2	**(152.8)**	**847.4**

(iv) Currency gain/(loss)	
Realised gain on income hedging currency derivatives	–
Net fair value loss on currency derivatives that do not qualify for hedge accounting	(2.2)
	(2.2)

(v) Financing costs	
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(271.7)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(40.9)
Finance leases interest expense	(3.4)
Interest expense on other financial liabilities	(16.9)
Net fair value gain on other financial liabilities	4.0
Financing costs capitalised to qualifying development projects, construction in progress and inventories	130.0
	(198.9)

(vi) Tax credit/(expense)	
Current – underlying operations	(20.2)
Deferred tax	137.3
	117.1

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(vii) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2017	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	630.1	685.6	1,315.7
Property development and project management revenue	733.1	–	733.1
Property management income	56.3	–	56.3
	1,419.5	**685.6**	**2,105.1**
Expenses			
Property expenses, outgoings and other costs	(283.1)	(229.9)	(513.0)
Property development and project management costs	(629.7)	–	(629.7)
Property management costs	(21.6)	–	(21.6)
Overheads	(119.9)	–	(119.9)
	(1,054.3)	**(229.9)**	**(1,284.2)**
Segment result	**365.2**	**455.7**	**820.9**
Property revaluations	568.2	–	568.2
Equity accounted – property revaluations	–	279.2	279.2
Currency gain/(loss)	(2.2)	–	(2.2)
Gain/(loss) in respect of capital transactions	(23.6)	–	(23.6)
Intangible amortisation and impairment	(22.9)	–	(22.9)
Interest income	13.2	0.2	13.4
Financing costs	(136.0)	(62.9)	(198.9)
Tax credit/(expense)	117.7	(0.6)	117.1
External non controlling interests	–	–	–
Net profit attributable to members of the Group	**879.6**	**671.6**	**1,551.2**
Assets and liabilities			
Cash	501.2	66.5	567.7
Shopping centre investments	8,866.1	10,622.3	19,488.4
Development projects and construction in progress	1,112.2	765.2	1,877.4
Other property investments	287.6	–	287.6
Inventories and development projects	421.7	4.6	426.3
Other receivables	349.7	–	349.7
Other assets	556.3	85.7	642.0
Total segment assets	**12,094.8**	**11,544.3**	**23,639.1**
Interest bearing liabilities	7,229.1	2,169.6	9,398.7
Other financial liabilities [(i)]	261.6	10.6	272.2
Deferred tax liabilities	1,835.8	–	1,835.8
Other liabilities	1,048.8	204.6	1,253.4
Total segment liabilities	**10,375.3**	**2,384.8**	**12,760.1**
Total segment net assets	**1,719.5**	**9,159.5**	**10,879.0**

(i) Other financial liabilities comprises $222.5 million convertible/redeemable preference shares and $49.7 million of finance leases.

(viii) Assets and liabilities

	Operational			
As at 31 December 2017	Property investments $million	Property and project management $million	Corporate $million	Total $million
Total segment assets	23,361.2	99.4	178.5	23,639.1
Total segment liabilities	1,098.4	4.5	11,657.2	12,760.1
Total segment net assets	22,262.8	94.9	(11,478.7)	10,879.0
Equity accounted associates included in – segment assets	11,544.3	–	–	11,544.3
Equity accounted associates included in – segment liabilities	204.6	–	2,180.2	2,384.8
Additions to segment non current assets during the period	1,376.6	–	–	1,376.6

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2017

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2017	Consolidated $million	Equity Accounted $million	Total $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,586.5	675.4	2,261.9
Payments in the course of operations (including sales tax)	(1,069.1)	(295.0)	(1,364.1)
Net payments of interest on borrowings and derivatives	(103.8)	(62.8)	(166.6)
Interest received	17.7	0.2	17.9
Income and withholding taxes paid	(14.0)	–	(14.0)
Sales tax paid	(4.1)	–	(4.1)
Net cash flows from operating activities	**413.2**	**317.8**	**731.0**
Cash flows from investing activities			
Expenditure on property investments, intangibles and plant and equipment – consolidated	(730.0)	–	(730.0)
Expenditure on property investments, intangibles and plant and equipment – equity accounted	–	(406.4)	(406.4)
Acquisition of property and investments – consolidated	(62.2)	–	(62.2)
Acquisition of property and investments – equity accounted	–	(98.5)	(98.5)
Proceeds from the disposition of property and investments and plant and equipment – consolidated	274.9	–	274.9
Tax paid on disposition of property investments	–	–	–
Financing costs capitalised to qualifying development projects and construction in progress of property investments	(86.9)	(25.7)	(112.6)
Net cash flows used in investing activities	**(604.2)**	**(530.6)**	**(1,134.8)**
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	1,124.3	–	1,124.3
Dividends/distributions paid	(525.8)	–	(525.8)
Net cash flows from financing activities	**598.5**	**–**	**598.5**
Net increase in cash and cash equivalents held			194.7
Add opening cash and cash equivalents brought forward			357.1
Effects of exchange rate changes on opening cash and cash equivalents brought forward			15.9
Cash and cash equivalents at the end of the period			**567.7**

Historical cash flow summary on proportionate format

	6 months to 31 Dec 15 $million	6 months to 30 Jun 16 $million	6 months to 31 Dec 16 $million	6 months to 30 Jun 17 $million	6 months to 31 Dec 17 $million
Net cash flows from operating activities	553.5	159.0	347.2	313.2	417.8
Net cash flows from/(used in) investing activities	226.4	(535.5)	(1,047.4)	(709.4)	(425.4)
Net cash flows from/(used in) financing activities (exclude distributions paid)	278.1	(5.6)	793.0	778.1	346.2
Dividends/distributions paid	(260.8)	(260.8)	(260.8)	(260.8)	(265.0)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(i) Income and expenses

31 December 2016	Operational: Property investments $million	Operational: Property and project management $million	**Corporate** $million	**Total** $million
Revenue [(i)]				
Property revenue	1,187.8	–	–	1,187.8
Property development and project management revenue	–	555.4	–	555.4
Property management income	–	55.2	–	55.2
	1,187.8	**610.6**	**–**	**1,798.4**
Expenses				
Property expenses, outgoings and other costs	(447.6)	–	–	(447.6)
Property development and project management costs	–	(462.4)	–	(462.4)
Property management costs	–	(22.1)	–	(22.1)
Overheads	–	–	(116.1)	(116.1)
	(447.6)	**(484.5)**	**(116.1)**	**(1,048.2)**
Segment result	**740.2**	**126.1**	**(116.1)**	**750.2**
Property revaluations				513.8
Equity accounted – property revaluations				491.2
Currency gain/(loss)				8.6
Gain/(loss) in respect of capital transactions				1.7
Interest income				18.8
Financing costs				(140.5)
Tax credit/(expense)				(277.7)
External non controlling interests				–
Net profit attributable to members of the Group				**1,366.1**

(i) Total revenue of $1,798.4 million comprises of revenue from United States of $1,249.2 million and United Kingdom of $549.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(ii) Net property income

	Flagship $million	**Regional and other property investments** $million	**Total** $million
Shopping centre base rent and other property income	857.7	385.0	1,242.7
Amortisation of leasing incentives and related leasing costs	(30.4)	(24.5)	(54.9)
Property revenue	827.3	360.5	1,187.8
Property expenses, outgoings and other costs	(280.6)	(167.0)	(447.6)
Net property income	**546.7**	**193.5**	**740.2**

(iii) Revaluation

	Flagship $million	**Regional and other property investments** $million	**Total** $million
Property revaluations	1,081.0	(76.0)	1,005.0
	1,081.0	**(76.0)**	**1,005.0**

(iv) Currency gain/(loss)	
Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	8.6
	8.6

(v) Financing costs	
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(212.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(68.5)
Finance leases interest expense	(3.5)
Interest expense on other financial liabilities	(18.9)
Net fair value gain on other financial liabilities	29.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories	133.5
	(140.5)

(vi) Tax credit/(expense)	
Current – underlying operations	(21.8)
Deferred tax	(255.9)
	(277.7)

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(vii) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2016	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	512.0	675.8	1,187.8
Property development and project management revenue	555.4	–	555.4
Property management income	55.2	–	55.2
	1,122.6	**675.8**	**1,798.4**
Expenses			
Property expenses, outgoings and other costs	(223.2)	(224.4)	(447.6)
Property development and project management costs	(462.4)	–	(462.4)
Property management costs	(22.1)	–	(22.1)
Overheads	(116.1)	–	(116.1)
	(823.8)	**(224.4)**	**(1,048.2)**
Segment result	**298.8**	**451.4**	**750.2**
Property revaluations	513.8	–	513.8
Equity accounted – property revaluations	–	491.2	491.2
Currency gain/(loss)	8.6	–	8.6
Gain/(loss) in respect of capital transactions	1.7	–	1.7
Interest income	18.8	–	18.8
Financing costs	(60.5)	(80.0)	(140.5)
Tax credit/(expense)	(277.2)	(0.5)	(277.7)
Net profit attributable to members of the Group	**504.0**	**862.1**	**1,366.1**
Assets and liabilities			
Cash	292.1	65.0	357.1
Shopping centre investments	7,008.0	9,830.1	16,838.1
Development projects and construction in progress	1,331.8	614.7	1,946.5
Other property investments	607.9	–	607.9
Inventories and development projects	326.8	5.7	332.5
Other assets	962.0	70.4	1,032.4
Total segment assets	**10,528.6**	**10,585.9**	**21,114.5**
Interest bearing liabilities	6,014.3	2,130.6	8,144.9
Other financial liabilities [(i)]	266.1	10.4	276.5
Deferred tax liabilities	1,967.2	–	1,967.2
Other liabilities	907.7	208.0	1,115.7
Total segment liabilities	**9,155.3**	**2,349.0**	**11,504.3**
Total segment net assets	**1,373.3**	**8,236.9**	**9,610.2**

[(i)] Other financial liabilities comprises $226.4 million convertible/redeemable preference shares and $50.1 million of finance leases.

(viii) Assets and liabilities

	Operational			
As at 31 December 2016	Property investments $million	Property and project management $million	**Corporate** $million	**Total** $million
Total segment assets	20,474.3	60.0	580.2	21,114.5
Total segment liabilities	998.7	2.9	10,502.7	11,504.3
Total segment net assets	19,475.6	57.1	(9,922.5)	9,610.2
Equity accounted associates included in – segment assets	10,585.9	–	–	10,585.9
Equity accounted associates included in – segment liabilities	208.0	–	2,141.0	2,349.0
Additions to segment non current assets during the period	1,403.1	–	–	1,403.1

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2016

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2016	Consolidated $million	Equity Accounted $million	Total $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,345.9	578.6	1,924.5
Payments in the course of operations (including sales tax)	(977.2)	(208.3)	(1,185.5)
Net payments of interest on borrowings and derivatives	(26.8)	(92.1)	(118.9)
Interest received	19.8	–	19.8
Income and withholding taxes paid	(53.9)	–	(53.9)
Sales tax paid	(79.8)	–	(79.8)
Net cash flows from operating activities	**228.0**	**278.2**	**506.2**
Cash flows used in investing activities			
Expenditure on property investments, intangibles and plant and equipment – consolidated	(855.0)	–	(855.0)
Expenditure on property investments, intangibles and plant and equipment – equity accounted	–	(290.3)	(290.3)
Acquisition of property and investments – consolidated	(351.0)	–	(351.0)
Acquisition of property and investments – equity accounted	–	(14.7)	(14.7)
Proceeds from the disposition of property and investments and plant and equipment – consolidated	54.9	–	54.9
Tax paid on disposition of property investments	(6.7)	–	(6.7)
Financing costs capitalised to qualifying development projects and construction in progress	(108.0)	(12.1)	(120.1)
Net cash flows used in investing activities	**(1,265.8)**	**(317.1)**	**(1,582.9)**
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	787.4	–	787.4
Dividends/distributions paid	(521.6)	–	(521.6)
Net cash flows from financing activities	**265.8**	**–**	**265.8**
Net decrease in cash and cash equivalents held			(810.9)
Add opening cash and cash equivalents brought forward			1,206.8
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(38.8)
Cash and cash equivalents at the end of the period			**357.1**

	Note	**31 Dec 17 $million**	31 Dec 16 $million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**651.8**	534.1
Amortisation of leasing incentives and related leasing costs		**(21.7)**	(22.1)
		630.1	512.0
NOTE 5 CURRENCY GAIN/(LOSS)			
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	9	**(2.2)**	8.6
		(2.2)	8.6
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(183.8)**	(121.4)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	9	**(40.9)**	(68.5)
Finance leases interest expense		**(2.7)**	(2.8)
Interest expense on other financial liabilities		**(16.9)**	(18.9)
Net fair value gain on other financial liabilities	9	**4.0**	29.7
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**104.3**	121.4
		(136.0)	(60.5)

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Proceeds from asset dispositions		**274.9**	56.1
Less: carrying value of assets disposed and other capital costs		**(281.0)**	(54.4)
Deferred consideration and costs in respect of assets acquired		**(7.2)**	–
Cost in respect of the Transaction [i]		**(10.3)**	–
	9	**(23.6)**	1.7

[i] Cost incurred up to 31 December 2017 in respect of the implementation of the Transaction for Unibail-Rodamco to acquire the Group. Refer to Note 1(b).

NOTE 8 TAXATION

(a) Tax credit/(expense)

	Note	31 Dec 17 $million	31 Dec 16 $million
Current – underlying operations		**(19.6)**	(21.3)
Deferred tax [i]	9	**137.3**	(255.9)
		117.7	(277.2)

[i] Includes a one time deferred tax credit of $82.6 million following confirmation of an increase to the taxable cost base of certain property investments in the United Kingdom and a one time deferred tax credit of $237.0 million following the reduction of United States corporate tax rate from 35% to 21%.

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

	31 Dec 17 $million	31 Dec 16 $million
Profit before income tax	**1,433.5**	1,643.3
Prima facie tax expense at 30% (31 December 2016: Prima facie tax expense at 30%)	**(430.1)**	(493.0)
Trust income not taxable for the Group – tax payable by securityholders	**(22.1)**	10.6
Differential of effective tax rates on foreign income	**257.4**	204.7
Capital transactions not deductible	**(7.1)**	0.5
Change in taxable cost base of certain property investments in the United Kingdom	**82.6**	–
Deferred tax – change in tax rates	**237.0**	–
Tax credit/(expense)	**117.7**	(277.2)

(b) Deferred tax assets

	31 Dec 17 $million	31 Dec 16 $million
Provisions and accruals	**19.4**	16.7
	19.4	16.7

(c) Deferred tax liabilities

	31 Dec 17 $million	31 Dec 16 $million
Tax effect of book value in excess of the tax cost base of investment properties	**1,813.9**	1,945.3
Unrealised fair value gain on financial derivatives	**2.4**	4.4
Other timing differences	**19.5**	17.5
	1,835.8	1,967.2

NOTE 9 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	31 Dec 17 $million	31 Dec 16 $million
Property revaluations		**568.2**	513.8
Equity accounted property revaluations		**279.2**	491.2
Amortisation of leasing incentives and related leasing costs		**(21.7)**	(22.1)
Equity accounted amortisation of leasing incentives and related leasing costs		**(33.0)**	(32.8)
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	5	**(2.2)**	8.6
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(40.9)**	(68.5)
Net fair value gain on other financial liabilities	6	**4.0**	29.7
Gain/(loss) in respect of capital transactions	7	**(23.6)**	1.7
Intangible amortisation and impairment		**(22.9)**	–
Deferred tax	8	**137.3**	(255.9)

	31 Dec 17 $million	31 Dec 16 $million
NOTE 10 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**501.2**	292.1
Total cash and cash equivalents	**501.2**	292.1
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**1,551.2**	1,366.1
Property revaluations	**(568.2)**	(513.8)
Share of equity accounted profit in excess of dividend/distribution	**(381.0)**	(566.1)
Deferred tax	**(137.3)**	255.9
Net fair value (gain)/loss on currency derivatives	**2.2**	(8.6)
Financing costs capitalised to qualifying development projects and construction in progress	**86.9**	108.0
(Gain)/loss in respect of capital transactions	**23.6**	(1.7)
Decrease/(Increase) in working capital attributable to operating activities	**126.4**	(115.8)
Net cash flows from operating activities	**703.8**	524.0
NOTE 11 DERIVATIVE ASSETS		
Current		
Receivables on interest rate derivatives	**–**	25.7
	–	25.7
Non Current		
Receivables on interest rate derivatives	**16.3**	29.6
Receivables on currency derivatives	**76.4**	129.3
	92.7	158.9
Total derivative assets	**92.7**	184.6

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2017, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $92.7 million are reduced by $22.0 million to the net amount of $70.7 million (31 December 2016: derivative assets of $184.6 million are reduced by $23.8 million to the net amount of $160.8 million).

	31 Dec 17 $million	31 Dec 16 $million
NOTE 12 OTHER		
Current		
Prepayments and deposits	**27.2**	26.1
Deferred costs – other	**20.7**	25.1
	47.9	51.2
Non Current		
Intangibles [(i)]	**181.4**	131.8
Deferred costs – other	**30.1**	19.5
	211.5	151.3

[(i)] Comprises $57.3 million goodwill, $81.7 million management and development rights in respect of United Kingdom shopping centres and $42.4 million retail technology network and system development costs.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 13 INVESTMENT PROPERTIES		
Shopping centre investments	**8,866.1**	7,008.0
Development projects and construction in progress	**1,112.2**	1,331.8
	9,978.3	8,339.8
Movement in total investment properties		
Balance at the beginning of the year	**8,339.8**	7,478.0
Acquisition of properties	**–**	68.2
Disposal of properties	**(0.8)**	(52.3)
Reclassification to inventories and development projects	**–**	(285.9)
Minority interest consolidated during the period	**–**	60.2
Redevelopment costs	**796.3**	1,026.4
Net revaluation increment	**603.8**	503.2
Retranslation of foreign operations	**239.2**	(458.0)
Balance at the end of the year (i)	**9,978.3**	8,339.8

(i) The fair value of investment properties at the end of the year of $9,978.3 million (31 December 2016: $8,339.8 million) comprises investment properties at market value of $9,939.2 million (31 December 2016: $8,300.1 million) and ground leases included as finance leases of $39.1 million (31 December 2016: $39.7 million).

NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS

Consolidated shopping centres	13	**8,866.1**	7,008.0
Equity accounted shopping centres	15(c)	**10,622.3**	9,830.1
		19,488.4	16,838.1

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

United States shopping centres
- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres
- CBRE Limited
- GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 17 $million	Estimated Yield (i) 31 Dec 17 %	Carrying Amount 31 Dec 16 $million	Estimated Yield (i) 31 Dec 16 %
Flagship and Regional				
Flagship				
– United States	**12,610.7**	**4.34%**	10,340.7	4.44%
– United Kingdom	**3,959.9**	**4.47%**	3,530.6	4.45%
	16,570.6	**4.37%**	13,871.3	4.44%
Regional				
– United States	**2,917.8**	**5.63%**	2,966.8	5.55%
Total	**19,488.4**	**4.56%**	16,838.1	4.64%

(i) The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would result in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of $1,925.7 million (31 December 2016: $1,638.0 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of $2,400.0 million (31 December 2016: $2,033.6 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**565.5**	559.3	**120.1**	116.5	**685.6**	675.8
Share of after tax profit of equity accounted entities	**510.8**	628.5	**160.8**	233.6	**671.6**	862.1

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**510.8**	628.5	**160.8**	233.6	**671.6**	862.1
Other comprehensive income (i)	**–**	–	**130.4**	(230.3)	**130.4**	(230.3)
Share of total comprehensive income of equity accounted entities	**510.8**	628.5	**291.2**	3.3	**802.0**	631.8

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

		United States		United Kingdom		Total	
	Note	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**35.8**	42.0	**30.7**	23.0	**66.5**	65.0
Shopping centre investments		**8,760.2**	8,227.1	**1,862.1**	1,603.0	**10,622.3**	9,830.1
Development projects and construction in progress		**467.1**	389.3	**298.1**	225.4	**765.2**	614.7
Inventories and other development projects		**4.6**	5.7	**–**	–	**4.6**	5.7
Other assets		**45.1**	40.9	**40.6**	29.5	**85.7**	70.4
Total assets		**9,312.8**	8,705.0	**2,231.5**	1,880.9	**11,544.3**	10,585.9
Payables		**(153.6)**	(173.0)	**(61.6)**	(45.4)	**(215.2)**	(218.4)
Interest bearing liabilities – current (i)	19(d)	**(34.3)**	(4.9)	**–**	–	**(34.3)**	(4.9)
Interest bearing liabilities – non current (i)	19(d)	**(1,628.6)**	(1,662.9)	**(506.7)**	(462.8)	**(2,135.3)**	(2,125.7)
Total liabilities		**(1,816.5)**	(1,840.8)	**(568.3)**	(508.2)	**(2,384.8)**	(2,349.0)
Net assets		**7,496.3**	6,864.2	**1,663.2**	1,372.7	**9,159.5**	8,236.9

(i) The fair value of interest bearing liabilities was $2,183.0 million compared to the book value of $2,169.6 million (31 December 2016: $2,167.9 million compared to the book value of $2,130.6 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 17	Economic interest 31 Dec 16
(d) Equity accounted entities economic interest				
United Kingdom investments (i)				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City (ii)	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments (i)				
Annapolis (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert (iii)	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita (iii)	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull (iii)	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton (iii)	Partnership units	31 Dec	**52.6%**	52.6%

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) Stratford is considered a material joint venture with Canneth Limited Partnership Inc. Summarised financial information are as follows: Revenue of $107.8 million (31 December 2016: $102.4 million), total assets of $1,891.3 million and total liabilities of $542.3 million (31 December 2016: total assets $1,644.4 million and total liabilities of $495.8 million).

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**–**	297.8
Unlisted investments	**287.6**	310.1
	287.6	607.9
Movement in other property investments		
Balance at the beginning of the year	**607.9**	337.4
Additions	**7.9**	254.6
Disposals	**(297.8)**	–
Net revaluation (decrement)/increment to income statement	**(30.4)**	16.6
Retranslation of foreign operations	**–**	(0.7)
Balance at the end of the year	**287.6**	607.9
NOTE 17 PLANT AND EQUIPMENT		
Plant and equipment	**149.2**	144.1
Movement in plant and equipment		
Balance at the beginning of the year	**144.1**	69.2
Additions	**41.2**	129.0
Disposals	**–**	(35.1)
Depreciation expense	**(37.7)**	(17.0)
Retranslation of foreign operations and other differences	**1.6**	(2.0)
Balance at the end of the year	**149.2**	144.1
NOTE 18 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	**815.6**	680.7
Employee benefits	**46.7**	42.0
	862.3	722.7
Non current		
Sundry creditors and accruals	**73.6**	98.6
Employee benefits	**4.6**	4.2
	78.2	102.8

	31 Dec 17 $million	31 Dec 16 $million
NOTE 19 INTEREST BEARING LIABILITIES		
Interest bearing liabilities – consolidated		
Current		
Unsecured		
Notes payable		
– US$ denominated	–	750.0
Secured		
Bank loans and mortgages		
– US$ denominated	3.5	3.3
	3.5	753.3
Non current		
Unsecured		
Bank loans		
– € denominated	267.7	213.5
– £ denominated	–	222.1
– US$ denominated	1,055.0	500.0
Notes payable		
– US$ denominated	4,250.0	3,750.0
– £ denominated	1,081.0	–
Secured		
Bank loans and mortgages		
– US$ denominated	571.9	575.4
	7,225.6	5,261.0
Total interest bearing liabilities – consolidated	7,229.1	6,014.3

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

(a) Summary of financing facilities – consolidated

	31 Dec 17 $million	31 Dec 16 $million
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	9,306.4	8,478.7
Total interest bearing liabilities	(7,229.1)	(6,014.3)
Total bank guarantees	(47.7)	(46.3)
Available financing facilities	2,029.6	2,418.1
Cash	501.2	292.1
Financing resources available at the end of the year	2,530.8	2,710.2

These facilities comprise fixed secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 17 $million	**Total interest bearing liabilities 31 Dec 17 $million**	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2017	**–**	**–**	753.3	753.3
Year ending December 2018	**3.5**	**3.5**	3.5	3.5
Year ending December 2019	**4,503.8**	**2,576.5**	4,503.8	2,130.5
Year ending December 2020	**1,322.1**	**1,172.1**	1,322.1	1,231.0
Year ending December 2021	**–**	**–**	–	–
Year ending December 2022	**775.0**	**775.0**	275.0	275.0
Year ending December 2023	**–**	**–**	–	–
Year ending December 2024	**1,000.0**	**1,000.0**	1,000.0	1,000.0
Year ending December 2025	**405.4**	**405.4**	–	–
Year ending December 2026	**121.0**	**121.0**	121.0	121.0
Year ending December 2027	**–**	**–**	–	–
Due thereafter	**1,175.6**	**1,175.6**	500.0	500.0
	9,306.4	**7,229.1**	8,478.7	6,014.3

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 17 million**	**Total interest bearing liabilities (local currency) 31 Dec 17 million**	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Unsecured notes payable – bonds	15-Sep-17	**–**	**–**	US$750.0	US$750.0
Unsecured bank loan – syndicated facility [(i)]	30-Jun-19	**US$3,250.0**	**US$1,055.0**	US$3,250.0	US$500.0
			€223.0		€147.0
			–		£180.0
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Old Orchard	1-Mar-20	**US$179.4**	**US$179.4**	US$182.7	US$182.7
Unsecured bank loan – bilateral facility	3-Jul-20	**US$150.0**	**–**	US$150.0	€56.0
Unsecured notes payable – bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable – bonds	5-Apr-22	**US$500.0**	**US$500.0**	–	–
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable – bonds	30-Mar-25	**£300.0**	**£300.0**	–	–
Secured mortgage – San Francisco Centre	1-Aug-26	**US$121.0**	**US$121.0**	US$121.0	US$121.0
Unsecured notes payable – bonds	30-Mar-29	**£500.0**	**£500.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the consolidated financing facilities and interest bearing liabilities		**9,306.4**	**7,229.1**	8,478.7	6,014.3

(i) Assumes options have been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are $575.4 million (31 December 2016: $578.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of $1,977.8 million (31 December 2016: $1,884.3 million). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 17 $million	Total interest bearing liabilities 31 Dec 17 $million	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Interest bearing liabilities – current	**34.3**	**34.3**	4.9	4.9
Interest bearing liabilities – non current	**2,135.3**	**2,135.3**	2,125.7	2,125.7
	2,169.6	**2,169.6**	2,130.6	2,130.6
(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2017	**–**	**–**	4.9	4.9
Year ending December 2018	**34.3**	**34.3**	34.3	34.3
Year ending December 2019	**513.6**	**513.6**	469.7	469.7
Year ending December 2020	**188.6**	**188.6**	188.6	188.6
Year ending December 2021	**3.2**	**3.2**	3.2	3.2
Year ending December 2022	**3.3**	**3.3**	3.3	3.3
Year ending December 2023	**501.4**	**501.4**	501.4	501.4
Year ending December 2024	**437.5**	**437.5**	437.5	437.5
Year ending December 2025	**269.2**	**269.2**	269.2	269.2
Year ending December 2026	**218.5**	**218.5**	218.5	218.5
	2,169.6	**2,169.6**	2,130.6	2,130.6

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 17 million	Total interest bearing liabilities (local currency) 31 Dec 17 million	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million
(f) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – Southgate [(i)]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage – Southcenter	11-Jan-20	**US$123.7**	**US$123.7**	US$125.9	US$125.9
Secured mortgage – Brandon	01-Mar-20	**US$69.6**	**US$69.6**	US$70.9	US$70.9
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$67.6**	**US$67.6**	US$69.0	US$69.0
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage – Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage – Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage – Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage – San Francisco Emporium	01-Aug-26	**US$218.5**	**US$218.5**	US$218.5	US$218.5
Total US$ equivalent of the equity accounted financing facilities and interest bearing liabilities		**2,169.6**	**2,169.6**	2,130.6	2,130.6

(i) The third option has been exercised to extend the loan from 2017 to 2018.

Total equity accounted secured liabilities are $2,169.6 million (31 December 2016: $2,130.6 million). The aggregate net asset value of equity accounted entities with secured borrowings is $4,093.9 million (31 December 2016: $3,780.0 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.0**	2.2
Finance leases		**0.6**	0.6
		2.6	2.8
Non current			
Convertible redeemable preference shares/units	(a)	**71.1**	70.3
Other redeemable preference shares/units	(b)	**149.4**	153.9
Finance leases		**38.5**	39.1
		259.0	263.3
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Due within one year		**2.6**	2.8
Due between one and five years		**2.9**	2.7
Due after five years		**256.1**	260.6
		261.6	266.1

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2017, the Jacobs Group holds 1,456,574 (31 December 2016: 1,493,574) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2017, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2016: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2017, 1,538,481 (31 December 2016: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

(v) As at 31 December 2017, 734,739 (31 December 2016: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

(i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to $0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, $0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 21 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**–**	2.6
	–	2.6
Non current		
Payables on interest rate derivatives	**22.0**	21.2
	22.0	21.2
Total derivatives liabilities	**22.0**	23.8

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2017, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $22.0 million are reduced by $22.0 million to the net amount of nil (31 December 2016: derivative liabilities of $23.8 million are reduced by $23.8 million to the net amount of nil).

	31 Dec 17 Securities	31 Dec 16 Securities

NOTE 22 CONTRIBUTED EQUITY

(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	$million	$million
(b) Amount of contributed equity		
of WCL	**843.7**	853.1
of WFDT	**5,613.5**	5,613.5
of WAT	**4,957.5**	4,957.5
of the Group	**11,414.7**	11,424.1
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,424.1**	11,440.7
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(9.4)**	(16.6)
Balance at the end of the year	**11,414.7**	11,424.1

NOTE 23 RESERVES

of WCL	**(120.4)**	(36.3)
of WFDT	**(1,224.3)**	(1,650.6)
of WAT	**639.9**	742.6
of the Group	**(704.8)**	(944.3)
Total reserves of the Group		
Foreign currency translation reserve	**(752.4)**	(978.1)
Employee share plan benefits reserve	**47.6**	33.8
Balance at the end of the year	**(704.8)**	(944.3)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(978.1)**	(401.3)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**225.7**	(576.8)
Balance at the end of the year	**(752.4)**	(978.1)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**33.8**	34.7
– movement in equity settled share based payment	**13.8**	(0.9)
Balance at the end of the year	**47.6**	33.8

NOTE 24 RETAINED PROFITS

of WCL	**1,589.5**	1,092.0
of WFDT	**560.0**	425.9
of WAT	**(2,053.9)**	(2,447.7)
of the Group	**95.6**	(929.8)
Movement in retained profits		
Balance at the beginning of the year	**(929.8)**	(1,774.3)
Profit after tax for the period	**1,551.2**	1,366.1
Dividend/distribution paid	**(525.8)**	(521.6)
Balance at the end of the year	**95.6**	(929.8)

	Note	Number of rights 31 Dec 17	Weighted average exercise price $ 31 Dec 17	Number of rights 31 Dec 16	Weighted average exercise price $ 31 Dec 16
NOTE 25 SHARE BASED PAYMENTS					
(a) Rights over Westfield Corporation stapled securities					
– Executive performance rights	(b)(i)	**6,172,536**	**–**	5,187,061	–
– Partnership incentive rights	(b)(ii)	**7,475,214**	**–**	6,945,086	–
– Target incentive rights	(b)(iii)	**4,589,571**	**–**	1,165,142	–
		18,237,321	**–**	13,297,289	–

Since 31 December 2017, 4,144,166 rights over Westfield Corporation stapled securities were issued. At 22 February 2018 there were 22,381,487 rights outstanding.

(b) Executive Performance Rights, Partnership Incentive Rights Plans and Target Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Executive Performance Rights		
Balance at the beginning of the year	**5,187,061**	7,971,200
Rights issued	**4,027,654**	2,542,056
Rights exercised	**(2,526,433)**	(4,053,886)
Rights forfeited	**(515,746)**	(1,272,309)
Balance at the end of the year	**6,172,536**	5,187,061

Vesting profile	Fair value granted $million 31 Dec 17	Number of rights[(i)] 31 Dec 17	Fair value granted $million 31 Dec 16	Number of rights[(i)] 31 Dec 16
2017	**–**	**–**	14.1	2,603,499
2018	**18.4**	**2,238,291**	13.6	2,268,290
2019	**24.2**	**3,032,131**	0.8	120,664
2020	**5.8**	**745,757**	0.6	95,906
2021	**1.3**	**156,357**	0.6	98,702
	49.7	**6,172,536**	29.7	5,187,061

(i) The exercise price for the EPR Plan is nil.

The EPR Plan is a plan in which senior executives and high performing employees participate. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,945,086**	6,786,586
Rights issued [(i)]	**2,964,653**	2,496,651
Rights exercised	**(1,835,404)**	(1,832,947)
Rights forfeited	**(599,121)**	(505,204)
Balance at the end of the year	**7,475,214**	6,945,086

(i) As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2017 the rights were issued subject to two performance hurdles: FFO measured over one year (2017) and development hurdle measured over four years. In 2017, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights, Partnership Incentive Rights Plans and Target Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled (continued)

Vesting profile	Fair value granted $million 31 Dec 17	Number of rights(i) 31 Dec 17	Fair value granted $million 31 Dec 16	Number of rights(i) 31 Dec 16
2017	**–**	**–**	7.4	1,889,081
2018	**10.6**	**1,680,663**	8.1	1,780,602
2019	**15.1**	**1,926,706**	11.8	2,081,431
2020	**19.4**	**2,491,204**	6.9	1,193,972
2021	**10.1**	**1,376,641**	–	–
	55.2	**7,475,214**	34.2	6,945,086

(i) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2017 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Target Incentive Rights		
Balance at the beginning of the year	**1,165,142**	–
Rights issued (i)	**4,221,560**	1,165,142
Rights forfeited	**(797,131)**	–
Balance at the end of the year	**4,589,571**	1,165,142

(i) As outlined in section 8.4(c) of the Remuneration Report, a limited number of Target Incentive Rights have been issued to the key executives in 2017. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	Fair value granted $million 31 Dec 17	Number of rights(i) 31 Dec 17	Fair value granted $million 31 Dec 16	Number of rights(i) 31 Dec 16
2018	**–**	**–**	1.6	266,242
2019	**14.7**	**1,671,136**	5.6	798,723
2020	**4.0**	**500,888**	0.6	100,177
2021	**17.7**	**2,417,547**	–	–
	36.4	**4,589,571**	7.8	1,165,142

(i) The exercise price for the TIR Plan is nil.

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying Period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $32.8 million (31 December 2016: $21.7 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

	31 Dec 17 cents	31 Dec 16 cents
NOTE 26 EARNINGS PER SECURITY		
(a) Summary of earnings per security		
Basic earnings per stapled security attributable to members of Westfield Corporation	**74.65**	65.74
Diluted earnings per stapled security attributable to members of Westfield Corporation	**73.84**	64.87

(b) Income and security data

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

	31 Dec 17 $million	31 Dec 16 $million
Earnings used in calculating basic earnings per stapled security	**1,551.2**	1,366.1
Adjustment to earnings on options which are considered dilutive	**–**	(5.5)
Earnings used in calculating diluted earnings per stapled security	**1,551.2**	1,360.6

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security [(i)]	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(ii)]	**22,801,493**	19,189,668
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security [(iii)]	**2,100,891,179**	2,097,279,354

(i) 2,078.1 million (31 December 2016: 2,078.1 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(ii) At 31 December 2017, 18,237,321 actual employee award scheme security options were on hand (31 December 2016: 13,297,289).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 4,868,595 (31 December 2016: 6,575,131).

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

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

	31 Dec 17 $million	31 Dec 16 $million
NOTE 27 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2017		
– to be paid on 28 February 2018		
WFDT: 10.2 cents per unit	**212.0**	–
WAT: 2.55 cents per unit	**53.0**	–
Dividend/distribution in respect of the 6 months to 31 December 2016		
WFDT: 1.90 cents per unit	**–**	39.5
WAT: 10.65 cents per unit	**–**	221.3
	265.0	260.8

Interim dividend/distributions of 12.75 cents were paid on 31 August 2017. Final dividend/distributions will be paid on 28 February 2018. The record date for the final dividends/distributions was 5pm, 14 February 2018. No distribution reinvestment plan is operational for the distribution.

	31 Dec 17 $million	31 Dec 16 $million
(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2017		
WFDT: 2.55 cents per unit	**53.0**	–
WAT: 10.20 cents per unit	**212.0**	–
Dividend/distribution in respect of the 6 months to 30 June 2016		
WFDT: 1.20 cents per unit	**–**	24.9
WAT: 11.35 cents per unit	**–**	235.9
	265.0	260.8

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

	31 Dec 17 $million	31 Dec 16 $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%	**4.3**	3.9
Franking credits available for future distributions	**4.3**	3.9

	$	$
NOTE 28 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**5.11**	4.53

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group excluding intangibles by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2016: 2,078,089,686).

	31 Dec 17 $million	31 Dec 16 $million

NOTE 29 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

Future minimum rental revenues under non cancellable operating retail property leases

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**779.5**	710.0
Due between one and five years	**2,582.3**	2,291.2
Due after five years	**2,969.9**	2,256.0
	6,331.7	5,257.2

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

Total operating lease receivables of $6,331.7 million (31 December 2016: $5,257.2 million) comprises $3,591.0 million (31 December 2016: $2,619.4 million) of consolidated and $2,740.7 million (31 December 2016: $2,637.8 million) of equity account operating lease receivables.

Operating lease payable

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease payable.

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**46.7**	34.3
Due between one and five years	**205.2**	146.4
Due after five years	**482.9**	386.7
	734.8	567.4

Total operating lease payables of $734.8 million (31 December 2016: $567.4 million) comprises $729.8 million (31 December 2016: $562.2 million) of consolidated and $5.0 million (31 December 2016: $5.2 million) of equity accounted operating lease payables.

NOTE 30 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

	31 Dec 17 $million	31 Dec 16 $million
Due within one year	**486.7**	818.4
Due between one and five years	**398.0**	567.1
Due after five years	**–**	–
	884.7	1,385.5

Total capital expenditure commitment of $884.7 million (31 December 2016: $1,385.5 million) comprises $492.5 million (31 December 2016: $818.7 million) of consolidated and $392.2 million (31 December 2016: $566.8 million) of equity accounted capital expenditure commitments.

NOTE 31 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 17 $million	31 Dec 16 $million
Performance guarantees	**67.6**	83.0
	67.6	83.0

Total contingent liabilities of $67.6 million (31 December 2016: $83.0 million) comprises $37.2 million (31 December 2016: $51.9 million) of consolidated and $30.4 million (31 December 2016: $31.1 million) of equity accounted contingent liabilities.

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

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

NOTE 32 CAPITAL RISK MANAGEMENT

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

– comply with capital and distribution requirements of their constitutions and/or trust deeds;

– comply with capital requirements of relevant regulatory authorities;

– maintain strong investment grade credit ratings; and

– continue to operate as going concerns.

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

– sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;

– financing facilities for unforeseen contingencies are maintained; and

– distributions to members are maintained within the stated distribution policy.

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

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

NOTE 33 FINANCIAL RISK MANAGEMENT

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

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

The Group's treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group's treasury management objectives.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Board Audit and Risk Committee comprising three Directors. The Board Audit and Risk Committee reviews and oversees Management's compliance with these policies, procedures and limits. The Board Audit and Risk Committee is assisted in its oversight role by the Group's Executive Risk Management Committee, Treasury Finance Committee and internal audit function.

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

The Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, and hedges of share based payments, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

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

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

NOTE 34 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	**31 Dec 17 $million**	31 Dec 16 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	19	**3.5**	753.3
Non current interest bearing liabilities	19	**7,225.6**	5,261.0
Share of equity accounted entities interest bearing liabilities	19(d)	**2,169.6**	2,130.6
Cross currency swaps			
– £461.1 million (31 December 2016: £461.1 million)	35(i)	**623.1**	569.0
Principal amounts subject to interest rate payable exposure		**10,021.8**	8,713.9
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– US$	35(i)	**700.0**	700.0
Cash	10(a)	**501.2**	292.1
Share of equity accounted entities cash	15(c)	**66.5**	65.0
Principal amounts subject to interest rate receivable exposure		**1,267.7**	1,057.1
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**8,754.1**	7,656.8
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £1,175.0 million (31 December 2016: £375.0 million)	34(ii)	**1,587.7**	462.8
– US$	34(ii)	**6,459.8**	6,718.0
Fixed rate derivatives			
– £461.1 million (31 December 2016: £461.1 million)	34(ii)	**623.1**	569.0
– US$	34(ii)	**–**	1,350.0
Interest rate options			
– US$	34(iii)	**28.5**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**8,699.1**	9,128.3
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$	34(ii)	**1,200.0**	3,950.0
Principal amounts on which interest rate receivable exposure has been hedged		**1,200.0**	3,950.0
Principal amounts on which net interest rate payable exposure has been hedged		**7,499.1**	5,178.3

At 31 December 2017, the Group has hedged 86% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 14% is exposed to floating rates on a principal payable of $1,255.0 million, at an average interest rate of 2.4%, including margin (31 December 2016: 68% hedged with floating exposure of $2,478.5 million at an average rate of 1.9 %). Changes to derivatives due to interest rate movements are set out in Notes 34(ii).

Interest rate sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**25.1**	49.6
	-1.0%	**12.6**	24.8
	-0.5%	**6.3**	12.4
	0.5%	**(6.3)**	(12.4)
	1.0%	**(12.6)**	(24.8)
	2.0%	**(25.1)**	(49.6)

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 17 Notional principal amount million**	**31 Dec 17 Average rate**	**31 Dec 17 Principal amount million**	**31 Dec 17 Average rate including margin**	31 Dec 16 Notional principal amount million	31 Dec 16 Average rate	31 Dec 16 Principal amount million	31 Dec 16 Average rate including margin
US$ payable								
31 December 2016	**–**	**–**	**–**	**–**	US$(1,350.0)	1.39%	US$(6,718.0)	3.52%
31 December 2017	**–**	**–**	**US$(6,459.8)**	**3.70%**	–	–	US$(5,959.8)	3.74%
31 December 2018	**–**	**–**	**US$(6,450.4)**	**3.69%**	–	–	US$(5,950.4)	3.74%
31 December 2019	**–**	**–**	**US$(5,189.8)**	**3.93%**	–	–	US$(4,689.8)	4.01%
31 December 2020	**–**	**–**	**US$(3,829.1)**	**3.84%**	–	–	US$(3,329.1)	3.94%
31 December 2021	**–**	**–**	**US$(3,825.9)**	**3.84%**	–	–	US$(3,325.9)	3.94%
31 December 2022	**–**	**–**	**US$(3,047.6)**	**3.91%**	–	–	US$(3,047.6)	3.91%
31 December 2023	**–**	**–**	**US$(2,546.2)**	**3.92%**	–	–	US$(2,546.2)	3.92%
31 December 2024	**–**	**–**	**US$(1,108.7)**	**4.11%**	–	–	US$(1,108.7)	4.11%
31 December 2025	**–**	**–**	**US$(839.5)**	**4.20%**	–	–	US$(839.5)	4.20%
32 December 2026	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
31 December 2027-43	**–**	**–**	**US$(500.0)**	**4.75%**	–	–	US$(500.0)	4.75%
£ payable								
31 December 2016	**–**	**–**	**–**	**–**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2017	**£(461.1)**	**3.26%**	**£(1,175.0)**	**2.52%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2018	**£(461.1)**	**3.26%**	**£(1,175.0)**	**2.52%**	£(461.1)	3.26%	£(375.0)	2.69%
31 December 2019	**£(461.1)**	**3.26%**	**£(800.0)**	**2.44%**	£(461.1)	3.26%	–	–
31 December 2020	**–**	**–**	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2021	**–**	**–**	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2022	**–**	**–**	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2023	**–**	**–**	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2024	**–**	**–**	**£(800.0)**	**2.44%**	–	–	–	–
31 December 2025	**–**	**–**	**£(500.0)**	**2.63%**	–	–	–	–
31 December 2026	**–**	**–**	**£(500.0)**	**2.63%**	–	–	–	–
31 December 2027-28	**–**	**–**	**£(500.0)**	**2.63%**	–	–	–	–
US$ receivable								
31 December 2016	**–**	**–**	**–**	**–**	US$3,950.0	2.89%	–	–
31 December 2017	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–
31 December 2018	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–
31 December 2019	**US$1,200.0**	**3.43%**	**–**	**–**	US$1,200.0	3.43%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment, refer Note 33. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a payable of $5.7 million (31 December 2016: a receivable of $31.6 million). The change in fair value for the year ended 31 December 2017 was $37.3 million (31 December 2016: $61.0 million).

Fair value sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**58.5**	100.9
	-1.0%	**28.6**	49.2
	-0.5%	**14.2**	24.3
	0.5%	**(13.9)**	(23.8)
	1.0%	**(27.7)**	(47.2)
	2.0%	**(54.5)**	(92.6)

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

NOTE 34 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

Notional principal of the Group's consolidated and share of equity accounted interest rate options:

	Interest rate options		Interest rate options	
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 17 Notional principal amount million**	**31 Dec 17 Average strike rates**	31 Dec 16 Notional principal amount million	31 Dec 16 Average strike rate
US$ payable caps				
31 December 2016	**–**	**–**	US$(28.5)	3.50%
31 December 2017	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a payable of $3,835.4 million (31 December 2016: $3,049.7 million). The change in fair value for the year ended 31 December 2017 was $785.7 million (31 December 2016: $1,045.9 million).

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 17 million	31 Dec 16 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,682.7**	£3,622.1
£ borrowings	**£(1,175.0)**	£(555.0)
£ cross currency swaps	**£(461.1)**	£(461.1)
£ denominated net assets	**£2,046.6**	£2,606.0
Euro		
€ net assets	**€345.1**	€298.7
€ borrowings	**€(223.0)**	€(203.0)
€ denominated net assets	**€122.1**	€95.7
Australian Dollar		
A$ net liabilities	**A$(18.9)**	A$(28.7)
A$ denominated net liabilities	**A$(18.9)**	A$(28.7)

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

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

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

Foreign currency sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.7400 rate (31 December 2016: 0.8103) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,024.2**	1,053.8
	- 10 pence	**432.1**	452.7
	- 5 pence	**200.4**	211.5
	+ 5 pence	**(175.0)**	(186.9)
	+ 10 pence	**(329.2)**	(353.3)
	+ 20 pence	**(588.4)**	(636.6)
The sensitivity of € denominated net assets to changes in the year end US$/€0.8830 rate (31 December 2016: 0.9509) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**46.3**	26.8
	- 10 cents	**20.0**	11.8
	- 5 cents	**9.4**	5.6
	+ 5 cents	**(8.3)**	(5.0)
	+ 10 cents	**(15.7)**	(9.6)
	+ 20 cents	**(28.4)**	(17.5)
The sensitivity of A$ denominated net liabilities to changes in the year end US$/A$1.2806 rate (31 December 2016: 1.3873) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(2.7)**	(3.5)
	- 10 cents	**(1.3)**	(1.6)
	- 5 cents	**(0.6)**	(0.8)
	+ 5 cents	**0.6**	0.7
	+ 10 cents	**1.1**	1.4
	+ 20 cents	**2.0**	2.6

(i) Hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate **31 Dec 17**	31 Dec 16	Amount receivable/(payable) **31 Dec 17 million**	**31 Dec 17 million**	31 Dec 16 million	31 Dec 16 million
£						
Contracts to buy US$[i] and sell £						
31 December 2016	**–**	0.6587	**–**	**–**	US$700.0	£(461.1)
31 December 2017	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2018	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2019	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)

[i] The receive US$ exposure is matched with a pay US$ exposure in the income statement.

The pay £ exposure is held by a self-sustaining foreign operation, hence gains or losses are recorded directly in the foreign currency translation reserve. At 31 December 2017, the aggregate fair value is a receivable of $76.4 million (31 December 2016: $129.3 million). The change in fair value for the year ended 31 December 2017 was $52.9 million (31 December 2016: $109.2 million).

Foreign currency sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of £ denominated exposures to changes in the year end US$/£0.7400 rate (31 December 2016: 0.8103) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**(230.7)**	(186.5)
	- 10 pence	**(97.3)**	(80.1)
	- 5 pence	**(45.1)**	(37.4)
	+ 5 pence	**39.4**	33.1
	+ 10 pence	**74.2**	62.5
	+ 20 pence	**132.6**	112.6

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2017, the aggregate credit risk in respect of cash and cash equivalents is $567.7 million (31 December 2016: $357.1 million).

At 31 December 2017, the aggregate credit risk in respect of derivative financial instruments is $70.7 million (31 December 2016: $160.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 91% (31 December 2016: 80%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of AA- or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

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

a) Leverage ratio (net debt to net assets)

- shall not exceed 65%

b) Secured debt ratio (secured debt to total assets)

- shall not exceed 40% (and not exceed 45% on certain facilities)

c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)

- at least 1.5 times

d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)

- at least 150% (and at least 125% on certain facilities)

At and during the years ended 31 December 2017 and 2016, the Group was in compliance with all the above financial covenants.

NOTE 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVES CASH FLOW MATURITY PROFILE

	31 Dec 17 $million	31 Dec 16 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(224.0)**	(926.9)
Due between one and five years	**(5,093.9)**	(3,869.2)
Due after five years	**(3,426.9)**	(2,560.8)
	(8,744.8)	(7,356.9)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(7,229.1)**	(6,014.3)
– aggregate future estimated nominal interest	**(1,515.7)**	(1,342.6)
	(8,744.8)	(7,356.9)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**12.4**	41.6
Due between one and five years	**92.3**	171.0
Due after five years	**–**	–
	104.7	212.6

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
Consolidated assets				
Cash	**501.2**	292.1	**501.2**	292.1
Trade debtors (i)	**35.6**	22.6	**35.6**	22.6
Receivables (i)	**349.7**	391.5	**349.7**	391.5
Other property investments (ii)	**287.6**	607.9	**287.6**	607.9
Derivative assets (ii)	**92.7**	184.6	**92.7**	184.6
Consolidated liabilities				
Payables (i)	**985.1**	854.7	**985.1**	854.7
Interest bearing liabilities (ii)				
– Fixed rate debt	**6,044.1**	5,140.9	**5,906.4**	5,078.7
– Floating rate debt	**1,322.6**	935.5	**1,322.7**	935.6
Other financial liabilities (ii)	**261.6**	266.1	**261.6**	266.1
Derivative liabilities (ii)	**22.0**	23.8	**22.0**	23.8

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

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

Determination of fair value

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

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

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

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

	31 Dec 17 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**–**	–	–	–
– Unlisted investments	**287.6**	–	–	287.6
Derivative assets				
– Interest rate derivatives	**16.3**	–	16.3	–
– Currency derivatives	**76.4**	–	76.4	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**6,044.1**	–	6,044.1	–
– Floating rate debt	**1,322.6**	–	1,322.6	–
Other financial liabilities				
– Redeemable preference shares/units	**222.5**	–	–	222.5
– Finance Leases	**39.1**	–	39.1	–
Derivative liabilities				
– Interest rate derivatives	**22.0**	–	22.0	–

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 16 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	297.8	297.8	–	–
– Unlisted investments	310.1	–	–	310.1
Derivative assets				
– Interest rate derivatives	55.3	–	55.3	–
– Currency derivatives	129.3	–	129.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	5,140.9	–	5,140.9	–
– Floating rate debt	935.5	–	935.5	–
Other financial liabilities				
– Redeemable preference shares/units	226.4	–	–	226.4
– Finance Leases	39.7	–	39.7	–
Derivative liabilities				
– Interest rate derivatives	23.8	–	23.8	–

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

	Unlisted investments(i) **31 Dec 17 $million**	**Redeemable preference shares/units**(ii) **31 Dec 17 $million**	Unlisted investments(i) 31 Dec 16 $million	Redeemable preference shares/units(ii) 31 Dec 16 $million
Level 3 fair value movement				
Balance at the beginning of the year	**310.1**	**226.4**	268.4	256.9
Additions	**7.9**	**–**	18.2	–
Disposals	**–**	**–**	–	(0.8)
Net fair value gain/loss to income statement	**(30.4)**	**(3.9)**	23.5	(29.7)
Balance at the end of the year	**287.6**	**222.5**	310.1	226.4

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

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2017, an increment of 1% to the earnings yield would result in an additional gain of $35.4 million (31 December 2016: $37.6 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $52.0 million (31 December 2016: $57.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 17 $million	31 Dec 16 $million

NOTE 40 PARENT COMPANY

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

	31 Dec 17 $million	31 Dec 16 $million
(a) Assets		
Current assets	**35.5**	20.3
Non current assets (primarily investment in subsidiaries)	**2,271.0**	1,556.2
Total assets	**2,306.5**	1,576.5
(b) Liabilities		
Current liabilities	**802.8**	413.7
Non current liabilities	**–**	–
Total liabilities	**802.8**	413.7
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**61.6**	(255.4)
Retained profits	**572.8**	548.9
Total equity	**1,503.7**	1,162.8
(d) Comprehensive income		
Profit after tax for the period[(i)]	**23.9**	208.9
Other comprehensive income	**317.0**	(16.9)
Total comprehensive income for the period	**340.9**	192.0
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**6,653.7**	5,435.6
	6,653.7	5,435.6

[(i)] Comprise principally dividends/distributions from investments and subsidiaries and revaluations of investments and subsidiaries.

NOTE 41 SUBSIDIARIES

Summarised financial information of the WFDT Group and WAT Group, extracted from the two standalone groups' consolidated financial statements, are provided below:

WFD Trust

As at 31 December 2017, WFDT held current assets of $2.4 billion, non current assets of $3.7 billion and liabilities of $1.1 billion (31 December 2016: current assets of $2.1 billion, non current assets of $2.6 billion and liabilities of $0.2 billion).

As at 31 December 2017, the total equity held by WFDT was $5.0 billion (31 December 2016: $4.5 billion).

The profit after tax for the period was $224.2 million and total comprehensive income was $581.3 million. The revenue for the period was $40.6 million (31 December 2016: loss after tax of $135.4 million and total comprehensive loss of $182.6 million and revenue of $19.2 million).

Westfield America Trust

As at 31 December 2017, WAT held current assets of $0.2 billion, non current assets of $15.3 billion, current liabilities of $1.7 billion and non current liabilities of $9.6 billion (31 December 2016: current assets of $0.3 billion, non current assets of $13.7 billion, current liabilities of $2.4 billion and non current liabilities of $7.8 billion).

As at 31 December 2017, the total equity held by WAT was $4.2 billion (31 December 2016: $3.8 billion).

The profit after tax for the period was $1,000.8 million and total comprehensive income was $898.0 million. The revenue for the period was $577.2 million (31 December 2016: profit after tax of $1,053.6 million and total comprehensive income of $1,055.5 million and revenue of $513.6 million).

	31 Dec 17 $000	31 Dec 16 $000

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 17 $000	31 Dec 16 $000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,385**	1,157
– Assurance and compliance services	**288**	–
– Technical accounting advice and services	**165**	1,234
	1,838	2,391
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,439**	3,601
– Assurance and compliance services	**115**	116
– Taxation advice and compliance	**706**	875
– Technical accounting advice and services	**160**	208
	4,420	4,800
	6,258	7,191

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Sir Frank Lowy AC, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Sir Frank Lowy AC, Mr Steven Lowy and Mr Peter Lowy.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 98.6 hours (31 December 2016: 107.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm's length. During the year ended 31 December 2017 $1,106,141 was charged by the Group to LFG (31 December 2016: no charge to or from either party) for use in excess of the interchange agreement.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG $439,253 (31 December 2016: $657,152) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms. Additionally, LFG charged the Group $126,539 (31 December 2016: nil) in relation to the provision of aircraft services and use of the hangar facility.

During the financial year, the Group charged LFG $1,729,653 (31 December 2016: $1,493,493) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2017 $**	2016 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute $17,059 (31 December 2016: $7,687) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2017.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2017 to 31 December 2017 are set out below:

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

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2017 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits (i) $	Other post employment benefits $	Amortisation of equity settled share based payments (ii) $	$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2017	**9,993,423**	**7,750,175**	**209,487**	**67,896**	**29,626**	**13,756,291**	**31,806,898**
31 December 2016	9,037,167	6,961,500	131,732	67,849	96,109	8,767,622	25,061,979
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2017	**980,000**	**812,500**	**1,074,871**	**16,083**	**–**	**948,481**	**3,831,935**
31 December 2016	980,000	812,500	225,977	16,333	–	1,032,733	3,067,543
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2017	**10,973,423**	**8,562,675**	**1,284,358**	**83,979**	**29,626**	**14,704,772**	**33,638,833**
31 December 2016	10,017,167	7,774,000	357,709	84,182	96,109	9,800,355	28,129,522

(i) Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR, PIR and TIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 17 – Interest** Beneficial[(i)] Parent Company %	**31 Dec 17 – Interest** Westfield Corporation %	**31 Dec 17 – Interest** Consolidated or Equity accounted %	31 Dec 16 – Interest Beneficial[(i)] Parent Company %	31 Dec 16 – Interest Westfield Corporation %	31 Dec 16 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Europe Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
White City Acquisitions Limited	51.0	100.0	100.0	51.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
New WTC Retail Member LLC	17.5	100.0	100.0	17.5	100.0	100.0
WEA Finance, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield, LLC	17.5	100.0	100.0	17.5	100.0	100.0
Westfield America, LP	17.5	100.0	100.0	17.5	100.0	100.0
Westfield DDC, LLC	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

NOTE 46 SUPERANNUATION COMMITMENTS

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

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 2017 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the *Corporations Act 2001*;

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

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

Made on 22 February 2018 in accordance with a resolution of the Board of Directors.

Sir Frank Lowy AC
Chairman

Brian Schwartz AM
Director

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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.

Building a better working world

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 34 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Westfield Corporation Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001* .

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Graham Ezzy

Ernst & Young

Graham Ezzy
Engagement Partner

Sydney, 23 February 2017

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Revenue			
Property revenue	4	**512.0**	620.3
Property development and project management revenue		**555.4**	595.7
Property management income		**55.2**	61.4
		1,122.6	1,277.4
Share of after tax profits of equity accounted entities			
Property revenue		**675.8**	661.7
Property revaluations	9	**491.2**	426.3
Property expenses, outgoings and other costs		**(224.4)**	(210.0)
Net interest expense		**(80.0)**	(86.5)
Tax expense		**(0.5)**	(0.3)
	15(a)	**862.1**	791.2
Expenses			
Property expenses, outgoings and other costs		**(223.2)**	(247.6)
Property development and project management costs		**(462.4)**	(471.5)
Property management costs		**(22.1)**	(24.6)
Overheads		**(116.1)**	(116.8)
		(823.8)	(860.5)
Interest income		**18.8**	5.3
Currency gain/(loss)	5	**8.6**	11.4
Financing costs	6	**(60.5)**	(103.0)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	**1.7**	(97.3)
Property revaluations	9	**513.8**	205.7
Profit before tax for the period		**1,643.3**	1,230.2
Tax credit/(expense)	8	**(277.2)**	1,093.3
Profit after tax for the period		**1,366.1**	2,323.5
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		**1,366.1**	2,323.5
– External non controlling interests		**–**	–
Profit after tax for the period		**1,366.1**	2,323.5
Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:			
Westfield Corporation Limited (WCL) members		**331.8**	599.3
WFD Trust (WFDT) and Westfield America Trust (WAT) members		**1,034.3**	1,724.2
Net profit attributable to members of Westfield Corporation		**1,366.1**	2,323.5

		US cents	US cents
Basic earnings per WCL share		**15.97**	28.84
Diluted earnings per WCL share		**15.82**	28.55
Basic earnings per stapled security	26(a)	**65.74**	111.81
Diluted earnings per stapled security	26(a)	**64.87**	110.68

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 US$million	31 Dec 15 US$million
Profit after tax for the period	**1,366.1**	2,323.5
Other comprehensive income		
Movement in foreign currency translation reserve (i)		
– Net exchange difference on translation of foreign operations	**(517.9)**	(206.5)
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(58.9)**	(11.6)
Total other comprehensive income	**(576.8)**	(218.1)
Total comprehensive income for the period	**789.3**	2,105.4
Total comprehensive income attributable to:		
– Members of Westfield Corporation	**789.3**	2,105.4
– External non controlling interests	**–**	–
Total comprehensive income for the period	**789.3**	2,105.4

Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**254.4**	652.7
WFDT and WAT members (ii)	**534.9**	1,452.7
Total comprehensive income attributable to members of Westfield Corporation	**789.3**	2,105.4

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of WFDT and WAT consists of a profit after tax for the period of US$1,034.3 million (31 December 2015: US$1,724.2 million) and the net exchange loss on translation of foreign operations of US$499.4 million (31 December 2015: US$271.5 million).

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Current assets			
Cash and cash equivalents	10(a)	**292.1**	1,106.8
Trade debtors		**22.6**	14.2
Derivative assets	11	**25.7**	–
Receivables		**185.0**	231.0
Inventories		**40.9**	21.5
Other	12	**51.2**	125.2
Total current assets		**617.5**	1,498.7
Non current assets			
Investment properties	13	**8,625.7**	7,478.0
Equity accounted investments	15(c)	**8,236.9**	7,728.9
Other property investments	16	**607.9**	337.4
Derivative assets	11	**158.9**	131.8
Receivables		**206.5**	214.0
Plant and equipment	17	**144.1**	69.2
Deferred tax assets	8(b)	**16.7**	10.1
Other	12	**151.3**	114.3
Total non current assets		**18,148.0**	16,083.7
Total assets		**18,765.5**	17,582.4
Current liabilities			
Trade creditors		**29.2**	36.9
Payables and other creditors	18	**722.7**	729.4
Interest bearing liabilities	19	**753.9**	3.6
Other financial liabilities	20	**2.2**	3.0
Tax payable		**29.2**	59.5
Derivative liabilities	21	**2.6**	–
Total current liabilities		**1,539.8**	832.4
Non current liabilities			
Payables and other creditors	18	**102.8**	148.1
Interest bearing liabilities	19	**5,300.1**	5,267.8
Other financial liabilities	20	**224.2**	253.9
Deferred tax liabilities	8(c)	**1,967.2**	1,761.3
Derivative liabilities	21	**21.2**	19.1
Total non current liabilities		**7,615.5**	7,450.2
Total liabilities		**9,155.3**	8,282.6
Net assets		**9,610.2**	9,299.8
Equity attributable to members of WCL			
Contributed equity	22(b)	**853.1**	869.7
Reserves	23	**(36.3)**	42.0
Retained profits	24	**1,092.0**	760.2
Total equity attributable to members of WCL		**1,908.8**	1,671.9
Equity attributable to WFDT and WAT members			
Contributed equity	22(b)	**10,571.0**	10,571.0
Reserves	23	**(908.0)**	(408.6)
Retained profits	24	**(2,021.8)**	(2,534.5)
Total equity attributable to WFDT and WAT members		**7,641.2**	7,627.9
Equity attributable to external non controlling interests			
Contributed equity		**60.2**	–
Reserves		**–**	–
Retained profits		**–**	–
Total equity attributable to external non controlling interests		**60.2**	–
Total equity		**9,610.2**	9,299.8

Equity attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	**1,908.8**	1,671.9
WFDT and WAT members	**7,641.2**	7,627.9
Total equity attributable to members of Westfield Corporation	**9,550.0**	9,299.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Comprehensive Income 31 Dec 16 US$million	Equity and Reserves 31 Dec 16 US$million	**Total 31 Dec 16 US$million**	Total 31 Dec 15 US$million
Changes in equity attributable to members of Westfield Corporation				
Opening balance of contributed equity	–	11,440.7	**11,440.7**	11,459.3
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve	–	(16.6)	**(16.6)**	(18.6)
Closing balance of contributed equity	–	11,424.1	**11,424.1**	11,440.7
Opening balance of reserves	–	(366.6)	**(366.6)**	(144.1)
– Movement in foreign currency translation reserve [(i)] [(ii)]	(576.8)	–	**(576.8)**	(218.1)
– Movement in employee share plan benefits reserve [(i)]	–	(0.9)	**(0.9)**	(4.4)
Closing balance of reserves	(576.8)	(367.5)	**(944.3)**	(366.6)
Opening balance of retained profits/(accumulated losses)	–	(1,774.3)	**(1,774.3)**	(3,581.4)
– Profit after tax for the period [(ii)]	1,366.1	–	**1,366.1**	2,323.5
– Dividend/distribution paid	–	(521.6)	**(521.6)**	(516.4)
Closing balance of retained profits/(accumulated losses)	1,366.1	(2,295.9)	**(929.8)**	(1,774.3)
Closing balance of equity attributable to members of Westfield Corporation	789.3	8,760.7	**9,550.0**	9,299.8
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	–	**–**	–
– External non controlling interests consolidated during the period	–	60.2	**60.2**	–
Closing balance of equity attributable to non controlling interests	–	60.2	**60.2**	–
Total equity	789.3	8,820.9	**9,610.2**	9,299.8

Closing balance of equity attributable to:				
– WCL members	254.4	1,654.4	**1,908.8**	1,671.9
– WFDT and WAT members	534.9	7,106.3	**7,641.2**	7,627.9
Closing balance of equity attributable to members of Westfield Corporation	789.3	8,760.7	**9,550.0**	9,299.8

(i) Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US$499.4 million (31 December 2015: US$271.5 million) and net credit to the employee share plan benefits reserve of nil (31 December 2015: nil).

(ii) Total comprehensive income for the period amounts to a gain of US$789.3 million (31 December 2015: US$2,105.4 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**1,345.9**	1,511.0
Payments in the course of operations (including sales tax)		**(961.2)**	(869.7)
Dividends/distributions received from equity accounted associates		**296.0**	313.2
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		**(13.4)**	(19.1)
Interest received		**19.8**	4.9
Financing costs capitalised to inventories and work in progress		**(0.6)**	(3.6)
Income and withholding taxes paid		**(53.9)**	(45.4)
Sales tax paid		**(79.8)**	(37.7)
Net cash flows from operating activities	10(b)	**552.8**	853.6
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated		**(871.0)**	(623.4)
Capital expenditure on property investments and plant and equipment – equity accounted		**(290.3)**	(330.7)
Acquisition of property investments – consolidated		**(351.0)**	(24.3)
Acquisition of property investments – equity accounted		**(14.7)**	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated		**54.9**	1,257.8
Tax paid on disposition of property investments		**(6.7)**	(37.0)
Capital distribution and advances from equity accounted associates		**–**	268.7
Financing costs capitalised to qualifying development projects and construction in progress		**(120.8)**	(96.1)
Net cash flows (used in)/from investing activities		**(1,599.6)**	354.2
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**787.4**	109.2
Dividends/distributions paid		**(521.6)**	(516.4)
Net cash flows from/(used in) financing activities		**265.8**	(407.2)
Net (decrease)/increase in cash and cash equivalents held		**(781.0)**	800.6
Add opening cash and cash equivalents brought forward		**1,106.8**	308.5
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(33.7)**	(2.3)
Cash and cash equivalents at the end of the period	10(a)	**292.1**	1,106.8

Refer to Note 3(a)(ix) for the Group's cash flow prepared on a proportionate format.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2016 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 23 February 2017.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2015 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2016.

– AASB 2014-3 Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interest in Joint Operations. (AASB 1 & AASB 11);
– AASB 2014-4 Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation;
– AASB 2014-9 Amendments to Australian Accounting Standards-Equity Method in Separate Financial Statements;
– AASB 2015-1 Amendments to Australian Accounting Standards-Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
– AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101; and
– AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2016. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

– IFRS 16 Leases (effective from 1 January 2019)

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

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

– AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
– AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);
– AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018); and
– AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2018).

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

(c) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 14: Details of shopping centre investments and Note 39: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Company and each of its controlled entities which include WFDT and WAT (Subsidiaries) as from the date the Parent Company obtained control until such time control ceased. The Parent Company and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Company, adjustments have been made so as to achieve consistency within the Group.

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

i) Joint arrangements

Joint operations

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

Joint ventures

The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Group and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint venture.

ii) Controlled entities

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

(b) Investment properties

The Group's investment properties include shopping centre investments as well as development projects and construction in progress.

i) Shopping centre investments

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

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

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

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

The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors, and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 14 for further details on investment properties.

(c) Other property investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(d) Foreign currency translation

i) Presentation currency

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

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

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

Revenue from property management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(f) Taxation

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

i) WCL (Parent Company)

The Parent Company and its Australian resident wholly owned subsidiaries have formed a Tax Consolidated Group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss of the subsidiary at the current tax rate. The Tax Consolidated Group has applied the modified separate tax payer approach in determining the appropriate amount of current taxes to allocate.

ii) WFDT

Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WFDT's constitution.

iii) WAT

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WAT's constitution.

Westfield America, Inc. (WEA), a subsidiary of WAT, is a Real Estate Investment Trust (REIT) for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders. Dividends paid by WEA to WAT are subject to United States withholding taxes.

Under current Australian income tax legislation, holders of the stapled securities of the Group may be entitled to receive a foreign income tax offset for United States withholding tax deducted from dividends paid to WAT by WEA.

iv) Deferred tax

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

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

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States and United Kingdom.

(g) Sales Tax

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

The net amount of sales tax payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(h) Financing costs

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

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

(i) Inventories and work in progress

Property development projects for third parties are carried at the lower of cost or net realisable value. The gross amount of work in progress consists of costs attributable to work performed, including property development profit. Work in progress is presented as part of inventories for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented in payables and other creditors. Profit on property development is recognised on a percentage of completion basis. They represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(j) Contributed equity

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derivative and other financial instruments

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

i) Financial assets

Cash and cash equivalents

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

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

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

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

Other financial liabilities

Other financial liabilities include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement.

The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Refer to Note 33 for further details on derivatives.

(l) Earnings per security

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

(m) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 SEGMENTAL REPORTING

Operating segments

The Group's operating segments are as follows:

a) The Group's operational segment comprises the property investment and the property and project management segments.

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses.

An analysis of net property income and property revaluations from Flagship and from Regional shopping centres and other property investments is also provided.

The Group's Flagship portfolio comprises leading centres in major market typically with total annual sales in excess of US$450 million, specialty annual sales in excess of US$500 per square foot and anchored by premium department stores.

(ii) Property and project management

Property and project management segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of investment properties, change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, gain/(loss) and financing costs in respect of capital transactions and the corporate business unit are not allocated to the above segments and are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

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

The Group's cash flow are also prepared on a proportionate format. The proportionate format presents the cash flow of equity accounted associates on a gross format whereby the underlying components of cash flows from operating, investing and financing activities are disclosed separately.

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

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(a) Operating segments for the year ended 31 December 2016

(i) Income and expenses

31 December 2016	Operational: Property investment US$million	Operational: Property and project management US$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$million	Operational: Property and project management US$million	Corporate US$million	Total US$million
Revenue [i]				
Property revenue	1,282.0	–	–	1,282.0
Property development and project management revenue	–	595.7	–	595.7
Property management income	–	61.4	–	61.4
	1,282.0	**657.1**	**–**	**1,939.1**
Expenses				
Property expenses, outgoings and other costs	(457.6)	–	–	(457.6)
Property development and project management costs	–	(471.5)	–	(471.5)
Property management costs	–	(24.6)	–	(24.6)
Overheads	–	–	(116.8)	(116.8)
	(457.6)	**(496.1)**	**(116.8)**	**(1,070.5)**
Segment result	**824.4**	**161.0**	**(116.8)**	**868.6**
Revaluation of properties and development projects				205.7
Equity accounted-revaluation of properties and development projects				426.3
Currency gain/(loss)				11.4
Gain/(loss) in respect of capital transactions				
– asset dispositions				(97.3)
Interest income				5.3
Financing costs				(189.5)
Tax expense				1,093.0
Net profit attributable to members of the Group				**2,323.5**

[i] Total revenue of US$1,939.1 million comprises of revenue from United States of US$1,251.9 million and United Kingdom of US$687.2 million.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(ii) Net property income

	Flagship US$million	Regional and other property investments US$million	Total US$million
Shopping centre base rent and other property income	824.1	501.9	1,326.0
Amortisation of leasing incentives and related leasing costs	(19.0)	(25.0)	(44.0)
Property revenue	805.1	476.9	1,282.0
Property expenses, outgoings and other costs	(251.1)	(206.5)	(457.6)
Net property income	**554.0**	**270.4**	**824.4**

(iii) Revaluation

	Flagship US$million	Regional and other property investments US$million	Total US$million
Revaluation of properties and development projects	649.9	(17.9)	632.0
	649.9	**(17.9)**	**632.0**

(iv) Currency gain/(loss)	
Realised gain on income hedging currency derivatives	–
Net fair value gain on currency derivatives that do not qualify for hedge accounting	11.4
	11.4
(v) Financing costs	
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(179.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(64.3)
Finance leases interest expense	(2.9)
Interest expense on other financial liabilities	(22.2)
Net fair value loss on other financial liabilities	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	109.5
	(189.5)
(vi) Tax expense	
Current – underlying operations	(39.3)
Deferred tax	1,132.3
	1,093.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(vii) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Revenue			
Property revenue	620.3	661.7	1,282.0
Property development and project management revenue	595.7	–	595.7
Property management income	61.4	–	61.4
	1,277.4	**661.7**	**1,939.1**
Expenses			
Property expenses, outgoings and other costs	(247.6)	(210.0)	(457.6)
Property development and project management costs	(471.5)	–	(471.5)
Property management costs	(24.6)	–	(24.6)
Overheads	(116.8)	–	(116.8)
	(860.5)	**(210.0)**	**(1,070.5)**
Segment result	**416.9**	**451.7**	**868.6**
Revaluation of properties and development projects	205.7	–	205.7
Equity accounted-revaluation of properties and development projects	–	426.3	426.3
Currency gain/(loss)	11.4	–	11.4
Gain/(loss) in respect of capital transactions			
– asset dispositions	(97.3)	–	(97.3)
Interest income	5.3	–	5.3
Financing costs	(103.0)	(86.5)	(189.5)
Tax expense	1,093.3	(0.3)	1,093.0
Net profit attributable to members of the Group	**1,532.3**	**791.2**	**2,323.5**
Assets and liabilities			
Cash	1,106.8	100.0	1,206.8
Shopping centre investments	5,502.3	9,531.2	15,033.5
Development projects and construction in progress	1,975.7	475.6	2,451.3
Other property investments	337.4	–	337.4
Inventories	21.5	–	21.5
Other assets	909.8	53.1	962.9
Total segment assets	**9,853.5**	**10,159.9**	**20,013.4**
Interest bearing liabilities	5,271.4	2,230.9	7,502.3
Other financial liabilities	256.9	–	256.9
Deferred tax liabilities	1,761.3	–	1,761.3
Other liabilities	993.0	200.1	1,193.1
Total segment liabilities	**8,282.6**	**2,431.0**	**10,713.6**
Total segment net assets	**1,570.9**	**7,728.9**	**9,299.8**

(viii) Assets and liabilities

	Operational			
As at 31 December 2015	Property investment US$million	Property and project management US$million	**Corporate** US$million	**Total** US$million
Total segment assets	19,677.5	31.5	304.4	20,013.4
Total segment liabilities	1,051.2	3.7	9,658.7	10,713.6
Total segment net assets	18,626.3	27.8	(9,354.3)	9,299.8
Equity accounted associates included in – segment assets	10,159.9	–	–	10,159.9
Equity accounted associates included in – segment liabilities	200.1	–	2,230.9	2,431.0
Additions to segment non current assets during the period	1,022.0	–	–	1,022.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments for the year ended 31 December 2015

(ix) Cash flow on proportionate format

The composition of the Group's cash flows on a proportionate format are provided below:

31 December 2015	Consolidated US$million	Equity Accounted US$million	Total US$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)	1,511.0	682.0	2,193.0
Payments in the course of operations (including sales tax)	(869.7)	(205.5)	(1,075.2)
Net payments of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations	(19.1)	(86.5)	(105.6)
Interest received	4.9	–	4.9
Financing costs capitalised to inventories and work in progress	(3.6)	–	(3.6)
Income and withholding taxes paid	(45.4)	–	(45.4)
Sales tax paid	(37.7)	–	(37.7)
Net cash flows from operating activities	**540.4**	**390.0**	**930.4**
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment – consolidated	(623.4)	–	(623.4)
Capital expenditure on property investments and plant and equipment – equity accounted	–	(330.7)	(330.7)
Acquisition of property investments – consolidated	(24.3)	–	(24.3)
Acquisition of property investments – equity accounted	–	(60.8)	(60.8)
Proceeds from the disposition of property investments and plant and equipment – consolidated	1,257.8	–	1,257.8
Tax paid on disposition of property investments	(37.0)	–	(37.0)
Financing costs capitalised to qualifying development projects and construction in progress	(96.1)	(9.8)	(105.9)
Net cash flows from/(used in) investing activities	**477.0**	**(401.3)**	**75.7**
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities	109.2	209.7	318.9
Dividends/distributions paid	(516.4)	–	(516.4)
Net cash flow (used in)/from financing activities	**(407.2)**	**209.7**	**(197.5)**
Net increase in cash and cash equivalents held			808.6
Add opening cash and cash equivalents brought forward			400.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward			(2.7)
Cash and cash equivalents at the end of the period			**1,206.8**

	Note	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**534.1**	641.9
Amortisation of leasing incentives and related leasing costs		**(22.1)**	(21.6)
		512.0	620.3
NOTE 5 CURRENCY GAIN/(LOSS)			
Net fair value gain on currency derivatives that do not qualify for hedge accounting	9	**8.6**	11.4
		8.6	11.4
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(121.4)**	(83.3)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	9	**(68.5)**	(64.3)
Finance leases interest expense		**(2.8)**	(2.9)
Interest expense on other financial liabilities		**(18.9)**	(22.2)
Net fair value gain/(loss) on other financial liabilities	9	**29.7**	(30.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**121.4**	99.7
		(60.5)	(103.0)
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		**56.1**	1,790.8
– less: carrying value of assets disposed and other capital costs		**(54.4)**	(1,888.1)
Gain/(loss) in respect of asset dispositions	9	**1.7**	(97.3)
NOTE 8 TAXATION			
(a) Tax expense			
Current – underlying operations		**(21.3)**	(39.0)
Deferred tax	9	**(255.9)**	(234.9)
Deferred tax – change in United States tax rules [(i)]	9	**–**	1,367.2
		(277.2)	1,093.3

[(i)] Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.

		31 Dec 16 US$million	31 Dec 15 US$million
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:			
Profit before income tax		**1,643.3**	1,230.2
Prima facie tax expense at 30% (31 December 2015: Prima facie tax expense at 30%)		**(493.0)**	(369.1)
Trust income not taxable for the Group – tax payable by securityholders		**10.6**	40.2
Differential of effective tax rates on foreign income		**204.7**	84.2
Capital transactions not deductible		**0.5**	(29.2)
Deferred tax – change in tax rates		**–**	1,367.2
Tax expense		**(277.2)**	1,093.3
(b) Deferred tax assets			
Provisions and accruals		**16.7**	10.1
		16.7	10.1
(c) Deferred tax liabilities			
Tax effect of book value in excess of the tax cost base of investment properties		**1,945.3**	1,737.9
Unrealised fair value gain on financial derivatives		**4.4**	6.0
Other timing differences		**17.5**	17.4
		1,967.2	1,761.3

	Note	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 9 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	31 Dec 16 US$million	31 Dec 15 US$million
Property revaluations		**513.8**	205.7
Equity accounted property revaluations		**491.2**	426.3
Amortisation of leasing incentives and related leasing costs		**(22.1)**	(21.6)
Equity accounted amortisation of leasing incentives and related leasing costs		**(32.8)**	(22.4)
Net fair value gain on currency derivatives that do not qualify for hedge accounting	5	**8.6**	11.4
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(68.5)**	(64.3)
Net fair value gain/(loss) on other financial liabilities	6	**29.7**	(30.0)
Gain/(loss) in respect of asset dispositions	7	**1.7**	(97.3)
Deferred tax	8	**(255.9)**	1,132.3

NOTE 10 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

	31 Dec 16 US$million	31 Dec 15 US$million
Cash	**292.1**	1,106.8
Total cash and cash equivalents	**292.1**	1,106.8

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

	31 Dec 16 US$million	31 Dec 15 US$million
Profit after tax	**1,366.1**	2,323.5
Property revaluations	**(513.8)**	(205.7)
Share of equity accounted profit in excess of dividend/distribution	**(566.1)**	(478.0)
Deferred tax	**255.9**	(1,132.3)
Net fair value gain on currency derivatives	**(8.6)**	(11.4)
Financing costs capitalised to qualifying development projects and construction in progress	**120.8**	96.1
Gain/(loss) in respect of capital transactions	**(1.7)**	97.3
(Increase)/decrease in working capital attributable to operating activities	**(99.8)**	164.1
Net cash flows from operating activities	**552.8**	853.6

NOTE 11 DERIVATIVE ASSETS

	31 Dec 16 US$million	31 Dec 15 US$million
Current		
Receivables on interest rate derivatives	**25.7**	–
	25.7	–
Non Current		
Receivables on interest rate derivatives	**29.6**	111.7
Receivables on currency derivatives	**129.3**	20.1
	158.9	131.8
Total derivative assets	**184.6**	131.8

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2016, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US$184.6 million are reduced by US$23.8 million to the net amount of US$160.8 million (31 December 2015: derivative assets of US$131.8 million are reduced by US$19.1 million to the net amount of US$112.7 million).

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 12 OTHER		
Current		
Prepayments and deposits	**26.1**	112.8
Deferred costs – other	**25.1**	12.4
	51.2	125.2
Non Current		
Intangibles	**131.8**	85.2
Deferred costs – other	**19.5**	29.1
	151.3	114.3

Intangible assets with finite lives are amortised over their useful economic lives. At each reporting date, intangible assets are assessed for impairment and written down to their expected recoverable amount as required.

NOTE 13 INVESTMENT PROPERTIES

	31 Dec 16 US$million	31 Dec 15 US$million
Shopping centre investments	**7,008.0**	5,502.3
Development projects and construction in progress	**1,617.7**	1,975.7
	8,625.7	7,478.0
Movement in total investment properties		
Balance at the beginning of the year	**7,478.0**	9,288.3
Acquisition of properties	**68.2**	24.3
Disposal of properties	**(52.3)**	(1,756.6)
Transfer to equity accounted investment properties	**–**	(486.7)
Minority interest consolidated during the period	**60.2**	–
Redevelopment costs	**1,026.4**	483.0
Net revaluation increment	**503.2**	83.9
Retranslation of foreign operations	**(458.0)**	(158.2)
Balance at the end of the year (i)	**8,625.7**	7,478.0

(i) The fair value of investment properties at the end of the year of US$8,625.7 million (31 December 2015: US$7,478.0 million) comprises investment properties at market value of US$8,586.0 million (31 December 2015: US$7,437.8 million) and ground leases included as finance leases of US$39.7 million (31 December 2015: US$40.2 million).

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated shopping centres	13	**7,008.0**	5,502.3
Equity accounted shopping centres	15(c)	**9,830.1**	9,531.2
		16,838.1	15,033.5

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties.

The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

United States shopping centres

- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited

The key assumptions in the valuation are the estimated yield, current and future rental income and other judgmental factors. A summary of the estimated yield for the property portfolio is as follows:

	Carrying Amount 31 Dec 16 US$million	**Estimated Yield[i] 31 Dec 16 %**	Carrying Amount 31 Dec 15 US$million	Estimated Yield[i] 31 Dec 15 %
Flagship and Regional				
Flagship				
– United States	**10,340.7**	**4.44%**	8,085.6	4.83%
– United Kingdom	**3,530.6**	**4.45%**	3,996.6	4.40%
	13,871.3	**4.44%**	12,082.2	4.69%
Regional				
– United States	**2,966.8**	**5.55%**	2,951.3	5.74%
Total	**16,838.1**	**4.64%**	15,033.5	4.89%

(i) The estimated yield is calculated on a weighted average basis.

Movement in the estimated yield for each property would results in changes in the fair value. For example an increment of 0.5% to the total estimated yield would result in a decrease of US$1,638.0 million (31 December 2015: US$1,394.6 million) in the fair value of the properties. Similarly, a decrement of 0.5% to the total estimated yield would result in an increase of US$2,033.6 million (31 December 2015: US$1,712.2 million) in the fair value of the properties.

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(a) Details of the Group's aggregate share of equity accounted entities net profit						
Property revenue	**559.3**	549.0	**116.5**	112.7	**675.8**	661.7
Share of after tax profit of equity accounted entities	**628.5**	512.6	**233.6**	278.6	**862.1**	791.2

During the financial year, there was no profit or loss from discontinued operations.

	United States		United Kingdom		Total	
	31 Dec 16 US$million	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million	**31 Dec 16 US$million**	31 Dec 15 US$million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**628.5**	512.6	**233.6**	278.6	**862.1**	791.2
Other comprehensive income [(i)]	**–**	–	**(230.3)**	(67.9)	**(230.3)**	(67.9)
Share of total comprehensive income of equity accounted entities	**628.5**	512.6	**3.3**	210.7	**631.8**	723.3

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

		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	31 Dec 15
(d) Equity accounted entities economic interest				
United Kingdom investments (i)				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City (ii)	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments (i)				
Annapolis (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert (iii)	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita (iii)	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga (iii)	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull (iii)	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton (iii)	Partnership units	31 Dec	**52.6%**	52.6%

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) Stratford is considered a material joint venture with Canneth Limited Partnership Inc. Summarised financial information are as follows: Revenue of US$102.4 million (31 December 2015: US$106.6 million), total assets of US$1,644.4 million and total liabilities of US$495.8 million (31 December 2015: total assets US$1,762.6 million and total liabilities of US$585.0 million).

(iii) Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**297.8**	69.0
Unlisted investments	**310.1**	268.4
	607.9	337.4
Movement in other property investments		
Balance at the beginning of the year	**337.4**	257.9
Additions	**254.6**	113.8
Disposals	**–**	(60.5)
Net revaluation increment to income statement	**16.6**	39.6
Retranslation of foreign operations	**(0.7)**	(13.4)
Balance at the end of the year	**607.9**	337.4
NOTE 17 PLANT AND EQUIPMENT		
Plant and equipment	**144.1**	69.2
Movement in plant and equipment		
Balance at the beginning of the year	**69.2**	77.4
Additions	**129.0**	10.7
Disposals	**(35.1)**	–
Depreciation expense	**(17.0)**	(14.1)
Retranslation of foreign operations and other differences	**(2.0)**	(4.8)
Balance at the end of the year	**144.1**	69.2
NOTE 18 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	**680.7**	691.2
Employee benefits	**42.0**	38.2
	722.7	729.4
Non current		
Sundry creditors and accruals	**98.6**	138.5
Employee benefits	**4.2**	9.6
	102.8	148.1

NOTE 19 INTEREST BEARING LIABILITIES

	31 Dec 16 US$million	31 Dec 15 US$million
Interest bearing liabilities – consolidated		
Current		
Unsecured		
Notes payable		
– US$ denominated	**750.0**	–
Finance leases	**0.6**	0.5
Secured		
Bank loans and mortgages		
– US$ denominated	**3.3**	3.1
	753.9	3.6
Non current		
Unsecured		
Bank loans		
– € denominated	**213.5**	149.9
– £ denominated	**222.1**	–
– US$ denominated	**500.0**	–
Notes payable		
– US$ denominated	**3,750.0**	4,500.0
Finance leases	**39.1**	39.7
Secured		
Bank loans and mortgages		
– US$ denominated	**575.4**	578.2
	5,300.1	5,267.8
Total interest bearing liabilities – consolidated	**6,054.0**	5,271.4

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

(a) Summary of financing facilities – consolidated

	31 Dec 16 US$million	31 Dec 15 US$million
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**8,518.4**	8,571.5
Total interest bearing liabilities	**(6,054.0)**	(5,271.4)
Total bank guarantees	**(46.3)**	(22.5)
Available financing facilities	**2,418.1**	3,277.6
Cash	**292.1**	1,106.8
Financing resources available at the end of the year	**2,710.2**	4,384.4

These facilities comprise fixed secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 16 US$million	Total interest bearing liabilities 31 Dec 16 US$million	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2016	**–**	**–**	3.6	3.6
Year ending December 2017	**753.9**	**753.9**	953.9	903.8
Year ending December 2018	**4.2**	**4.2**	124.6	124.6
Year ending December 2019	**4,504.4**	**2,131.1**	4,504.4	1,254.4
Year ending December 2020	**1,322.8**	**1,231.7**	1,172.8	1,172.8
Year ending December 2021	**0.7**	**0.7**	0.7	0.7
Year ending December 2022	**275.8**	**275.8**	275.8	275.8
Year ending December 2023	**0.9**	**0.9**	0.9	0.9
Year ending December 2024	**1,000.9**	**1,000.9**	1,000.9	1,000.9
Year ending December 2025	**1.0**	**1.0**	1.0	1.0
Year ending December 2026	**122.0**	**122.0**	1.0	1.0
Due thereafter	**531.8**	**531.8**	531.9	531.9
	8,518.4	**6,054.0**	8,571.5	5,271.4

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Unsecured bank loan – bilateral facility (i)	3-Jul-17	**–**	**–**	US$200.0	€138.0
Unsecured notes payable – bonds	15-Sep-17	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage – San Francisco Centre (ii)	6-Mar-18	**–**	**–**	US$120.5	US$120.5
Unsecured bank loan – syndicated facility (iii)	30-Jun-19	**US$3,250.0**	**US$500.0**	US$3,250.0	–
			€147.0		–
			£180.0		–
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Old Orchard	1-Mar-20	**US$182.7**	**US$182.7**	US$185.8	US$185.8
Unsecured bank loan – bilateral facility (i)	3-Jul-20	**US$150.0**	**€56.0**	–	–
Unsecured notes payable – bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – San Francisco Centre (ii)	1-Aug-26	**US$121.0**	**US$121.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the above		**8,478.7**	**6,014.3**	8,531.3	5,231.2
Add:					
Finance leases		**39.7**	**39.7**	40.2	40.2
Consolidated financing facilities and interest bearing liabilities		**8,518.4**	**6,054.0**	8,571.5	5,271.4

(i) The bilateral facility was extended from July 2017 to July 2020.
(ii) The mortgage was refinanced in July 2016 to 1 August 2026.
(iii) Assumes options have been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are US$578.7 million (31 December 2015: US$581.3million). Secured liabilities are borrowings secured by mortgages over properties that have an aggregate fair value of US$1,884.3 million (31 December 2015: US$1,839.8 million). These properties are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 16 US$million	Total interest bearing liabilities 31 Dec 16 US$million	Committed financing facilities 31 Dec 15 US$million	Total interest bearing liabilities 31 Dec 15 US$million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	**2,130.6**	**2,130.6**	2,223.9	2,223.9
Finance leases	**10.4**	**10.4**	7.0	7.0
	2,141.0	**2,141.0**	2,230.9	2,230.9
Interest bearing liabilities – current	**4.9**	**4.9**	4.7	4.7
Interest bearing liabilities – non current	**2,136.1**	**2,136.1**	2,226.2	2,226.2
	2,141.0	**2,141.0**	2,230.9	2,230.9
(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2016	**–**	**–**	4.7	4.7
Year ending December 2017	**4.9**	**4.9**	222.5	222.5
Year ending December 2018	**34.4**	**34.4**	34.5	34.5
Year ending December 2019	**469.7**	**469.7**	559.6	559.6
Year ending December 2020	**188.6**	**188.6**	188.7	188.7
Year ending December 2021	**3.2**	**3.2**	3.3	3.3
Year ending December 2022	**3.4**	**3.4**	3.4	3.4
Year ending December 2023	**501.4**	**501.4**	501.5	501.5
Year ending December 2024	**437.6**	**437.6**	437.7	437.7
Year ending December 2025	**269.3**	**269.3**	269.4	269.4
Year ending December 2026	**218.6**	**218.6**	0.2	0.2
Due thereafter	**9.9**	**9.9**	5.4	5.4
	2,141.0	**2,141.0**	2,230.9	2,230.9

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(f) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – San Francisco Emporium (i)	11-Jan-17	**–**	**–**	US$217.5	US$217.5
Secured mortgage – Southgate (ii)	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage – Southcenter	11-Jan-20	**US$125.9**	**US$125.9**	US$127.9	US$127.9
Secured mortgage – Brandon	01-Mar-20	**US$70.9**	**US$70.9**	US$72.0	US$72.0
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$69.0**	**US$69.0**	US$70.4	US$70.4
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage – Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage – Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage – Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage – San Francisco Emporium (i)	01-Aug-26	**US$218.5**	**US$218.5**	–	–
Total US$ equivalent of the above		**2,130.6**	**2,130.6**	2,223.9	2,223.9
Add:					
Finance leases		**10.4**	**10.4**	7.0	7.0
		2,141.0	**2,141.0**	2,230.9	2,230.9

(i) The mortgage was refinanced in July 2016 to 1 August 2026.

(ii) The first and second options have been exercised to extend the loan from 2015 to 2017 and assumes third option has been exercised to extend the loan from 2017 to 2018.

Total equity accounted secured liabilities are US$2,141.0 million (31 December 2015: US$2,230.9 million). The aggregate net asset value of equity accounted entities with secured borrowings is US$3,780.0 million (31 December 2015: US$3,706.3 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	**31 Dec 16 US$million**	31 Dec 15 US$million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.2**	3.0
		2.2	3.0
Non current			
Convertible redeemable preference shares/units	(a)	**70.3**	95.8
Other redeemable preference shares/units	(b)	**153.9**	158.1
		224.2	253.9
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**2.2**	3.0
Non current – after one year		**224.2**	253.9
		226.4	256.9

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2016, the Jacobs Group holds 1,493,574 (31 December 2015: 1,503,567) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2016, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2015: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2016, 1,538,481 (31 December 2015: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

(v) As at 31 December 2016, 764,205 (31 December 2015: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

(i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 21 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**2.6**	–
	2.6	–
Non current		
Payables on interest rate derivatives	**21.2**	19.1
	21.2	19.1
Total derivative liabilities	**23.8**	19.1

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2016, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US$23.8 million are reduced by US$23.8 million to the net amount of nil (31 December 2015: derivative liabilities of US$19.1 million are reduced by US$19.1 million to the net amount of nil).

	Securities	Securities
NOTE 22 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	US$million	US$million
(b) Amount of contributed equity		
of WCL	**853.1**	869.7
of WFDT and WAT	**10,571.0**	10,571.0
of the Group	**11,424.1**	11,440.7
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,440.7**	11,459.3
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(16.6)**	(18.6)
Balance at the end of the year	**11,424.1**	11,440.7

	31 Dec 16 US$million	31 Dec 15 US$million
NOTE 23 RESERVES		
of WCL	**(36.3)**	42.0
of WFDT and WAT	**(908.0)**	(408.6)
of the Group	**(944.3)**	(366.6)
Total reserves of the Group		
Foreign currency translation reserve	**(978.1)**	(401.3)
Employee share plan benefits reserve	**33.8**	34.7
Balance at the end of the year	**(944.3)**	(366.6)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(401.3)**	(183.2)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(576.8)**	(218.1)
Balance at the end of the year	**(978.1)**	(401.3)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**34.7**	39.1
– movement in equity settled share based payment	**(0.9)**	(4.4)
Balance at the end of the year	**33.8**	34.7
NOTE 24 RETAINED PROFITS		
of WCL	**1,092.0**	760.2
of WFDT and WAT	**(2,021.8)**	(2,534.5)
of the Group	**(929.8)**	(1,774.3)
Movement in retained profits		
Balance at the beginning of the year	**(1,774.3)**	(3,581.4)
Profit after tax for the period	**1,366.1**	2,323.5
Dividend/distribution paid	**(521.6)**	(516.4)
Balance at the end of the year	**(929.8)**	(1,774.3)

	Note	**Number of rights 31 Dec 16**	**Weighted average exercise price US$ 31 Dec 16**	Number of rights 31 Dec 15	Weighted average exercise price US$ 31 Dec 15
NOTE 25 SHARE BASED PAYMENTS					
(a) Rights over Westfield Corporation stapled securities					
– Executive performance rights	(b)(i)	**5,187,061**	**–**	7,971,200	–
– Partnership incentive rights	(b)(ii)	**6,945,086**	**–**	6,786,586	–
– Target incentive rights	(b)(iii)	**1,165,142**	**–**	–	–
		13,297,289	**–**	14,757,786	–

(b) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Executive Performance Rights		
Balance at the beginning of the year	**7,971,200**	11,143,275
Rights issued	**2,542,056**	2,723,604
Rights exercised	**(4,053,886)**	(5,046,484)
Rights forfeited	**(1,272,309)**	(849,195)
Balance at the end of the year	**5,187,061**	7,971,200

Vesting profile	**Fair value granted US$million 31 Dec 16**	**Number of rights[(i)] 31 Dec 16**	Fair value granted US$million 31 Dec 15	Number of rights[(i)] 31 Dec 15
2016	**–**	**–**	15.9	4,101,771
2017	**14.1**	**2,603,499**	16.0	2,986,284
2018	**13.6**	**2,268,290**	3.5	803,982
2019	**0.8**	**120,664**	0.5	79,163
2020	**0.6**	**95,906**	–	–
2021	**0.6**	**98,702**	–	–
	29.7	**5,187,061**	35.9	7,971,200

(i) The exercise price for the EPR Plan is nil.

The EPR Plan is a plan in which senior executives and high performing employees participate. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,786,586**	6,226,538
Rights issued [(i)]	**2,496,651**	1,909,028
Rights exercised	**(1,832,947)**	(1,100,979)
Rights forfeited	**(505,204)**	(248,001)
Balance at the end of the year	**6,945,086**	6,786,586

(i) As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2016 the rights were issued subject to two performance hurdles: FFO measured over one year (2016) and development hurdle measured over four years. In 2016, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled (continued)

Vesting profile	Fair value granted US$million 31 Dec 16	Number of rights(i) 31 Dec 16	Fair value granted US$million 31 Dec 15	Number of rights(i) 31 Dec 15
2016	–	–	6.2	1,870,066
2017	7.4	1,889,081	8.1	2,036,809
2018	8.1	1,780,602	8.9	1,937,886
2019	11.8	2,081,431	5.0	941,825
2020	6.9	1,193,972	–	–
	34.2	6,945,086	28.2	6,786,586

(i) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2016 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Target Incentive Rights		
Balance at the beginning of the year	–	–
Rights issued (i)	1,165,142	–
Balance at the end of the year	1,165,142	–

(i) As outlined in section 8.4(c) of the Remuneration Report, the Group introduced a new category of long term incentives known as Target Incentive Rights. A limited number of Target Incentive Rights have been issued to the key executives in 2016. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	Fair value granted US$million 31 Dec 16	Number of rights(i) 31 Dec 16	Fair value granted US$million 31 Dec 15	Number of rights(i) 31 Dec 15
2018	1.6	266,242	–	–
2019	5.6	798,723	–	–
2020	0.6	100,177	–	–
	7.8	1,165,142	–	–

(i) The exercise price for the TIR Plan is nil.

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying Period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US$21.7 million (31 December 2015: US$22.9 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

(i) The Executive Deferred Award Plan (EDA Plan) – Cash settled

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**–**	1,203,506
Awards exercised	**–**	(1,004,931)
Awards lapsed	**–**	(198,575)
Balance at the end of the year	**–**	–

(ii) The Partnership Incentive Plan (PIP Plan) – Cash settled

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**–**	829,338
Awards exercised	**–**	(810,272)
Awards lapsed	**–**	(19,066)
Balance at the end of the year	**–**	–

Accounting for cash settled Share Based Payments

During the year, nil (31 December 2015: US$1.5 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

	31 Dec 16 US cents	31 Dec 15 US cents
Basic earnings per stapled security attributable to members of Westfield Corporation	**65.74**	111.81
Diluted earnings per stapled security attributable to members of Westfield Corporation	**64.87**	110.68

(b) Income and security data

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

	31 Dec 16 US$million	31 Dec 15 US$million
Earnings used in calculating basic earnings per stapled security	**1,366.1**	2,323.5
Adjustment to earnings on options which are considered dilutive	**(5.5)**	–
Earnings used in calculating diluted earnings per stapled security	**1,360.6**	2,323.5

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security [(i)]	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(ii)]	**19,189,668**	21,235,219
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security [(iii)]	**2,097,279,354**	2,099,324,905

(i) 2,078.1 million (31 December 2015: 2,078.1 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(ii) At 31 December 2016, 13,297,289 actual employee award scheme security options were on hand (31 December 2015: 14,757,786).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 6,575,131 (31 December 2015: 6,477,433).

(c) Conversions, calls, subscription or issues after 31 December 2016

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

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 27 DIVIDENDS/DISTRIBUTIONS

(a) Final dividends/distributions paid

Dividend/distribution in respect of the 6 months to 31 December 2016		
– to be paid on 28 February 2017		
WFDT: 1.90 US cents per unit	**39.5**	–
WAT: 10.65 US cents per unit	**221.3**	–
Dividend/distribution in respect of the 6 months to 31 December 2015		
WFDT: 0.10 US cents per unit	**–**	2.1
WAT: 12.45 US cents per unit	**–**	258.7
	260.8	260.8

Interim dividend/distributions of 12.55 US cents were paid on 31 August 2016. Final dividend/distributions will be paid on 28 February 2017. The record date for the final dividends/distributions was 5pm, 14 February 2017. No distribution reinvestment plan is operational for the distribution.

(b) Interim dividends/distributions paid

Dividend/distribution in respect of the 6 months to 30 June 2016		
WFDT: 1.20 US cents per unit	**24.9**	–
WAT: 11.35 US cents per unit	**235.9**	–
Dividend/distribution in respect of the 6 months to 30 June 2015		
WFDT: 3.55 US cents per unit	**–**	73.8
WAT: 9.00 US cents per unit	**–**	187.0
	260.8	260.8

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

(c) Franking credit balance of the Parent Company

The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**3.9**	2.7
Franking credits available for future distributions	**3.9**	2.7

	US$	US$

NOTE 28 NET TANGIBLE ASSET BACKING

Net tangible asset backing per security	**4.60**	4.48

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2015: 2,078,089,686).

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 29 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables.

Operating lease receivables

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

	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**		Interest rate options	
	31 Dec 16 Notional principal amount million	**31 Dec 16 Average strike rates**	31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rate
US$ payable caps				
31 December 2015	**–**	**–**	US$(28.5)	3.50%
31 December 2016	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a payable of US$3,050 (31 December 2015: US$2,004). The change in fair value for the year ended 31 December 2016 was US$1,046 (31 December 2015: US$0.1 million).

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 16 million	31 Dec 15 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,622.1**	£3,196.5
£ borrowings	**£(555.0)**	£(375.0)
£ cross currency swaps	**£(461.1)**	£(461.1)
£ denominated net assets	**£2,606.0**	£2,360.4
Euro		
€ net assets	**€298.7**	€140.8
€ borrowings	**€(203.0)**	€(138.0)
€ denominated net assets	**€95.7**	€2.8
Australian Dollar		
A$ net assets	**A$(28.7)**	A$(68.9)
A$ denominated net assets	**A$(28.7)**	A$(68.9)

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

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

Foreign currency sensitivity		**31 Dec 16 US$million**	31 Dec 15 US$million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.8103 rate (31 December 2015: 0.6786) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,053.8**	1,453.7
	- 10 pence	**452.7**	601.2
	- 5 pence	**211.5**	276.7
	+ 5 pence	**(186.9)**	(238.7)
	+ 10 pence	**(353.3)**	(446.8)
	+ 20 pence	**(636.6)**	(791.9)
The sensitivity of € denominated net assets to changes in the year end US$/€0.9509 rate (31 December 2015: 0.9205) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**26.8**	0.8
	- 10 cents	**11.8**	0.4
	- 5 cents	**5.6**	0.2
	+ 5 cents	**(5.0)**	(0.2)
	+ 10 cents	**(9.6)**	(0.3)
	+ 20 cents	**(17.5)**	(0.5)
The sensitivity of A$ denominated net assets to changes in the year end US$/A$1.3873 rate (31 December 2015: 1.3725) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(3.5)**	(8.6)
	- 10 cents	**(1.6)**	(3.9)
	- 5 cents	**(0.8)**	(1.9)
	+ 5 cents	**0.7**	1.8
	+ 10 cents	**1.4**	3.4
	+ 20 cents	**2.6**	6.4

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 16	31 Dec 15	Amount receivable/(payable) 31 Dec 16 million	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.

	31 Dec 16 US$million	31 Dec 15 US$million

NOTE 40 PARENT COMPANY

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

	31 Dec 16 US$million	31 Dec 15 US$million
(a) Assets		
Current assets	**20.3**	43.3
Non current assets	**1,556.2**	1,407.1
Total assets	**1,576.5**	1,450.4
(b) Liabilities		
Current liabilities	**413.7**	447.6
Non current liabilities	**–**	32.0
Total liabilities	**413.7**	479.6
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**(255.4)**	(238.5)
Retained profits	**548.9**	340.0
Total equity	**1,162.8**	970.8
(d) Comprehensive income		
Profit/(loss) after tax for the period	**208.9**	33.0
Other comprehensive income	**(16.9)**	(104.3)
Total comprehensive income for the period	**192.0**	(71.3)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**5,435.6**	4,649.9
	5,435.6	4,649.9

NOTE 41 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2016, WFDT held current assets of US$2.6 billion, non current assets of US$2.1 billion and liabilities of US$0.2 billion (31 December 2015: current assets of US$2.9 billion, non current assets of US$2.1 billion and liabilities of US$0.3 billion).

As at 31 December 2016, the total equity held by WFDT was US$4.5 billion (31 December 2015: US$4.7 billion).

The loss after tax for the period was US$135.4 million and total comprehensive loss was US$182.6 million. The revenue for the period was US$19.2 million (31 December 2015: profit after tax of US$360.3 million and total comprehensive loss of US$221.0 and revenue of US$83.3 million).

Westfield America Trust

As at 31 December 2016, WAT held current assets of US$0.3 billion, non current assets of US$13.7 billion, current liabilities of US$2.4 billion and non current liabilities of US$7.8 billion (31 December 2015: current assets of US$1.4 billion, non current assets of US$11.8 billion, current liabilities of US$2.7 billion and non current liabilities of US$7.3 billion).

As at 31 December 2016, the total equity held by WAT was US$3.8 billion (31 December 2015: US$3.2 billion).

The profit after tax for the period was US$1,053.6 million and total comprehensive income was US$1,055.5 million. The revenue for the period was US$513.6 million (31 December 2015: profit after tax of US$1,875.2 million and total comprehensive income of US$2,103.4 million and revenue of US$622.9 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 16 US$000	31 Dec 15 US$000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,157**	1,336
– Assurance and compliance services	**–**	117
– Technical accounting advice and services	**1,234**	789
	2,391	2,242
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,601**	3,337
– Assurance and compliance services	**116**	132
– Taxation advice and compliance	**875**	310
– Technical accounting advice and services	**208**	827
	4,800	4,606
	7,191	6,848

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 107.8 hours (31 December 2015: 37.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm’s length. During the year ended 31 December 2016 there was no charge to or from either party (31 December 2015: US$1,341,419 billed to LFG by the Group) for use in excess of the interchange agreement.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG US$657,152 (31 December 2015: US$819,038) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During the financial year, the Group charged LFG US$1,493,493 (31 December 2015: US$1,028,197) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2016 US$**	2015 US$
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute US$7,687 (31 December 2015 US$7,477) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2016.

(c) Other

During the financial year, the Group purchased all of the equity in Scott Sanders Theatrical Productions (SSTP) for US$12.4 million. Mr Roy Furman, a non-executive director, held a 15.5% shareholding in SSTP which was purchased as part of the transaction. Mr Furman played no part in the negotiation or approval of the transaction. The Board was satisfied that the transaction was negotiated on arm’s length terms. In reaching that conclusion the Board considered all material facts. The Board also considered the outcome of an independent review by an investment bank which concluded that based on their review of the transaction documents and on responses received from management to a detailed questionnaire, they were satisfied that the evidence was consistent with a transaction negotiated on arm’s length terms.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2016 to 31 December 2016 are set out below:

– Frank Lowy AC	Chairman	
– Brian Schwartz AM	Deputy Chairman / Lead Independent Director	
– Ilana Atlas	Non-Executive Director	
– Roy Furman	Non-Executive Director	
– Peter Goldsmith QC PC	Non-Executive Director	
– Jeffrey Goldstein	Non-Executive Director	appointed 28 November 2016
– Michael Gutman OBE	President / Chief Operating Officer	
– Mark G. Johnson	Non-Executive Director	
– Mark R. Johnson AO	Non-Executive Director	
– Donald Kingsborough	Executive Director	
– Peter Lowy	Co-Chief Executive Officer	
– Steven Lowy AM	Co-Chief Executive Officer	
– John McFarlane	Non-Executive Director	
– Dawn Ostroff	Non-Executive Director	appointed 28 November 2016
– Elliott Rusanow	Chief Financial Officer	

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2016 was:

	Short term benefits				Post Employment	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences US$	Short term cash profit sharing and other bonuses US$	Non-monetary benefits US$	Other short term employee benefits(i) US$	Other post employment benefits US$	Amortisation of cash and equity settled share based payments(ii) US$	US$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2016	**9,037,167**	**6,961,500**	**131,732**	**67,849**	**96,109**	**8,767,622**	**25,061,979**
31 December 2015	8,614,751	6,380,000	139,787	318,300	93,411	8,529,027	24,075,276
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2016	**980,000**	**812,500**	**225,977**	**16,333**	**–**	**1,032,733**	**3,067,543**
31 December 2015	980,000	815,000	–	27,869	–	904,531	2,727,400
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2016	**10,017,167**	**7,774,000**	**357,709**	**84,182**	**96,109**	**9,800,355**	**28,129,522**
31 December 2015	9,594,751	7,195,000	139,787	346,169	93,411	9,433,558	26,802,676

(i) Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 16 – Interest Beneficial[(i)] Parent Company %	Westfield Corporation %	Consolidated or Equity accounted %	31 Dec 15 – Interest 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 [(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

WEA Finance LLC

US$500,000,000 4.125% Guaranteed Senior Notes due 2028
US$500,000,000 4.625% Guaranteed Senior Notes due 2048

UNIBAIL-RODAMCO-WESTFIELD

OFFERING MEMORANDUM

Joint Book-Running Managers

Citigroup

Deutsche Bank Securities

J.P. Morgan

SMBC Nikko

Barclays

BBVA

BNP PARIBAS

BofA Merrill Lynch

Credit Agricole CIB

HSBC

Mizuho Securities

RBC Capital Markets

SOCIETE GENERALE

TD Securities

September 12, 2018