22 February 2018

Westfield Corporation
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The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

WESTFIELD CORPORATION (ASX: WFD)
FULL YEAR RESULTS FOR YEAR ENDED 31 DECEMBER 2017

Attached are the Appendix 4E and 2017 Annual Financial Report for Westfield Corporation.

Yours faithfully
WESTFIELD CORPORATION

Simon Tuxen
Company Secretary

Encl.

Westfield Corporation [1] : Appendix 4E

For the year ended 31 December 2017 [2]

(previous corresponding period being the year ended 31 December 2016)

Results for Announcement to the Market:

For the 12 months ended 31 December 2017				
			31 Dec 2017	**31 Dec 2016**
Revenue (including equity accounted revenue of US$685.6 million (31 December 2016: US$675.8 million)) (US$million)	up	17.1%	2,105.1	1,798.4
AIFRS profit after tax attributable to members (US$million)	up	13.5%	1,551.2	1,366.1

Distributions

				US Cents per stapled security
Dividend/distributions for the year ended 31 December 2017	up	1.6% [(i)]	to	25.50
Interim dividend/distributions paid on 31 August 2017				12.75
Final dividend/distributions in respect of Westfield Corporation earnings to be paid on 28 February 2018 comprising:				12.75
- distribution in respect of a WFD Trust unit				10.20
- distribution in respect of a Westfield America Trust unit				2.55
- dividend in respect of a Westfield Corporation Limited share				nil

[(i)] Compared to distributions for the year ended 31 December 2016 of 25.10 US cents per stapled security.

Details of the full year components of distributions will be provided in the Annual Tax Statements which will be sent to securityholders in July 2018.

The distributions per security have been determined by reference to the number of securities on issue at the record date. The record date for determining entitlements to the interim distributions was 5pm, 14 February 2018 and the distribution will be paid on 28 February 2018. Westfield Corporation does not operate a distribution reinvestment plan.

Additional information

The annual general meeting will be held on 11 April 2018. Commentary on the results is contained in the attached Annual Financial Report and the results presentation released to the ASX. The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report.

[1] Westfield Corporation comprises Westfield Corporation Limited ABN 12 166 995 197 (WCL); Westfield America Trust ARSN 092 058 449 (WAT) and WFD Trust ARSN 168 765 875 (WFDT).

[2] It is recommended that the Annual Financial Report be considered together with any public announcements made by Westfield Corporation during the 12 months ended 31 December 2017.

Westfield Corporation
Annual Financial Report
31 December 2017

Westfield Corporation Limited ABN 12 166 995 197

Annual Financial Report

WESTFIELD CORPORATION [(1)]
For the Financial Year ended 31 December 2017

Contents

[(1)] Westfield Corporation (Group) comprises Westfield Corporation Limited and its controlled entities as defined in Note 2.

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

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
Partner

22 February 2018

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8. REMUNERATION REPORT

Message from the Chairman of the Human Resources Committee

Dear Securityholders,

I am pleased to introduce the Remuneration Report for Westfield Corporation (ASX: **WFD**) for the period from 1 January 2017 to 31 December 2017 (the **Financial Year**).

The Financial Year has been another period of significant activity for Westfield Corporation. More detail on all aspects of the Group's corporate achievements and operating performance is provided in the Director's Report and in the Remuneration Report.

As in previous years the work of the Human Resources Committee has encompassed a broad range of remuneration and human resources issues including matters relating to succession planning and diversity. These issues are discussed in detail in the Group's Sustainability Report to be issued in the first quarter of 2018.

Key Remuneration and Human Resources Challenges

As has been noted in previous reports, the human resources issues faced by Westfield Corporation are made more complex as a result of the company being listed on the Australian Securities Exchange and having a substantial Australian securityholder base at a time when our business, our assets and the vast majority of our staff are located in the United States and the United Kingdom.

In early December 2017, Westfield Corporation announced a proposed combination with Unibail-Rodamco SE (**UR**) which will result in formation of the world's premier developer and operator of flagship shopping destinations. At the end of the Financial Year, the transaction remains subject to various conditions including a vote of UR shareholders and approval of a scheme of arrangement by Westfield Corporation's securityholders. The remuneration implications of that transaction will be dealt with in a separate Securityholder Booklet which is expected to be considered by securityholders in an extraordinary general meeting to be held in Q2 of 2018.

Our priority is to ensure that the structures we have in place are appropriate and enable Westfield to attract and retain the best talent in the markets where we operate. Having regard to the proposed transaction, we are not proposing any specific changes which impact the Financial Year or a subsequent period.

Westfield is currently in a unique period in its corporate history with completion of $2.8 billion of major projects over the last two years and an $8.5 billion development program which is now well underway. During the course of the year, we completed construction of major developments at Century City and UTC in the United States and Westfield London Phase II is scheduled to complete in Q1 of 2018. The completed projects are now in a period of stabilisation with the lease up expected to continue throughout 2018.

In last year's Report and in many investor presentations, we have highlighted the critical importance of successful execution of that program. It is a cornerstone of our strategy to deliver long term sustainable value to securityholders. The anticipated value to be delivered through that development pipeline, along with the high quality of our Flagship portfolio, is a key reason why Westfield's securities continue to trade at a premium multiple when compared with our US and UK peers. The high quality of our portfolio and the predominance of Flagship assets in the portfolio is clearly a significant factor in UR's interest in pursuing a merger with Westfield Corporation, as is their interest in combining their own significant development expertise with that of the existing Westfield team.

It follows that the retention of key executives responsible for the successful execution of the development pipeline has been a matter of considerable focus for the Board.

We recognise that the unique talents of our development executives are in global demand within the broader property industry. We are continuing to explore ways to address this issue in a manner which is closely aligned to the interests of securityholders. As foreshadowed in the FY16 report, in 2017 the Board granted Target Incentive Rights to a limited number of development executives. The nature of these Rights is discussed further in section 8.4.

In last year's report, we highlighted the work being undertaken in OneMarket (then Westfield Retail Solutions) to explore ways in which to use digital technology to better connect retailers, shoppers and venues. Securityholders will be aware that at the time of announcement of the proposed combination with UR, the demerger of OneMarket from the Westfield Group was also announced as part of that transaction.

Westfield recognises that in order to explore new digital opportunities, we need to continue to hire executives with strong technology skills to supplement our existing resources. The expectation of those executives is that their remuneration structure will relate specifically to the success of the projects which they are engaged to work on (rather than the broader success of Westfield in the conduct of our core business). That position has been reflected in the employment arrangements for senior executives hired by OneMarket. It is recognised if we are to draw on the global talent pool of executives with skills in this rapidly changing and highly competitive industry, we will require a higher degree of flexibility in our remuneration practices and an approach to talent recruitment and retention which is specific to that business.

Key Remuneration Outcomes and Policy Changes

Following the changes implemented in FY16, there were no material remuneration policy adjustments in the Financial Year. Having regard to the proposed merger with UR, in order to facilitate a smooth transition of our employees to UR's business, no material changes to policy or entitlements have been implemented.

The following specific remuneration outcomes have been agreed for FY17/18:

a) **2017 Short Term Incentive Payments** – for Key Management Personnel and more generally in the Senior Executive Team, Short Term Incentive payments were at, or below, the Target Level. The Co-Chief Executive Officers and the President and Chief Operating Officer received 90% of Target of their Target Short Term Incentive.

b) **2018 Remuneration Levels** – for Key Management Personnel and the Senior Executive Team, remuneration levels (including Short Term Incentive and Long Term Incentive targets) were generally set at the same level as applied in 2017 – with the exceptions relating to promotions and the correction of any market anomalies identified during the year and the grant of Target Incentive Rights to certain senior executives considered critical to the successful execution of the development program (as noted above and in section 8.4).

I trust that you will find the Report helpful in understanding the policies and practices of Westfield Corporation.

Mark R. Johnson AO
Chairman, Human Resources Committee

Background to this Report

This Remuneration Report, prepared in accordance with the requirements of the *Corporations Act 2001* and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, provides an overview of Westfield Corporation's remuneration policies and practices in the Financial Year. This Report has been audited by Ernst & Young.

In this Report, Westfield Corporation is also referred to as "Westfield" or the "Group".

In writing this Report, our aim is to present information in a way which is readily accessible to its readers. To comply with our legal obligations and to provide additional information which may be of interest to those undertaking a more detailed analysis, we have included additional technical information in the Appendix A to this Report. Definitions of terms used frequently in this Report have been included in section 8.8.

Westfield Corporation no longer has business operations in Australia. Rather, our operating businesses are located in the United States and the United Kingdom and our revenues are derived in currencies other than the Australian dollar. For the Financial Year, our accounts have been prepared and disclosed in US dollars. Our executive team is paid in US dollars or British pounds. **For this reason, unless noted otherwise, all disclosures in this Report are in US dollars.**

The structure of the Report is as follows:

8.1 Human Resources Committee
8.2 Remuneration Policy Objectives
8.3 Corporate Performance
8.4 Our Remuneration Structure
8.5 Remuneration of the Key Management Personnel
8.6 Executive Service Agreements and Termination Arrangements
8.7 Remuneration of Non-Executive Directors
8.8 Definitions
Appendices

8.1 Human Resources

The Board is responsible for setting remuneration policy and overseeing the implementation of that policy in a manner which reflects the objectives set out in section 8.2. The Human Resources Committee (or **the Committee**) is responsible for making recommendations to the Board. The Committee's activities are governed by its Charter, a copy of which is available at **www.westfieldcorp.com/about/leadership**.

The Committee comprises Mr Mark R. Johnson (Chairman) together with Mr Roy Furman and Ms Ilana Atlas. The Group classifies each of these Directors as independent.

In addition to making recommendations on remuneration policies and practices affecting the Group, the Committee considers the specific remuneration packages for Executive Directors and key members of the Senior Executive Team. The Committee also considers all aspects of the Equity Linked Plans in which executives participate, the total level of awards issued under the Plans, the Performance Hurdles applicable to any awards and the general administration (including the exercise of any discretionary power) of the Plans. The Committee also considers other human resources issues such as succession planning and diversity.

The Committee met twice during the Financial Year. The full Committee was in attendance at both meetings. Having regard to the Committee's Charter, it was scheduled to meet 3 times in the Financial Year. However, consideration of the proposed UR transaction required that one Committee meeting be cancelled on short notice and the business of that meeting be considered at a subsequent meeting.

In setting remuneration levels and formulating remuneration and human resources policies, the Committee and the Board utilise the services of specialist human resources and remuneration consultants. Protocols have also been established for the engagement of remuneration consultants and the provision of declarations of no influence. Mr Mark Bieler of Mark Bieler Associates (based in New York), in conjunction with the Group's human resources managers in each of the jurisdictions, provides advice to the Human Resources Committee and the Board and coordinates the work performed for the Group by other external human resources consultants. Mr Bieler attends all Human Resources Committee and Board meetings where human resources and remuneration items are discussed. He is available to consult directly with Committee members at all times.

As part of its role, Mark Bieler Associates provided remuneration recommendations to the Committee.

Those remuneration recommendations relate to matters such as the remuneration environment in the various jurisdictions in which the Group operates, the design of the Group's remuneration structures and Plans (including both the STI Plan and the LTI Plan) and the levels of remuneration for members of the Senior Executive Team, including the KMP. Mark Bieler Associates was paid a total of $250,000 in connection with the remuneration advice provided to the Group in the Financial Year.

When providing remuneration recommendations to the Committee or the Board, Mark Bieler Associates is required to provide a written declaration that each recommendation was made free of influence from the members of the KMP to whom the recommendation relates.

Mark Bieler Associates also provides other services to the Group on human resources related issues, including in relation to senior level recruiting in all countries, succession planning, counselling and mentoring of members of the Senior Executive Team and learning and organisation development. Mark Bieler Associates was paid a total of $2,750,000 in connection with these non-remuneration related services provided to the Group in the Financial Year. Mark Bieler Associates was paid a further $221,243 as reimbursement for expenses incurred in the provision of these services. The total fees paid to Mark Bieler Associates in the Financial Year were materially higher than FY16 (2016: $1,065,000) given their continuing involvement in the establishment of OneMarket (including extensive recruitment, structuring, policy and other advice) as well as significant involvement in planning for the human resources issues associated with implementation of the UR proposal.

In the Financial Year, the Group utilised the services of Willis Towers Watson on a global basis. In this role, Willis Towers Watson undertook the customary benchmarking review in each country of operation to analyse matters such as overall market trends, benchmarking between specific job types and with different industries, changing or emerging remuneration strategies and market predictions for the following financial year.

The results of the Willis Towers Watson reviews are an important part of the remuneration process. Willis Towers Watson also prepared specific reports regarding the remuneration of KMP and other executive roles specified by the Committee. Those reports are commissioned and received by the Chair of the Human Resources Committee. Willis Towers Watson did not make any recommendations on remuneration matters.

Based on the protocols established for the engagement of remuneration consultants, the terms of engagement and the declarations provided by the consultants, the Board is satisfied that the services provided by Willis Towers Watson and Mark Bieler Associates (including any remuneration recommendations) were provided without influence from KMP.

The Committee and the Board have continued to observe market trends in different jurisdictions over time, recognising the need to align Westfield's remuneration structures more closely with the markets in which we operate in order to attract and retain the best talent. However, no material changes to remuneration structures were made in the Financial Year, particularly in light of the announcement of the UR transaction late in the year.

8.2 Remuneration Policy Objectives

Our principal remuneration objectives are to:

a) Fairly reward executives having regard to their individual performance against agreed objectives, the overall performance of the Group and the external compensation environment.

b) Enable the Group to attract and retain key executives capable of contributing to the Group's global business, who will create sustainable value for securityholders and other stakeholders.

c) Appropriately align the interests of executives with securityholders.

As in previous years, in the Financial Year, the Committee has received feedback from a variety of domestic and international investors and market surveys which confirm that Westfield's executive management team is widely regarded as a dedicated, highly competent and committed team. This feedback is consistent with the views expressed by investors over many years.

The management team is known for its focus on enhancing securityholder wealth over time, excellence in operations and capital management, good judgement and financial discipline in acquisitions and divestments, and the ability of management to articulate a clear strategy for long term growth. The market intelligence reviewed by the Committee and the Board suggests that since the creation of Westfield Corporation in 2014, the reputation of the management team in these areas has only been enhanced.

With the inception of Westfield Corporation, our team has established clear objectives relating to those goals which are fundamental to the long term success of the new entity, including:

– maintaining Westfield's reputation for consistent and predictable operating performance reflected in the operating metrics of the Group's portfolio of assets and in achievement of earnings and distributions forecasts;

– implementation and execution of the Group's development pipeline, with particular emphasis on timely project commencements, execution of developments in accordance with approved budgets and project milestones and achievement of stabilised project yields consistent with Board approved feasibilities; and

– continuing the Group's focus on the importance of innovation and technology which emphasises the need for innovation in all aspects of the business and the need to achieve a greater connection with our retailers and customers, through our emerging digital platform and otherwise.

Our remuneration policies are designed to reward many aspects of individual performance which contribute to achieving these objectives – including financial and non-financial targets relating to all aspects of the Group's business. An indication of the broad nature of these targets is given in section 8.4 which sets out the STI objectives for KMP and the Hurdles applicable under the Group's LTI Plan.

Westfield Corporation's remuneration outcomes are focussed heavily on individual and corporate outcomes and not on remunerating executives based on movement in the share price. The Board's view over time has been that, consistent with the broad objectives outlined above, executives should be rewarded for sound operating performance and strategic decision making which enhances the underlying business and not based on movements in the price of the Group's securities.

Equity Incentive Deferral and Vesting

Despite continuing concerns regarding an increasing level of competitor approaches to our key executives (which we expect has accelerated following announcement of the UR transaction), the Board believes that it has the policies in place to secure an appropriate level of retention within the Senior Executive Team as required to ensure the long term future of the Group. Those policies relate not only to the overall level of remuneration, but to the structure of our remuneration packages which include a 3 year deferral of vesting of awards granted under the STI Plan and the 5 year period required for full vesting of awards under the LTI Plan. Each of these requirements encourages our executives to remain with the Group, and continue to perform at a high level, for an extended period.

Securityholder Alignment

It is the objective of the Group to align executive remuneration with the interests of securityholders. Broadly, the Group adopts policies and structures which encourage intensive focus on the operating business, to create sustainable growth in earnings and achieve competitive returns on equity over time.

Alignment is achieved in a number of ways including:

– through the application of appropriate performance criteria in the STI Plan including the deferral of a portion of the annual bonus into unvested equity for a three year period;

– through measurement of team performance against the Performance Hurdles set in respect of awards made under the LTI Plan that is aimed at driving sustainable financial performance and long term shareholder wealth creation;

– through participation by the executive team in the Group's Equity Linked Plans where the value derived by executives on maturity reflects movements in the share price over time;

– through a culture which rewards performance and decision making aimed at creating long term value for securityholders; and

– through the recently introduced minimum shareholding requirement for Executive KMP.

Broadly, as executives gain seniority in the Group, the balance of the remuneration mix moves to a higher proportion of contingent incentives (both short and long term), and a lesser proportion in base salary. These short and long term incentives are performance related and are considered to be "at risk".

8.3 Corporate Performance

Full details of the Group's various financial and operating achievements are contained in section 1 of the Directors' Report and various specific outcomes are noted in this section and sections 8.4(b) and (e).

Financial highlights during the Financial Year include:

– Net profit of $1,551.2 million;

– Funds from Operation (FFO) was $706.8 million, representing 34.01 cents per security; and

– Distributions for the 12 months were 25.5 cents per security.

The results for the Financial Year were in line with forecasts made to the market in February 2017 and confirmed at the half year results announcement in August 2017.

The following pages contain an analysis of the Group's performance using various metrics. As the Group has only been in existence since July 2014 (the first reporting period being the six months from 1 July 2014 – 31 December 2014), comparisons over time are limited at this stage.

(a) Earnings Performance

The Group reports FFO as the key performance measure with respect to earnings. FFO is widely used by real estate investment groups as the most important measure of operating performance.

The Group's FFO for the Financial Year was 34.0 cents per security, at the top end of the forecast. The calculation of FFO for the Financial Year is set out in Appendix B to this Report.

The Group also continues to measure and publish earnings per security (EPS). Significant fluctuations in EPS occur from year to year as, under AIFRS, EPS includes non-cash items such as movements in the value of properties in the Group's portfolio and mark to market adjustments of financial instruments. Because of the impact of these non-cash items on the Group's profit and loss statement, EPS is not used as a key metric for assessment of the Group's performance.

The Group's EPS for the Financial Year is as follows:

	EPS
1 July 2014 to 31 December 2014*	28.02 cents
1 January 2015 to 31 December 2015	111.81 cents
1 January 2016 to 31 December 2016	65.74 cents
1 January 2017 to 31 December 2017	**74.65 cents**

(b) Distributions

The Distribution to be paid by the Group in respect of the Financial Year is as follows:

	Distribution per stapled security	Distribution
1 July 2014 to 31 December 2014*	12.3 cents	$255.6m
1 January 2015 to 31 December 2015	25.1 cents	$521.6m
1 January 2016 to 31 December 2016	25.1 cents	$521.6m
1 January 2017 to 31 December 2017	**25.5 cents**	**$529.9m**

* This six month period was the first reporting period following the Restructure.

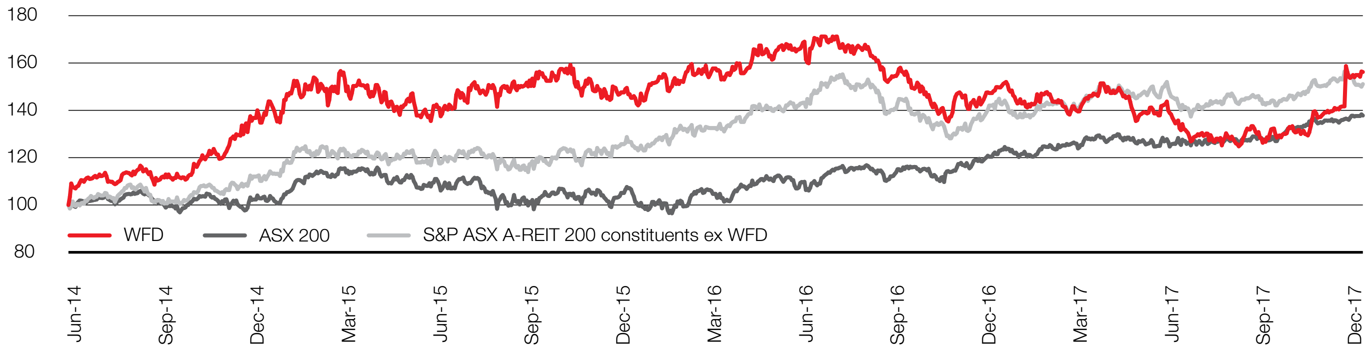
WFD Security Price

The Group's performance and security price (both on a standalone basis and measured against the S&P/ASX200 and S&P/ASX200 A-REIT Index) is shown in the graph below.

Westfield Corporation is included in the S&P/ASX200 A-REIT Index with a weighting of approximately 15% as at 29 December 2017. Given this significant weighting of the Group in that index, it is informative to show the comparison of Westfield Corporation's total returns against the performance of index participants excluding Westfield Corporation.

Since the Group's Restructure on 24 June 2014, WFD has delivered a total return of 56.2%, outperforming the ASX200 Index by 18.5% and the ASX200 A-REIT Index (ex-WFD) by 5.1%.

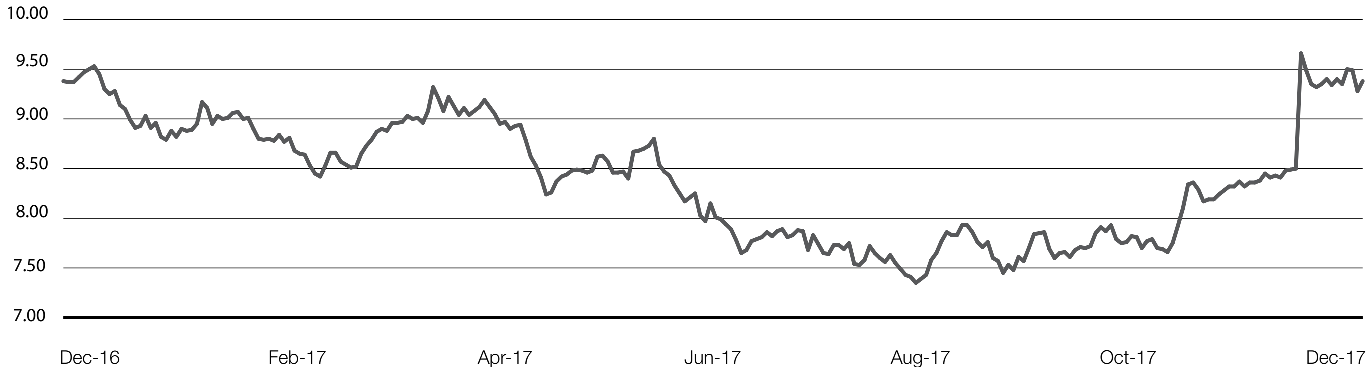
WFD total return (pro-forma for Restructure) versus S&P / ASX200 Index and S&P / ASX200 A-REIT Index constituents (Indexed to 100)



Source: Rothschild, Bloomberg, FactSet, IRESS, S&P

As shown below, the Group's security price was A$9.49 as at 29 December 2017 compared with $9.38 as at 31 December 2016. Taking into account distributions made by the Group in the Financial Year, the Group achieved a total return of 5.4% over the 12 month period.

WFD Security Price (A$): 30 December 2016 to 29 December 2017



Source: Bloomberg

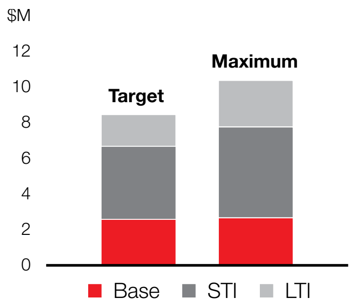
8.4 Our Remuneration Structure

The broad remuneration structure adopted by the Group is similar for each member of the Senior Executive Team. That remuneration comprises:

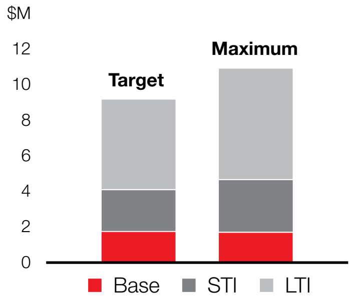
- Base Salary;
- Short Term Incentive – comprising a cash Performance Bonus, a portion of which is deferred into equity for three years under the STI Plan;
- Long Term Incentive – which are 5 year awards granted under the LTI Plan; and
- A small number of executives will also receive Target Incentive Rights, which are fixed term (3 – 5 years) awards.

The Group's remuneration practices are regularly benchmarked against its competitors in the US and the UK. This extends beyond base salary and short-term performance bonuses to the Group's Equity Linked Plans which are an important part of the package used by the Group to attract, incentivise and retain executives.

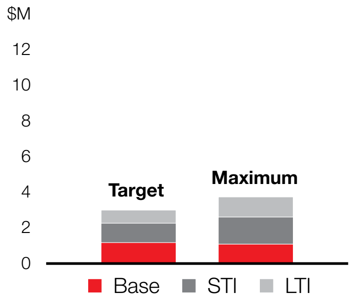
For KMP, a typical breakdown of the components of Total Remuneration, measured at both the Target and Maximum levels are as follows:



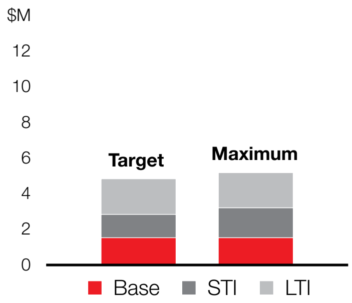
Co-Chief Executive Officers Total Remuneration Analysis	**Target (%)**	**Maximum (%)**
Base Salary:	29	24
STI:	50	50
LTI:	21	26
At Risk:	71	76



President and Chief Operating Officer Total Remuneration Analysis	**Target (%)**	**Maximum (%)**
Base Salary:	17	14
STI:	27	28
LTI:	56	58
At Risk:	83	86



Chief Financial Officer Total Remuneration Analysis	**Target (%)**	**Maximum (%)**
Base Salary:	33	27
STI:	42	43
LTI:	25	30
At Risk:	67	73



Chief Executive Officer, OneMarket Total Remuneration Analysis	**Target (%)**	**Maximum (%)**
Base Salary:	29	27
STI:	29	34
LTI:	42	39
At Risk:	71	73

(a) Base Salary

Base Salary or fixed remuneration is reviewed annually and advised to the executive. Base Salary levels are benchmarked regularly against global competitors. All senior executives are paid in US dollars or British pounds – being the currencies in which the Group derives income from its business operations.

The Board has determined that FY18 base salaries for the Senior Executive Team should remain at the same level as FY17.

(b) Short Term Incentives

Short Term Incentives or STIs are closely linked to the performance of the executive measured against objectives (KPIs) which are established each year pursuant to a performance review and development system. Under that system, senior management and the executives work together prior to the commencement of each financial year to establish agreed business and personal development objectives. These KPIs are designed to recognise and reward both financial and non-financial performance. The objectives will vary according to the role of the particular executive and will typically relate to development, construction, retail management or corporate targets. In recent years, these KPIs have also extended to objectives relating to the expansion of the Group's digital and data activities as described elsewhere in this Report.

At the commencement of each financial year, each member of the Senior Executive Team is advised of a Target STI which is the amount which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the KPIs set for that executive. The executive is eligible for the Maximum STI which reflects the maximum amount the Group would pay to that executive for performance against those KPIs. The Maximum STI typically exceeds the Target STI by 25%. Payments in excess of the Target STI are typically made in recognition of an individual contribution which has resulted in the creation of significant value for the Group.

The actual STI awarded to members of the Senior Executive Team is determined by the Board (taking into account recommendations made by the Human Resources Committee) by reference to the performance of the executive against the agreed KPIs, the corporate performance of the Group and any other aspect of the executive's performance which is considered relevant in the context of the review, including participation in a major corporate or operational project undertaken by the Group in that year.

Once determined, the value of the STI is delivered to the executive through a combination of a cash Performance Bonus and equity linked awards under the 3 year Executive Performance Rights Plan (**EPR**). For the Senior Executive Team, the Performance Bonus typically represents 70% of the STI, with the balance (30%) paid to the executive under the EPR Plan. With the exception of Mr Kingsborough, who has a different contractual arrangement with respect to his STI, KMP receive a minimum of 35% of their STI in the form of awards issued under the EPR Plan. Essentially, the EPR Plan is a 3 year equity linked incentive where the value of awards received by the executive fluctuates up or down with movements in the price of the Group's securities. The mechanics of the EPR Plan are explained in more detail in Appendix A.

The KPIs adopted for each KMP in respect of the Financial Year, the weighting given to that KPI for that executive and the assessed performance against that KPI are set out in the table below. Given the different nature of his responsibilities, the KPIs applicable to Mr Kingsborough are described below the table.

Performance against the STI objective by the Co-CEOs and the COO for the Financial Year was achieved at 90% of the Target Level and 72% of the Maximum STI (2016:72%). The STI paid to the CFO was paid at the Target Level which represents 80% of the Maximum STI (2016:80%).

For 2018, the Target Level and Maximum STI were maintained at the same level as FY17.

Details of the Short Term Incentives paid to KMP are set out in the table below, including the percentage paid in cash and the percentage deferred into the Group's 3 year EPR Plan.

As noted in the table, the KPIs for 2017 included objectives relating to the proposed transaction with UR. The terms of the STI Plan provide the flexibility to consider performance with respect to matters which were not identified as part of the annual KPI renewal process.

Key Performance Indicator	Weighting			Performance Assessment	Commentary
	Co-CEOs	**President/ COO**	**CFO**		
1. Development Projects Objectives relate to achievement of targets relating to identification and progression of new developments, development starts and completion of developments on time and on budget as well as refreshing the development pipeline.	25	35	20	At Target	The Group continued execution of all aspects of the $10.1 billion development pipeline comprising $1.6 billion of completed projects in 2017, $2.4 billion of current projects (WFD: $1.4 billion) and $6.1 billion of future projects as well as future residential development opportunities. A full discussion of progress of the development program is included in section 8.4. During the Financial Year, we completed and launched major projects at Century City in Los Angeles ($1.0 billion) and at UTC in San Diego ($600 million). Both are premium projects in their respective markets and, following stabilisation, are expected to deliver yields within the forecast range. The balance of the leasing at Century City and UTC is expected to complete through 2018. These projects have been the primary driver of the $847.4 million of property revaluations in the Financial Year. In the Financial Year, following commencement of over $3.5 billion of projects during 2015 and 2016, we commenced the UTC (San Diego) residential apartment project ($200 million) which was commenced ahead of schedule and is progressing to plan. This is our first residential development. The completed projects at World Trade Center (2016) and the Village at Topanga (2015) remain in the initial stabilisation phase. Challenging retail conditions in Manhattan and the delay in delivery of the retail and office phases and train line connections are impacting the stabilisation of World Trade Center. Despite this, WTC is already one of the most productive assets in the Westfield portfolio. Significant pre-development work has occurred at both Milan and Croydon (UK) with Milan expected to be in a position to commence later in 2018 followed by the Croydon project. Projects currently in progress at Valley Fair (San Jose) and Westfield London retail are making positive progress with the initial phase of the Westfield London development (including the John Lewis Partnership store) to open in the first half of 2018.

Key Performance Indicator	Weighting			Performance Assessment	Commentary
2. Portfolio Management Targets relate to rental growth, specialty occupancy levels, sales growth, bad debts, management of tenant incentives, management of commercial relationships as joint venture partner and property manager.	**Co-CEOs** 20	**President/ COO** 30	**CFO** 15	Marginally Below Target	The Group achieved high levels of occupancy in the Flagship portfolio (94.9% leased at year-end) and in the regional portfolio (90.4% leased at year-end), reflected in the achievement of FFO at the top end of the forecast in the Financial Year. However, the level of occupancy in the portfolio was slightly below budgeted levels reflecting a challenging retail market resulting in a "marginally below target" performance assessment which in turn impacted the STI payable to the Co-CEOs and the COO. Leasing conditions in all markets remain challenging. The Group achieved comparable net income growth of 2.2% (Flagship centres: 2.7%) with annual specialty retail sales increasing by 2.0% (Flagship centres: 2.7%). The Group's two London centres again performed strongly with aggregate sales in excess of £2.2 billion. The Board considers that the operating results further endorse the Flagship portfolio strategy, with that portfolio outperforming the remaining regional centres in all important metrics including occupancy, sales and comparative NOI. Further, the proposed UR combination emphasises the attractiveness of these assets.
3. Innovation and Digital Strategy Implementing the Group's strategy of developing the technology platform and infrastructure necessary to connect the digital shopper with the physical world and significantly enhance the shopping experience at Westfield centres for the benefit of both shoppers and retailers.	**Co-CEOs** 15	**President/ COO** 15	**CFO** 15	At Target	The Group continued its heavy focus on digital innovation during the Financial Year culminating in the launch of OneMarket in Q4 of 2017. In August 2016, OneMarket (formerly Westfield Retail Solutions) was established under the leadership of Donald Kingsborough to oversee implementation of the Group's digital strategy. Since that time, Mr Kingsborough has hired a number of experienced technology executives to support the expansion of the Group's digital strategy and initiatives. Further detailed information regarding OneMarket will be contained in the demerger booklet to be issued in respect of the demerger of OneMarket in conjunction with the combination of UR and Westfield. The Co-CEOs and Mr Kingsborough have continued to take an industry leading position on the need for retailers and venue owners to collaborate in order to forge a better connection with consumers, facilitated by new technologies. This strategy is designed to facilitate venue operators and retailers to better respond to the growth of online retailing. The Group has also continued to roll out a phased program designed to enhance the digital infrastructure at Flagship centres. During the Financial Year there has been a continued focus on assessing and mitigating risks associated with cyber security, data protection and data privacy.
4. Financial Management and Reporting and Treasury Oversight of compliance with the Group's statutory and financial reporting obligations including the statutory financial statements and quarterly information and other financial reporting and presentations required in the course of the Group's business.	**Co-CEOs** 5	**President/ COO** –	**CFO** 15	At Target	As at the end of the Financial Year, Westfield Corporation has a strong balance sheet and liquidity position. The Group's gearing is 38.1% and we are in compliance with all relevant covenants. The compliance, reporting and stakeholder communication program for the Financial Year proceeded as expected. In March 2017, the Group issued £800 million (US$1 billion) of 8 year and 12 year bonds as well as a $500 million issue of five year US144A bonds. Our inaugural UK sterling transaction was the largest REIT bond issuance on record in the UK market and was achieved at the lowest interest rate paid for bonds of these tenors by a real estate company in the UK.
5. Strategic Dispositions/ Joint Ventures In the Financial Year, Westfield Corporation continued to implement a strategy of considering disposals of less productive assets and completion of strategic joint ventures on identified assets with the objectives of redirecting capital into higher performing Flagship assets.	**Co-CEOs** 5	**President/ COO** –	**CFO** 5	At Target	During the Financial Year, the Group continued its examination of assets within the portfolio to determine their strategic importance and capacity to deliver ongoing returns within the parameters prescribed by the Group. The Group also continued discussions with a range of existing and prospective joint venture partners on the execution and funding of existing assets and prospective retail and residential developments.

Key Performance Indicator	Weighting			Performance Assessment	Commentary
6. New Business and Investment Identification and exploration of potential new markets for expansion by the Group and alternative opportunities within the existing portfolio.	**Co-CEOs**	**President/ COO**	**CFO**	At Target	The Group has identified residential opportunities within the existing portfolio, both in the UK and the US. During the Financial Year, the Group progressed the planning, analysis and resourcing for this important opportunity. As noted above, the UTC residential project (300 apartments) was commenced in 2017, ahead of program. In late 2018, we expect to be in a position for the Group's residential project at Stratford (1200 apartments) to commence. The Group continued its review of new business and investment opportunities in the existing portfolio and in the world's leading markets.
	5	10	5		
7. Targets relate to the proposed merger with Unibail-Rodamco SE Note: Work on this project was considered as a KPI for the STI (and an appropriate weighting given to it) despite it not being identified as an agreed KPI as part of the annual process of objective setting at the start of the year. The addition of a KPI and consequent re-weighting of other objectives is permitted under the terms of the Group's STI Plan which acknowledges the possibility of new KPIs being added during the year to reflect a change in circumstances.	**Co-CEOs**	**President/ COO**	**CFO**	At Target	In Q4 of the Financial Year discussions commenced with UR which resulted in UR proposing a combination with the Group at a material premium to the market price at the time of announcement. This is a highly complex cross border M&A transaction which is the largest in Australian corporate history. It is proposed that the demerger of OneMarket be completed in conjunction with this transaction. In Q4, the KMP were responsible for concluding negotiations, overseeing the UR due diligence process and the Westfield due diligence process, concluding the Implementation Agreement and related documents, liaising with the Board and communicating with the market.
	20	5	20		
8. Life Safety Objectives relate to all aspects of life safety issues including a review against key statistical measures, an assessment of compliance with legislation and industry standards and operation and improvements to the Westfield system dealing with life safety issues.	**Co-CEOs**	**President/ COO**	**CFO**	At Target	The Group met or exceeded all important life safety metrics. There were no fatalities on Westfield Corporation construction sites or otherwise affecting Westfield employees in the Financial Year. Other life safety statistics relating to employees, contractors and shoppers remained at or below comparable levels to previous years.
	5	5	5		

In August 2016, Mr Donald Kingsborough assumed the role of Chief Executive Officer of OneMarket in addition to his role as an Executive Director of Westfield Corporation.

Since assuming the role of CEO, Mr Kingsborough has been assigned KPIs which relate to the matters listed below. As the OneMarket business is in many respects an early stage start-up, these KPIs have not been assigned a weighting at the commencement of the Financial Year as it is expected that Mr Kingsborough's priorities will be more fluid and needs-driven than is the case for other KMP.

Mr Kingsborough's KPIs for the Financial Year related to:

- developing a vision and business plan for OneMarket which moves that business from a focus on providing internal services to Westfield as a cost centre to a business which, over time, has the objective of deriving third party revenue from the provision of services to venue partners, brands, retailers and technology partners;
- attracting and retaining a leadership team and executive staff capable of implementing this business plan;
- establishing commercial relationships with key retailers and venue operators and audience providers who will be participants or service providers in the OneMarket network;
- establishing a product development program (including potential acquisitions of third party technology) to facilitate the provision of services to third parties;
- given the perceived importance of data to the proposed business, establishing a compliance program designed to protect and secure data held by OneMarket and the privacy of third parties to whom data relates; and
- at an industry level, ensuring that OneMarket executives continue to advance debate within the retail industry on the need to enhance the connection between venue owner, retailer and consumer in order to facilitate retailers competing more effectively in a rapidly changing retail environment.

The Board assessed Mr Kingsborough's performance against each of these KPIs. Mr Kingsborough is credited with re-setting the business and management of OneMarket in line with each of the KPIs described above. In particular, Mr Kingsborough established OneMarket (in most respects) as a standalone entity with a highly competent and experienced management team based in San Francisco. That team is developing products and a technology platform designed to connect retailers, venue partners and technology companies. OneMarket is working to establish new relationships with participants in each of these categories with a view to deriving revenue from products and services used within this network. As noted in the announcement of the merger with UR in December 2017, it is proposed that OneMarket be demerged from the Westfield group at the time of that transaction and listed separately on the ASX.

At the end of the Financial Year, the Board assessed Mr Kingsborough as being at the "Target" level.

Executive	Assessed Performance Level		STI Amount	Cash		Equity	
Peter Lowy	90% of Target	72% of Maximum STI	$3,780,000	$2,457,000	(65%)	$1,323,000	(35%)
Steven Lowy	90% of Target	72% of Maximum STI	$3,780,000	$2,457,000	(65%)	$1,323,000	(35%)
Michael Gutman	90% of Target	72% of Maximum STI	$2,209,500	$1,436,175	(65%)	$773,325	(35%)
Elliott Rusanow	At Target	80% of Maximum STI	$1,250,000	$812,500	(65%)	$437,500	(35%)
Don Kingsborough	At Target	80% of Maximum STI	$1,400,000	$1,400,000	(100%)	–[1]	–

[1] As part of Mr Kingsborough's contract negotiations when moving from his role as a Non-executive Director to his executive role with OneMarket, it was agreed that Mr Kingsborough's STI would be paid in cash with no deferral into equity under the STI Plan

(c) Long Term Incentives

Only the senior leadership team participates in the LTI Plan utilised by the Group. In the Financial Year, 34 executives, including the Executive Directors, participated in the LTI Plan.

The LTI Plan is designed to encourage a "partnership" amongst the senior leadership team of the Group which emphasises the strategic leadership role of that team. Through the LTI Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of securityholders.

The mechanics of the LTI Plan (also referred to as the PIR Plan) are described in section 1 of Appendix A to this Report.

The Performance Hurdles applicable under the LTI Plan are determined annually by the Board. The Hurdles used in the Financial Year are described below.

Actual performance against the Hurdles which apply during the Qualifying Period will determine the final number of awards which the executive receives at the end of that period. If full qualification for awards is not achieved, there is no provision in the Plan for retesting in subsequent years.

The Board reserves the right to adjust the Performance Hurdles described above to reflect the impact on a hurdle of any capital transaction occurring during the Qualifying Period. Examples of the circumstances which may result in adjustment of the Performance Hurdles are a significant dilutionary equity issue made in any year or a major asset sale which has a dilutionary impact on FFO targets.

Adjustments to Performance Hurdles are rare. Any such adjustment is reviewed by the Group's auditors or another independent third party for fairness and adjustments are consistent with revised forecasts issued to the market at the time of the relevant event. No adjustments were made to the Performance Hurdles in the Financial Year.

The awards issued under the LTI Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5.

By adopting this combination of the application of Performance Hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 year vesting period, Westfield aims, through the issue of awards under the LTI Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period.

In setting the Hurdles under the LTI Plan, the Board has adopted the concept of a "Target LTI" and a "Maximum LTI". The concepts are similar to those described above in connection with the STI Plan. That is, the "Target LTI" is the level of vesting of awards (measured against a performance hurdle) to which a plan participant is entitled assuming that performance against the hurdle meets the high levels expected by the Group. The "Maximum LTI" (which typically exceeds the Target LTI by 50%) includes "stretch objectives" and rewards a plan participant for performance which exceeds the "Target Level".

For the purposes of this Report (including the vesting tables for the PIR Plan in section 1.4 of Appendix A), the level of vesting is measured against both the Target LTI and the Maximum LTI for each year. As a further example, the table below relating to performance against the FFO hurdle in the Financial Year expresses the level of vesting against that hurdle as both a percentage of the Target LTI and the Maximum LTI.

2017 Long Term Incentives

As noted in the 2016 Remuneration Report, the 2017 awards were issued subject to Hurdles relating to both FFO (measured over 1 year) and a further 4 year hurdle which measures the success of execution of the Group's current and future development pipeline over that 4 year period. Both these Hurdles have equal weighting. The Hurdles are described in greater detail below.

The Development Hurdle focusses on the execution of the development pipeline and reflects the Board's expectation that the performance of the Senior Executive Team in this area will have a material impact on the value of the Group (and ultimately on the security price).

The FFO Hurdle

The FFO Hurdle is an important measure of the health of the operating business of the Group. FFO is an internationally recognised and accepted measure of profitability used by the real estate industry.

The basis for calculation of the Group's FFO is described in Appendix B to this Report. Essentially, FFO is defined as net income, calculated in accordance with generally accepted accounting standards, but adjusted to exclude capital gains (or losses) from the sale of property and property revaluations, gains or losses on certain interest rate hedges and other adjustments as identified in Appendix B to this Report. FFO is the primary earnings measure published by the Group and is reported to the market semi-annually. In order to avoid the level of vesting being impacted, adversely or favourably, by movements in currency exchange rates, the FFO Hurdle is tested on a constant currency basis using the exchange rates assumed in the Board approved budget for the relevant financial year.

Performance against this Hurdle is measured in a single Qualifying Period of 1 year. Awards are granted based on performance in the Qualifying Period, with a requirement that the executive remains with the Group for a further 4 years in order to achieve full vesting. The Committee considers that the structure of this Hurdle, with performance measured in a single Qualifying Period and vesting over an extended period, provides an appropriate balance between providing a performance incentive and promoting retention, particularly when used in conjunction with the longer term Development Hurdle described below.

The FFO per security Hurdle adopted by the Board for the 2017 Qualifying Period incorporated a graduated scale of FFO earnings per security which was as follows:

FFO Target (US cents)		Percentage of Target LTI	Percentage of Maximum LTI
37.7 or Above	Maximum LTI	150%	100%
37.2 – 37.6		140%	93.2%
36.7 – 37.1		130%	86.6%
36.2 – 36.6		125%	83.3%
35.7 – 36.1		120%	79.9%
35.2 – 35.6		115%	76.6%
34.7 – 35.1		110%	73.3%
34.1 – 34.6		105%	69.9%
33.8 – 34.0	Target LTI	100%	66.6%
33.4 – 33.7		90%	59.9%
32.8 – 33.3		80%	53.3%
32.4 – 32.7		50%	33.3%
32.3 or Below	Threshold	0%	0%

As was the case in FY16, in the Financial Year, Westfield adopted a graduated table which reflects a sharp decline in the level of vesting if the budgeted FFO is not achieved in the Qualifying Period. It is to be noted that vesting in accordance with the FFO Hurdle (which represents a material part of LTI entitlements and overall remuneration for the senior executive team) drops to 80% of Target if actual FFO drops 1.48% below forecast FFO and ceases altogether if FFO is less than 96% of forecast FFO.

In the 2017 Qualifying Period, the Group achieved FFO per security of 34.0 cents which was at the top end of the Group's forecast FFO. As a consequence, the hurdle was satisfied at the "Target Level" or 66.6% of the Maximum level of vesting achievable against this hurdle.

Development Hurdle
This Hurdle (first used in FY15) reflects the importance to Westfield Corporation of successful execution of the development pipeline of $8.5 billion (current and future projects). The Board considers that the execution of the development pipeline and the consequent value created is integral to the medium to long term performance of the Group and to the market value attributed to the Group's securities.

The Development Hurdle aims to test the execution of the development pipeline over a 4 year Qualifying Period.

The two most fundamental testing points relate to project starts, requiring that Board approved starts of a specified value must be achieved as budgeted, and once completed, each development must meet the forecast project yields (covering both costs of the development and income derived from it) specified in the Board Approved Feasibility in respect of the 3 financial years following completion of each development.

As noted below, the Board may also take into account other considerations relating to execution of the development pipeline including matters such as the securing of new projects and progress made and milestones achieved on pre-development work on projects in the development pipeline.

Broadening the assessment beyond a performance hurdle relating only to the level of project starts in a single year (as was used previously by Westfield Group) will necessarily give rise to a higher level of active testing against this Hurdle. The Board believes that a broader approach to testing against all elements of the development pipeline (including the financial measures described above) reinforces the importance of successful execution of the Group's projects and provides a more comprehensive long term hurdle for Plan participants.

Project Starts
Despite having moved away from a hurdle based solely on project starts, the Board recognises the importance of achieving project starts as a milestone in the value creation timeline for the development business. Achieving a development start requires that management obtain a Board approval based on a Project Feasibility which details the expected costs, timing, yields and (where relevant) project profits from each development. This Board approval is typically the culmination of years of work required to address issues relating to planning approvals, design, pre-leasing and construction budgeting – all with a view to creating a development project with acceptable financial and risk parameters. The focus on project starts as a major element of the Development Hurdle reflects the importance to the Group of meeting its budgeted targets on project starts.

Project Yields
Over the Qualifying Period of 4 years, the level of vesting of awards under the Development Hurdle will also be determined having regard to the project yields achieved in the 3 financial years following completion of projects (compared with the forecast yields for each of those years as set out in the Board approved Project Feasibility). Measurement of project yields is not limited to those projects which are started in the Qualifying Period. Rather, our review of project yields will extend to any project which is completed in the Qualifying Period.

Other Considerations
As part of the review process, the Board will also take into account other positive and negative factors relating to development projects in determining the level of vesting. For example, the level of project profits (vs budget) achieved on a joint venture project as well as progress made on pre-development work on other developments in the Group's development pipeline are important matters which will also be considered. The Board's intention is that the assessment made over the Qualifying Period is a comprehensive one relating to all relevant aspects of the development pipeline.

Assessment of Performance against Development Hurdle for FY17
In 2017, as part of the end of year remuneration process, the Committee reviewed the Group's performance against the Group's expectations for that year including in relation to:

– project starts (compared with budget);
– project yields on completed projects (compared with Board approved Project Feasibilities);
– progress on all projects against the agreed milestones (compared with Board approved Project Feasibilities);
– progress on predevelopment work;
– other development initiatives (eg residential projects); and
– other relevant matters relating to the development program including any project profits earned on joint venture projects (vs budget).

The analysis resulted in the Committee adopting an assessed level of performance for 2017 – effectively an annual development score card. The Committee assessed performance for 2017 as "at Target" (2016: "At Target"). A summary of that assessment is set out below.

As this is a 4 year hurdle with final vesting determined by a cumulative assessment at the end of that period, it was not necessary for the Board to determine a level of vesting against the Development Hurdle in 2017. Rather, at the end of the 4 year Qualifying Period, the Committee will consider the agreed score card for each of the relevant years comprised in that award and determine the proposed overall level of vesting against the Development Hurdle.

A summary of the milestones and relevant events considered by the Committee in making the assessment with respect to 2017 is as follows:

Project Starts:	In 2017, following the commencement of over $3.5bn of projects during 2015 and 2016, the UTC (San Diego) $200 million (300 apartment) residential rental project was approved and commenced and is progressing to plan. The project, our first residential development, commenced in July 2017, in advance of the forecast start of 2018 advised to the market in February 2017.
Projects in Progress:	The projects at Valley Fair (San Jose) $1.1bn, WTC – Tower 3 Phase (New York) and London Phase II Retail (£0.6bn), are all making positive progress, with the Westfield London project (including John Lewis) set to open in the first half of 2018. At Valley Fair the project remains in line with financial targets, with base construction works progressing well. At WTC – Tower 3 Phase, the timing has been delayed into 2019 due to late delivery from the Port Authority.
Projects Completed:	The Century City (Los Angeles) $1bn project major stage launch including Nordstrom occurred in October 2017. The completed physical product and tenancy mix, including over 50 retailers first to market, is best in class, which is reflected in the positive performance and feedback from retailers and industry participants to date. Project cost increases have been mitigated by the higher income and the project yield remains within budget range. The UTC (San Diego) $600m (WFD share $300m) project launched in November 2017, following the opening of Nordstrom in October 2017. The project creates the premium mall in the San Diego market. We have leased to 44 first to market retailers in this expansion. The centres tenancy mix now has over 80 retailers unique to UTC in San Diego. Both Century City and UTC remain in a period of stabilisation following their respective openings. On stabilisation, both projects are expected to deliver project yields within the budgeted range as well as significant value creation (including the primary driver of valuation uplift reported by the Group in the Financial Year). The UTC development will also deliver project profits to Westfield from this joint venture project. As at December 2017, the Century City and UTC centres were both above 90% leased, with momentum to complete the balance of the leasing in 2018.

Pre-Development Work in 2017:	With regard to future projects, good progress continues to be made on the Milan project (€1.4bn) during 2017. We expect to be in a position to commence the project later in 2018. Our pre-development work is focused on preleasing, following the initial Galeries Lafayette and UCI cinema deals with leading Italian department store (COIN) exchanged in 2017. We are currently 30% leased or agreed across the project. We also progressed the Roads and infrastructure highway works critical to the project, on both the local authority's funded highway (now commenced) and entering into board approved commitments for the highway works for which the developer is responsible. We have progressed various funding alternatives including project debt financing and the potential introduction of third party equity joint venture capital thereby reducing capital and balance sheet obligations as well as mitigate risk. Discussions with a range of banks confirmed strong interest in providing debt financing for the project. For the Croydon project (£1.4bn), predevelopment work has progressed over 2017, including working with the local authorities following the Government commitment to £350m of infrastructure upgrades to the Croydon town centre, critical to the success of the project. Planning approval was achieved for the revised scheme towards the end of 2017. We are also in final negotiations with several of the larger anchors for the scheme. In 2017 we also continued to pursue our strategy on the potential residential and mixed use development opportunities identified across our portfolio comprising 3,000 apartments in the UK and several thousand apartments in the US. This broader strategy incorporates our approach to delivery and funding to extract additional value from our existing portfolio. In 2017 we commenced our first residential project of 300 apartments at UTC (San Diego) and progressed the opportunity for 1,200 apartments at Stratford City (UK), including potential introduction of third party joint venture capital, which we expect to be in a position to commence later in 2018. Over 2017 we have also made progress with other predevelopment opportunities including Topanga and Garden State Plaza as well as multiple US Department store acquisitions and related redevelopments that these acquisitions facilitate.

Target Incentive Rights

In FY16, the Group introduced a new category of long term incentives known as "Target Incentive Rights" (**TIRs**) as noted in the Remuneration Reports. Given the importance of the execution of the development program, and taking into account the adoption of the Development Hurdle as part of the PIR Plan, the Board considered that there was a need to introduce a long term incentive for certain key employees where the relevant performance hurdles relate specifically to the key development objectives relevant to that executive.

Further, in the case of certain key executives employed recently in the Group's digital business, OneMarket, our experience in recruiting those executives is that they require that the level of their remuneration is determined by reference to their success in the specific projects for which they are engaged, rather than the broader corporate objectives which are inherent in the performance hurdles for the LTI Plan. In order to attract and retain the best talent, it has been necessary to respond to these requirements.

In view of this, a limited number of TIRs were issued to key executives in the Financial Year. Depending on the circumstances, the TIRs have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period.

As opposed to the Development Hurdle under the LTI Plan which measures performance across the Group, the hurdles applicable to TIRs relate to the specific areas of responsibility of that key executive. At the end of each financial year during the vesting period, the performance of that executive against the applicable hurdles is discussed and an assessment made as to the appropriate level of vesting based on performance in that year.

However, the final decision on the level of vesting is only made immediately prior to the end of the vesting period based on performance over the entire vesting period. In making that assessment, the Board will take into account performance against the specific hurdles as assessed each year.

The Board believes that the issue of the TIRs to a small number of key executives has been an important factor in incentivising those executives with respect to the delivery of the $8.5 billion development program. Eligibility for these TIRs at the time of vesting it is dependent on an holistic assessment of the performance of that executive against agreed KPIs which are personal to that executive and not based on the performance of the Group. As such, these rights are completely aligned with the interests of securityholders. It is also expected that the grant of these TIRs will act as a material disincentive to third parties seeking to employ members of this small group of executives who are considered critical to delivery of the Group's strategy.

The terms of the TIRs are discussed further in Appendix A.

Other LTI Hurdles considered by the Board

As in previous years, the Human Resources Committee has considered, and taken advice regarding, the implementation of a hurdle based on measurement of Total Return to Shareholders (**TRS**), either on a comparative basis or in absolute terms. The Committee ultimately rejected the use of a TRS based hurdle primarily due to unwillingness on the part of the Board and the Committee to determine executive rewards by reference to movements in the price of Westfield Corporation securities.

Although Westfield (and its predecessor) has a well-established record of superior share market performance both in relative and absolute terms, the philosophy of the Group has been, and remains, that this record of success is a product of sound operating performance and strategic decision making and that the focus of the executive team should remain on the underlying business and not on the price of the Group's securities.

The Board also noted that the price of the Group's securities is impacted materially by movements in the AUD/USD/GBP exchange rates.

The Board's view is that it would be inappropriate for the level of vesting of LTI awards to be materially influenced by movements in the exchange rate.

The Board's view remains that the target level of vesting of long term incentives (which are an increasingly significant component of executive remuneration) should not fluctuate in favour of, or against, the executive, based principally on movements in the price of Westfield Corporation securities. Rather, Performance Hurdles should focus on the fundamentals of the Group's business and on the performance of the executive team in meeting the targets which the Group sets for itself. The Committee is of the view that if the management team maintains its intensive focus on these fundamentals, securityholders will be rewarded, over time, by superior market performance.

The interests of the executive and the members are also aligned in respect of the price of the Group's securities as the value of awards at the time of vesting fluctuates with movements in the price of the Group's securities. The higher the price at the time of vesting, the greater the benefit received by the executive and vice versa.

The Human Resources Committee and the Board are satisfied that the Hurdles used in respect of awards issued in the Financial Year, and the remuneration structure in general, are appropriate having regard to the general objectives referred to above.

Important Remuneration Policies

In response to consistent securityholder and governance questions on a variety of remuneration issues, we set out below Westfield's position on a number of those issues:

Clawback

Since inception, the Group's Equity Linked Plans have included provisions which allow the Group to cancel unvested awards in circumstances where the plan participant engages in serious misconduct, fraudulent or dishonest conduct or commits a serious or persistent breach of the terms of their employment. However, until 2015, there were no provisions in the STI Plan enabling the clawback of cash Performance Bonuses paid in prior years. The Board has amended the terms of the STI Plan and the rules of the Equity Linked Plans to allow the Group to clawback equity awards and cash Performance Bonuses paid to employees where:

- an event occurs which has a material adverse impact on the financial standing of the Group, or results in a misstatement of the financial statements;
- the Board forms the view that it would not have granted the relevant award or the STI had it known about that event or circumstance; and
- the Board considers that an employee is responsible alone or jointly for that event or circumstance as a consequence of breach of duty, negligence or wilful misconduct by that employee.

In those circumstances, the Group can either cancel an unvested award in an equity linked plan or demand repayment of a cash Performance Bonus paid in a prior financial year. A demand may relate to one or more Performance Bonuses paid in prior years.

If that demand is not met, the Group has set-off rights against other payments which become due to that employee. Demands may be made against more than one employee in relation to the same event or circumstance.

Executive KMP Holdings

In 2016, the Group introduced a requirement that Executive KMP (and their associates) hold securities in the Group with an aggregate value which exceeds one year's Base Salary. All current Executive KMP (other than Mr Kingsborough) satisfied this requirement at the end of the Financial Year. This policy does not currently extend to Non-Executive Directors. However, a number of the Non-Executive Directors have material holdings in the Group as at the end of the Financial Year.

Following his appointment in August 2016, Mr Kingsborough was given until the end of FY17 to satisfy this requirement. This grace period was extended (from August 2017) at Mr Kingsborough's request in order to facilitate the purchase of securities by Mr Kingsborough in the second half of 2017. However, following the approach made to Westfield Corporation by UR, Mr Kingsborough was prevented from trading in Westfield Corporation securities by operation of the Group's Security Trading Policy. Following announcement of the transaction and in view of the expectation that it will complete in Q2 of 2018, the Human Resources Committee has agreed that Mr Kingsborough can defer the purchase of further Westfield Corporation securities (in order to comply with this policy) pending the result of the Westfield Corporation securityholder vote on the Scheme proposal.

Termination Payments

The Group's position on termination payments is set out in section 8.6. The current arrangements reflect contractual obligations which preceded the introduction of legislation limiting termination payments for KMP to 12 month's Base Salary. To the extent that the contractual arrangements which are in place do not have the benefit of the "grandfathering" provisions of that legislation, the necessary shareholder approval will be obtained prior to the Group making any payment which exceeds the statutory limit. In relation to employment arrangements for new executives joining the Group, our position is that termination payments should not exceed the statutory limit.

Issue Price of Awards

The process for issue of awards under the Group's Equity Linked Plans is outlined in Appendix A. The price used to determine the number of awards to which an executive is entitled is a volume weighted average price (VWAP) calculated over 10 business days prior to 15 December in each year. That is the pricing used to determine the value of awards which vest in any year. That same pricing is used to issue new awards to which executives are entitled. There is no discount applied to that market value based on accounting methodology used in valuing awards or for any other reason.

Cash Disclosure

In response to requests from securityholders and market commentators, this Report includes disclosure of both the statutory remuneration received by KMP and the cash value of remuneration received in the Financial Year (ie the aggregate value of Base Salary, Performance Bonus and those equity linked awards which vested in the Financial Year). That information is included in section 8.5.

Board Discretion to Adjust LTI Hurdles

As the Group's LTI Hurdles relate to the performance of the underlying business (see section 8.3), it is necessary to ensure that the Board retains a discretion to vary the terms of the hurdle during the Qualifying Period in order to take into account the impact of Board decisions on the hurdle. To date, the only example of Westfield using this discretion related to a Board mandated sale of a significant portfolio of non-core assets which resulted in a corresponding reduction in the FFO target for that Qualifying Period. That sale was mandated by the Board of Westfield Holdings Limited, a predecessor entity of Westfield Corporation. In that circumstance, the graduated table for vesting against the FFO Hurdle was amended to reflect the dilutionary impact of the transaction. The level of that impact was independently verified by the Group's auditors prior to the Board approving the hurdle amendment. The extent of the dilution to FFO was also announced to the market at the time the transaction was completed. Given that the discretion will only be exercised in exceptional circumstances, the Board believes that, given the nature of the Group's hurdles, the conferring of the discretion is appropriate. In the past, where events have occurred which had a marginal impact on the relevant hurdle, the discretion was not exercised.

For clarity, the Board does not retest against LTI Hurdles which are not satisfied at Target (or otherwise) at the end of the Qualifying Period.

Vesting on Change of Control

Awards under the Group's Equity Linked Plans do not vest automatically as a consequence of a control transaction or a corporate restructuring. In relation to control transactions, the Board retains a discretion to accelerate the vesting date for awards issued under the Plans in that circumstance. In exercising this discretion, it is to be expected that the Board would consider all of the surrounding circumstances with the objective of ensuring that plan participants are not disadvantaged (having regard to their existing position and the position of ordinary securityholders) by the control transaction.

In the case of corporate restructurings, the Plans contain provisions which enable the underlying securities which are the subject of the awards to be restructured – without vesting all of the awards in the Plan. In the case of an internal restructuring, the rights of Plan participants may be adjusted (consistent with the economic impact on ordinary securityholders) and the existing awards kept in place. Any necessary adjustment to the rights of plan participants in these circumstances is submitted for independent verification by the Group's auditors.

Hedging Policy for Plan Participants

In addition to the restrictions placed on entering into hedging arrangements by operation of the Group's Security Trading Policy, participants in the Plans are prohibited from entering into hedging arrangements in respect of unvested awards or rights (or rights the subject of a holding lock) in any of the Plans.

The primary purpose of this prohibition is to ensure that, at all times until awards granted to executives under the Plans have vested, there is complete alignment between the interests of the executive and the interests of the Group and its securityholders. In the Board's view, that alignment potentially ceases if an executive's economic interest in the benefit of an award or right is hedged – with the effect that the executive is not affected (or is affected to a lesser extent), by positive or negative movements in the market value of Westfield Corporation securities.

Target and Maximum Incentives

As explained in section 8.4, the Board adopts the concept of Target and Maximum in relation to both STI and LTI incentives. That is, in relation to STI incentives, employees are given a Target STI at the start of the year and they have the opportunity to earn up to 125% of that Target, based on assessed performance against their KPIs.

In relation to the LTI incentives, plan participants are issued with awards at the Target Level. During the Qualifying Period in relation to each Performance Hurdle, the number of awards issued may be increased up to 150% of the Target Level (ie the Maximum level). For the LTI Plan, if the level of performance falls below a threshold level set in respect of that Performance Hurdle, no awards will vest.

Co-CEO Structure

The Co-CEO structure was established as an important part of the succession management plan, designed to minimise the impact of the transition of Frank Lowy, the Founder/Chairman, to a non-executive role (in the former Westfield Group). That occurred in 2011 and the Westfield Group Board was pleased to note at the time that the transition occurred with minimal disruption to the business and very little market reaction.

In support of the Co-CEO structure the Board takes into account the following matters:

– The additional senior resource (at the highest level) has greatly assisted in addressing the challenges posed by having operations and developments in various countries – recognising that Westfield operates 24/7 in various jurisdictions. The Co-CEO structure has contributed significantly to the success which Westfield has achieved internationally, an area where many others have failed.

– The Co-CEOs have a strong background in all aspects of the business but also have complementary skill sets, which allows them to focus on different areas of the business. Peter Lowy has a primary role in capital management and treasury matters and Steven Lowy's focus is greatest on operational, development and digital matters. However both maintain oversight over all aspects of the business.

– The relationship between the CEOs has resulted in the closest possible working relationship with information and strategic thoughts and views on all aspects of the business shared freely between them.

– The Board is strongly of the view that achieving objectives such as the execution of our $8.5 billion development pipeline, the continued transformation of the Group's portfolio and execution of the Group's digital strategy all require the additional leadership and resources provided by a continuance of the joint Co-CEO structure.

– The remuneration of the Co-CEOs reflects the position they hold in the global REIT industry and their experience and achievements over approximately 30 years' service with Westfield. Their current arrangements were put in place at the former Westfield Group and have remained unchanged through the transitional process, as has been the case for other members of the Senior Executive Team.

– Since 2009, the base salary payable to the Co-CEOs has not changed (other than the conversion of Steven Lowy's base salary to US dollars in 2015). A total remuneration freeze was applied in four of the six years prior to the formation of Westfield Corporation. A similar position has been taken by Westfield Corporation on base pay for each financial year since the establishment of Westfield Corporation in 2014. The Board is of the view that the remuneration has not increased excessively over time and that any incremental cost is far outweighed by the value derived from both executives remaining in those roles.

– Most importantly, the Co-CEO's have delivered consistently strong corporate performance over an extended period of time. Since assuming the role, the Co-CEO's have overseen the full corporate restructure which created Westfield Corporation and Scentre Group, a refocusing of the portfolio to Flagship assets, the disposal of non-core assets so as to provide the capital required for re-investment in the Flagship assets and the repositioning of the Group and the portfolio, particularly through digital innovation, to transform the nature of the relationship which the Group has with retailers and consumers. In the Financial Year, they have also overseen the proposed transaction with UR which, on completion, will deliver a material premium to securityholders.

For the reasons noted above, the Board is fully supportive of a continuance of the Co-CEO structure whilst Peter Lowy and Steven Lowy occupy those roles and believes that securityholders are well served by the current structure.

8.5 Remuneration of the Key Management Personnel

For the purposes of this section of the Report, the KMP disclosed are as follows:

1. Peter Lowy	Executive Director, Co-Chief Executive Officer
2. Steven Lowy AM	Executive Director, Co-Chief Executive Officer
3. Michael Gutman OBE	Executive Director, President and Chief Operating Officer
4. Elliott Rusanow	Chief Financial Officer
5. Donald Kingsborough	Executive Director, Chief Executive Officer, OneMarket

The non-executive Directors are also KMP. Their remuneration in the Financial Year is disclosed in section 8.7. The remuneration of all KMP is determined by the Board, acting on recommendations made by the Human Resources Committee.

The Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Human Resources Committee takes into account advice from independent consultants and advisers on trends in remuneration for KMP (see section 8.1 for further details).

Given the nature of the business conducted by Westfield Corporation, including the fact that the vast majority of employees are located in the US and the UK and the Group's earnings are from its operations in those jurisdictions, the focus of the Committee is increasingly on global remuneration trends. In arriving at recommendations, the advisers consider a wide range of factors including the Group's financial profile, the complexity and geographic spread of its business and the size and scope of the responsibilities assumed by KMP.

Specific discussion in relation to the Short Term Incentives and Long Term Incentives paid to the executive KMP in the Financial Year is included in section 8.4.

Statutory Disclosure vs Cash Disclosure

In response to requests from securityholders, this Report includes disclosure of both the statutory remuneration received by KMP (**Statutory Remuneration**) and the cash value of remuneration received in the Financial Year ie the aggregate value of Base Salary, Performance Bonus and those equity linked awards which vested in the Financial Year (**Cash Remuneration**). That information is included in respect of each of the KMP.

The principal reason for differences between the Statutory Remuneration and the Cash Remuneration now included in section 8.5 of the Report is the differing treatment of equity based incentives.

Remuneration which is actually paid in cash (such as base salary and the performance bonus) is reported in the same way in both disclosures.

However, the applicable Accounting Standards which dictate the disclosure of Statutory Remuneration require that equity based awards be valued at the date of grant and amortised on a straight line basis over the life of the award without regard to movements (up or down) in the price of the underlying security. For example, an executive receiving awards with an assessed value of $100,000 which vest after 5 years, would have $20,000 per annum included in their statutory remuneration in each of those 5 years, regardless of movements in the share price.

The cash or market value of those equity awards will only be included in the Cash Remuneration disclosure in the year of vesting. That figure may be more or less than the $100,000 in value which is used for statutory remuneration purposes and will reflect movements in the value of the underlying security over the vesting period.

Effectively, Cash Remuneration is a snap-shot of the cash or cash equivalent value which the executive receives in a particular year. Cash Remuneration does not take into account the cost or value of other unvested equity awards held by that executive which remain on foot and will vest in future reporting periods.

For this reason the statutory disclosure and the cash disclosure are fundamentally different in nature. It is therefore to be expected that Statutory Remuneration will, in any year, differ materially from the Cash Remuneration actually received by an executive.

8.5.1 Co-Chief Executive Officers

The employment arrangements of the Co-Chief Executive Officers are as follows.

Mr Peter Lowy

- Has been with Westfield since 1983.
- Has resided in the United States since 1990.
- Mr Lowy is a member of the Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at 90% of the Target Level (72% of the Maximum level).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Peter Lowy's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 17 $**	**12 months 31 Dec 16 $**
Short term employee benefits		
– Base salary [(1)]	2,500,000	2,500,000
Fixed		
– Cash bonus [(2)]	2,457,000	2,470,000
At risk		
– Other short term employee benefits	–	–
Fixed		
– Non monetary benefits	–	–
Fixed		
Total short term employee benefits	4,957,000	4,970,000
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue [(3)]		
– Equity settled awards (at risk)	3,270,924	3,016,205
Total – Statutory Remuneration	**8,227,924**	**7,986,205**
Remuneration paid during the year		
– Base salary	2,500,000	2,500,000
– Cash bonus	2,457,000	2,470,000
Fair market value of securities at the date of vesting		
– Equity settled awards [(4)]	5,022,573	4,594,820
Total – Cash Remuneration (including equity settled awards)	**9,979,573**	**9,564,820**

(1) Mr Lowy's base salary is exclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

(3) Refer to the tables in Appendix A for details of awards held by Mr Lowy under the Equity Linked Plans.

(4) Comprising awards issued under the 2015 EPR Plan, 2013 and 2014 PIR Plan with accounting fair value at the grant date of A$2,265,841, A$1,227,899 and A$989,279 respectively (equivalent to $1,732,462, $938,852 and $756,403 calculated at the US dollar exchange rate applicable on the vesting date).

Mr Steven Lowy AM

- Has been with Westfield since 1987.
- Mr Lowy is a member of the Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at 90% of the Target Level (72% of the Maximum level).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Steven Lowy's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 17 $**	**12 months 31 Dec 16 $**
Short term employee benefits		
– Base salary [1] Fixed	2,500,000	2,500,000
– Cash bonus [2] At risk	2,457,000	2,470,000
– Other short term employee benefits [3] Fixed	41,646	41,667
– Non monetary benefits Fixed	–	–
Total short term employee benefits	4,998,646	5,011,667
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue [4]		
– Equity settled awards (at risk)	3,233,672	3,039,305
Total – Statutory Remuneration	**8,232,318**	**8,050,972**
Remuneration paid during the year		
– Base salary	2,500,000	2,500,000
– Cash bonus	2,457,000	2,470,000
– Other short term employee benefits	41,646	41,667
Fair market value of securities at the date of vesting		
– Equity settled awards [5]	4,888,493	4,865,821
Total – Cash Remuneration (including equity settled awards)	**9,887,139**	**9,877,488**

(1) Mr Lowy's base salary is inclusive of statutory superannuation contributions.

(2) No part of this bonus is payable in respect of any future financial year.

(3) Comprising annual leave and long service leave entitlements.

(4) Refer to the tables in Appendix A for details of awards held by Mr Lowy under the Equity Linked Plans.

(5) Comprising awards issued under the 2015 EPR Plan, 2013 and 2014 PIR Plan with accounting fair value at the grant date of A$2,120,114, A$1,227,899 and A$989,279 respectively (equivalent to $1,621,039, $938,852 and $756,403 calculated at the US dollar exchange rate applicable on the vesting date).

8.5.2 President & Chief Operating Officer

Mr Michael Gutman OBE

- Has been with Westfield since 1993.
- Is responsible for overall management of all aspects of the Group's operating business globally. Mr Gutman is also a member of the Executive Committee.
- All aspects of Mr Gutman's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Gutman's Short Term Incentive for the Financial Year was paid at 90% of the Target Level (72% of the Maximum level).
- In early 2017, Mr Gutman received two tranches of TIRs (a 3 year tranche and a 5 year tranche as detailed in section 1.3(c) of Appendix A) which are included in the disclosure below. In his role as President & Chief Operating Officer, Mr Gutman plays a key role in the successful delivery of the Group's $8.5 billion development program. In recent years, Mr Gutman has overseen the delivery of a number of Westfield's Flagship developments including London (£1.7 billion), Stratford (£1.45 billion), WTC – Major Stage ($1.2 billion), Century City ($1.0 billion) and UTC ($600 million). He is currently heavily engaged in the projects at Valley Fair ($1.1 billion), WTC – Tower 3 ($300 million) as well as London Phase II (£600 million), Croydon (£1.4 billion) and Milan (€1.4 billion). Mr Gutman was granted these awards as an incentive relating to his key role in delivery of the Group's extensive development program. The nature of TIRs is explained in section 8.4(c) and Appendix A.
- Details of Mr Gutman's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Gutman's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 17 $**	**12 months 31 Dec 16 $**
Short term employee benefits		
– Base salary [1]	1,560,000	1,560,000
Fixed		
– Cash bonus [2]	1,436,175	1,436,500
At risk		
– Other short term employee benefits [3]	26,251	26,182
Fixed		
– Non monetary benefits [4]	109,192	68,329
Fixed		
Total short term employee benefits	3,131,618	3,091,011
Post employment		
– Pension and superannuation benefits	29,626	96,109
Other long term benefits	–	–
Amortisation of all awards on issue [5]		
– Equity settled awards (at risk)	5,256,854	1,905,856
Total – Statutory Remuneration	**8,418,098**	**5,092,976**
Remuneration paid during the year		
– Base salary	1,560,000	1,560,000
– Cash bonus	1,436,175	1,436,500
– Other short term employee benefits	26,251	26,182
– Pension and superannuation benefits	29,626	96,109
Fair market value of securities at the date of vesting		
– Equity settled awards [6]	2,363,928	2,319,999
Total – Cash Remuneration (including equity settled awards)	**5,415,980**	**5,438,790**

(1) Mr Gutman's base salary is inclusive of statutory superannuation contributions from 1 April 2017.

(2) No part of this bonus is payable in respect of any future financial year.

(3) Comprising annual leave and long service leave entitlements.

(4) Comprising normal expatriate benefits such as medical benefits, home leave plus fringe benefit tax on those benefits.

(5) Refer to the tables in Appendix A for details of awards held by Mr Gutman under the Equity Linked Plans.

(6) Comprising awards issued under the 2015 EPR Plan, 2013 and 2014 PIR Plan with accounting fair value at the grant date of A$972,757, A$613,954 and A$494,640 respectively (equivalent to $743,770, $469,429 and $378,202 calculated at the US dollar exchange rate applicable on the vesting date).

8.5.3 Chief Financial Officer

Mr Elliott Rusanow

- Has been with Westfield since 1999. During the Financial Year, Mr Rusanow relocated to the United States.
- Mr Rusanow is a member of the Executive Committee.
- All aspects of Mr Rusanow's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Rusanow's Short Term Incentive for the Financial Year was paid at the Target Level (80% of the Maximum level).
- Details of Mr Rusanow's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Rusanow's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 17 $**	**12 months 31 Dec 16 $**
Short term employee benefits		
– Base salary [(1)] Fixed	980,000	980,000
– Cash bonus [(2)] At risk	812,500	812,500
– Other short term employee benefits [(3)] Fixed	16,083	16,333
– Non monetary benefits [(4)] Fixed	1,074,871	225,977
Total short term employee benefits	2,883,454	2,034,810
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue [(5)]		
– Equity settled awards (at risk)	948,481	740,433
– Equity settled retention awards (at risk)	–	292,300
Total – Statutory Remuneration	**3,831,935**	**3,067,543**
Remuneration paid during the year		
– Base salary	980,000	980,000
– Cash bonus	812,500	812,500
– Other short term employee benefits	16,083	16,333
Fair market value of securities at the date of vesting		
– Equity settled awards [(6)]	862,964	905,438
– Equity settled retention awards	–	1,209,950
Total – Cash Remuneration (including equity settled awards)	**2,671,547**	**3,924,221**

(1) Mr Rusanow's base salary is exclusive of statutory superannuation contributions from 1 January 2017.

(2) No part of this bonus is payable in respect of any future financial year.

(3) Comprising annual leave and long service leave entitlements.

(4) Comprising benefits associated with Mr Rusanow's relocation to the LA office.

(5) Refer to the tables in Appendix A for details of awards held by Mr Rusanow under the Equity Linked Plans.

(6) Comprising awards issued under the 2015 EPR Plan, 2013 and 2014 PIR Plan with accounting fair value at the grant date of A$299,316, A$245,577 and A$197,856 respectively (equivalent to $228,857, $187,768 and $151,281 calculated at the US dollar exchange rate applicable on the vesting date).

8.5.4 Chief Executive Officer, OneMarket

Mr Donald Kingsborough

- First joined Westfield as a non-executive Director in August 2014.
- In August 2016, Mr Kingsborough agreed to become an executive Director when he assumed the role of President, Westfield Retail Solutions. In that role he oversees Westfield Corporation's digital business, based in San Francisco.
- Mr Kingsborough is a member of the Executive Committee.
- All aspects of Mr Kingsborough's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Willis Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within various enterprises with a digital focus (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Kingsborough's Short Term Incentive for the Financial Year was paid at the Target Level (80% of the Maximum level). In accordance with Mr Kingsborough's contractual arrangements, his STI is paid in cash without deferral into the Group's EPR Plan.
- In 2016, following his appointment as Chief Executive Officer of OneMarket (then, Westfield Retail Solutions), Mr Kingsborough was granted the TIRs included in the disclosure below (and detailed in section 1.3(c) of Appendix A). Mr Kingsborough was granted these TIRs as an incentive relating to his key role establishing the OneMarket business. The nature of TIRs is explained in section 8.4(c) and Appendix A.
- Mr Kingsborough's Long Term Incentive is in the form of Target Incentive Rights, as discussed in section 8.4.
- Details of Mr Kingsborough's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Kingsborough's fixed and at risk remuneration for the Financial Year.

Component of remuneration	**12 months 31 Dec 17 $**	**12 months 31 Dec 16[1] $**
Non-executive Director fees	–	122,500
Short term employee benefits		
Fixed		
– Base salary[2]	1,400,000	538,462
Fixed		
– Cash bonus[3]	1,400,000	585,000
At risk		
– Other short term employee benefits	–	–
Fixed		
– Non monetary benefits[4]	100,295	63,403
Fixed		
Total short term employee benefits	2,900,295	1,186,865
Post employment		
– Pension and superannuation benefits	–	–
Other long term benefits	–	–
Amortisation of all awards on issue[5]		
– Equity settled awards (at risk)	1,994,841	806,256
Total – Statutory Remuneration	**4,895,136**	**2,115,621**
Remuneration paid during the year		
– Non-executive Director fees	–	122,500
– Base salary	1,400,000	538,462
– Cash bonus	1,400,000	585,000
Total – Cash Remuneration (including equity settled awards)	**2,800,000**	**1,245,962**

(1) Mr Kingsborough commenced his executive role in August 2016. Therefore, his 2016 remuneration reflects part of a year only.

(2) Mr Kingsborough's base salary is exclusive of statutory superannuation contributions.

(3) No part of this bonus is payable in respect of any future financial year.

(4) Comprising benefits such as housing allowance and relocation benefits.

(5) Refer to the tables in Appendix A for details of awards held by Mr Kingsborough under the Equity Linked Plans.

8.6 Executive Service Agreements and Termination Arrangements

Following the Restructure, those executives employed in the US and UK businesses continued to be employed by the same entity and their existing Service Agreements remained in place (with minor amendments to reflect the change in groups). A small number of senior executives previously employed by Westfield Holdings (now Scentre Group Limited and part of Scentre Group) have executed Service Agreements with Westfield Corporation on terms which are identical in all material respects to their Service Agreements prior to the Restructure.

The Service Agreements entered into between Westfield Corporation and each of these executives are in a common form and are consistent with those policies and procedures.

The Service Agreements outline the elements of remuneration which may be conferred on the executive during their period of employment by the Group (including base salary, performance bonus and participation in the Group's Equity Linked Incentive Plans). The agreement is silent on the details of that remuneration. Those details are determined annually by the Board and advised to the executive by letter.

The Service Agreements do not have a fixed term. They may be terminated by the Group employer at any time by giving the relevant executive one month's notice. The executive may terminate the contract at any time by giving the Group three months' notice. In the case of Mr Kingsborough, consistent with the laws of California, either party may terminate the agreement on short notice.

Payments to the executive on termination are also common to each Service Agreement. The principles applicable to termination payments by the Group, as applied by the Group prior to execution of the Service Agreements and now reflected in those Service Agreements are set out below.

The provisions of these Service Agreements must be read subject to the requirements of the *Corporations Act 2001*. In certain circumstances, payment of the entitlements referred to below may require prior approval of the members.

Termination entitlements for new executives joining the Group will not exceed the statutory threshold, above which member approval is required. Mr Kingsborough is entitled to 12 months base salary on termination by the Group.

The provisions of the continuing Service Agreements applicable to the KMP other than Mr Kingsborough provide as follows:

(a) Resignation (excluding retirement) and termination by the Group for cause

An executive who resigns from the Group to pursue other opportunities or who is dismissed by the Group for cause (broadly defined to include serious misconduct, fraud or dishonest conduct or a refusal to comply with lawful directions) is entitled to minimal benefits on termination.

The executive is entitled only to accrued base salary and statutory entitlements to the date of departure. Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances. All unvested entitlements under the Group's Equity Linked Incentive Plans are forfeited, without payment, on termination.

(b) Redundancy or termination by the Group (other than for cause)

– An executive made redundant by the Group or who is terminated without cause is entitled to receive:
– accrued statutory entitlements;
– a pro-rata performance bonus to the date of termination;
– subject to restrictions applicable to KMP, a redundancy payment of between 12 and 24 months base salary depending on the length of service of the executive plus one month's base salary in lieu of notice;
– pro-rata vesting of outstanding awards under the Group's Equity Linked Incentive Plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle); and
– Subject to the legacy issues noted above, termination entitlements are now limited to 12 months' base salary.

(c) Death or permanent disability

If an executive dies or suffers a permanent disability during the term of employment the entitlements payable to that executive (or the estate of that executive) are as follows:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of death or disability; and
– full vesting of outstanding awards under the Group's Equity Linked Incentive Plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) other than retention awards which vest pro-rata to the date of termination.

(d) Retirement

The Group recognises that if an executive satisfies the retirement conditions (see below), the termination of the employment should be treated in a different manner to a resignation in the ordinary course.

Provided an executive has reached the age of 55 years with at least 5 years continuous service or the aggregate of the age of the participant and the number of years of service with the Group is equal to or greater than 70, the executive will be entitled to the following benefits:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of retirement; and
– the right to continue in the Group's Equity Linked Incentive Plans until the date of vesting of outstanding awards granted at least 6 months prior to the date of retirement (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) or, in circumstances where continued participation in the Plans is not permitted under the terms of the Plans, the executive is entitled to a cash payment from the Group equal to the amount that would have been received had the executive been permitted to continue in the Plans.

Where permitted by law, the Group imposes a further requirement that, following retirement, the executive complies with certain continuing non-compete obligations which, if not satisfied, will result in forfeiture of all awards then outstanding.

The Human Resources Committee and the Board believe that these policies provide appropriate incentives (and disincentives) on termination which balances the interests of the Group and its members with the policy objective of providing commercially reasonable payments to executives which reflect the circumstances of their departure. As has been noted above, the retention of senior executives is a key objective of the Group. It is also an objective of the Board to keep long serving executives participating in the Equity Linked Incentive Plans right up to the point of their retirement.

The Board believes that the policies described in this Report assist in achieving those objectives.

8.7 Remuneration of Non-Executive Directors

The Group's remuneration of the non-executive Directors is straightforward. Non-executive Directors are paid fees for service on the Board and its Committees as detailed in this Report and are reimbursed for out of pocket expenses. No other bonuses or benefits are paid either during the tenure of a non-executive Director or on retirement. Non-executive Directors do not participate in any of the Group's Short or Long Term Incentive Plans. None of the non-Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

Non-executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions) and where relevant, a Committee fee and an additional fee for the role of deputy chair of the Board and for Committee chair.

The aggregate pool available for payment of fees to non-executive Directors of Westfield Corporation is currently a maximum of A$3.5 million per annum.

The fees paid to the non-executive Directors in the Financial Year are set out in the table below. The aggregate fees for non-executive Directors (including standing Committee fees) for the Financial Year were $2,033,423.

On the recommendation of the Human Resources Committee, the Board determined that, for the Financial Year, all fees for non-executive Directors (inclusive of superannuation guarantee contributions) remain at the level paid in 2016. The same policy applied to Committee fees, the additional fee for Deputy Chair and the fee for Committee chair.

For 2018, all fees have been maintained at the same level as applied in the Financial Year.

The remuneration of the non-executive Directors is determined by the Board (within the limits set by Westfield Corporation securityholders), acting on recommendations made by the Human Resources Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate high calibre non-executive Directors to serve on the Westfield Corporation Board.

In making recommendations to the Board, the Human Resources Committee takes into account advice from independent consultants and advisers on domestic and international trends in non-executive director remuneration. In arriving at recommendations, the advisers consider a wide range of factors including Westfield's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by nonexecutive Directors.

The table below sets out the remuneration for the non-executive Directors for the Financial Year.

Name	Position	Base Fee[1] $	Deputy Chair Fee $	Audit & Risk Committee $	Nomination Committee $	Human Resources Committee $	Total $
Sir F P Lowy AC	Chairman	450,000	–	–	–	–	450,000
B M Schwartz AM	Deputy Chairman	165,000	27,000	45,000	12,000	–	249,000
I Atlas	Director	165,000	–	27,000	–	18,000	210,000
R L Furman	Director	165,000	–	–	9,000	18,000	192,000
P H Goldsmith QC PC[2]	Director	44,423	–	–	–	–	44,423
J Goldstein	Director	165,000	–	–	–	–	165,000
M G Johnson	Director	165,000	–	27,000	–	–	192,000
M R Johnson	Director	165,000	–	–	9,000	27,000	201,000
J McFarlane	Director	165,000	–	–	–	–	165,000
D Ostroff	Director	165,000	–	–	–	–	165,000

(1) Base fees are inclusive of statutory superannuation contributions for the Australian based non-executive Directors.

(2) Retired 7 April 2017.

8.8 Definitions

An understanding of the following definitions will assist the reader in reviewing this Report:

Executive Director:	means each member of the Board who is employed as an executive of the Group – being Mr Peter Lowy and Mr Steven Lowy (Co-Chief Executive Officers), Mr Michael Gutman (President & Chief Operating Officer) and Mr Donald Kingsborough (Chief Executive Officer, OneMarket).
Senior Executive Team:	means the Group's senior management team comprising approximately 34 executives performing senior operational and corporate roles in the various countries in which the Group operates.
Base Salary:	means the fixed remuneration paid to an executive at regular intervals (typically fortnightly or monthly).
Short Term Incentive:	or STI means the annual incentive paid to an executive based on performance against KPIs which reflect the expected performance of that executive in relation to financial and non-financial matters. A further description of the process for awarding STIs is set out in section 8.4. For the Senior Executive Team (with the exception of Mr Kingsborough), each STI has two components: (a) cash performance bonus paid shortly after the end of the relevant financial year; and (b) the grant of awards under the EPR Plan (see below) whereby part of the STI is deferred for 3 years. The value of the deferred awards received by the executive at that time will fluctuate with movements in the market price of the Group's securities.
Key Performance Indicators:	or KPIs are the performance objectives or measures used to assess the entitlement of executives to Short Term Incentives in any year.
Performance Bonus:	means that part of the STI which is paid in cash.
Equity Linked Plans:	or Plans means the Executive Performance Rights Plan (EPR Plan) and the Partnership Incentive Rights Plan (PIR Plan), both of which Plans are established under the Westfield Performance Rights Plan. Under the EPR Plan, the Group grants 3 year equity linked awards to executives (including the Senior Executive Team) as part of the annual Short Term Incentive. Under the PIR Plan, the Group grants 5 year equity linked awards to the Group's most senior executives. Unlike the EPR Plan, in order to achieve vesting of awards granted under the PIR Plan, the executive must satisfy certain Performance Hurdles set by the Board at the commencement of each year. A full description of both Plans can be found in section 8.4 and in the Appendix.
Long Term Incentive Plan:	or LTI Plan means the Partnership Incentive Rights Plan (PIR Plan) established under the Westfield Performance Rights Plan. A full description of the LTI Plan can be found in section 8.4 and in the Appendix.
Performance Hurdles:	means the Hurdles established by the Board in connection with awards granted under the LTI Plan with a view to measuring performance of the executive team against key business and shareholder metrics. The rationale for choosing these Hurdles and the way in which the Hurdles operate is set out in section 8.4.
Restructure:	means the transaction approved by securityholders in June 2014 whereby Westfield Corporation was established following the demerger of the former Westfield Group's Australian and New Zealand business.
Target STI:	is a reference to the Target Short Term Incentive which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the objectives set for that executive at the start of the financial year.
Maximum STI:	is a reference to the maximum Short Term Incentive which could be earned by an executive in a financial year. See section 8.4 for a discussion of the relationship between Target STI and Maximum STI.

Target LTI:	is a reference to the Target Long Term Incentive which would be awarded to a participant in the LTI Plan for performance against a Performance Hurdle at a level which meets the high expectations of the Group in relation to performance against that Performance Hurdle over the period of measurement.
Maximum LTI:	is a reference to the maximum Long Term Incentive which could be awarded to a participant in the LTI Plan for performance against the relevant Performance Hurdle. See section 8.4 for a discussion of the relationship between Target LTI and Maximum LTI.
Target Incentive Rights:	are Rights granted under the Group's Equity Linked Plans which vest over a period of 3 – 5 years conditional on Performance Hurdles which relate to specific objectives set for the recipient over that vesting period, particularly in relation to execution of the Group's development pipeline.

APPENDIX A

1. Westfield's Equity Linked Plans

1.1 Equity Linked Incentive Plans

Westfield Corporation has 2 active Equity Linked Incentive Plans – the EPR Plan and the PIR Plan.

The terms of the EPR and PIR Plans provide the Group with an election as to whether to settle awards with a cash payment or with the Group's equity. That election must be made by the Group no later than the date of vesting of an award.

1.2 Mechanics of the Plans

Under the EPR Plan and the PIR Plan (used in connection with the STI Plan and long term incentives), on maturity, the executive is entitled to receive, at the election of the Group and for no further consideration, either:

- one Westfield Corporation security for each award; or
- a cash payment to the same value.

The relevant common features of both Plans are as follows:

- based on principles and remuneration bands agreed with the Human Resources Committee, participating executives earn the opportunity to participate in a Plan;
- immediately prior to the commencement of participation in the Plan, the dollar value of the executive's entitlement is converted into an award based on the then current market price of Westfield Corporation's stapled securities. For example, assuming a market price of $10.00 per stapled security, a participant entitled to a grant of $400,000 would receive an award equal to the economic benefit of 4,000 Westfield Corporation stapled securities; and
- assuming the executive remains employed by the Group through the vesting period and any applicable Performance Hurdles are satisfied, the executive will receive either a physical Westfield Corporation security or a cash pay-out equal to the capital value of the securities represented by the award.

As noted above, the right to receive the benefit of an award under a Plan is dependent on the executive remaining employed by Westfield throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board will allow vesting of all or part of the awards granted under the Plans (see section 8.6), or allow the executive to remain as a participant in the Plan through to the vesting date.

1.3 Short Term Incentives – The EPR Plan

The EPR Plan is a broader based plan in which senior executives and high performing employees participate. The EPR Plan uses the deferral of vesting of a portion of the Short Term Incentive as part of a broader strategy for retaining the services of those executives participating in the Plan.

If it is determined that an executive is entitled to a Short Term Incentive which exceeds a specific dollar amount, part of that incentive, typically 25-35% depending on the seniority of the executive, will be deferred into the EPR Plan.

Executives qualify to receive a pay-out of that deferred compensation by satisfying the requirement that they remain in the employment of Westfield Corporation through the vesting period. That vesting period is typically 3 years. There are no additional Performance Hurdles applicable during the vesting period.

Participants in the EPR and PIR Plans only receive dividends on securities after the vesting date.

Participants will qualify to receive the benefit of each award on the qualification date or, in limited circumstances described below, the date that they cease to be an employee of the Group. Depending on age, length of service and the date of retirement, retiring executives may be eligible to continue to participate in the Plans up to the vesting date.

The circumstances in which a participant's award will be forfeited include the following:

- voluntary resignation by the executive (other than where the retirement conditions are met);
- a "Summary Termination Event" occurring in respect of a participant (this includes the participant engaging in serious misconduct or, in certain cases, being convicted of a criminal offence); and
- the participant failing to comply with a "Competition and Confidentiality Condition" (which will include standard confidentiality, non-compete and non-solicitation conditions).

In the case of death or total and permanent disablement, the awards will fully vest (with the exception of Retention Awards in respect of which a pro-rata payment will be made).

If a participant is made redundant or Westfield terminates their employment other than for cause, a pro-rata payment will be made to that participant.

(a) Participation in EPR Plan

The following table details awards under the EPR Plan[1] held by KMP.

Executive	Date of Grant	Number of Rights Granted	Vesting Date	Fair Value at Grant[2] A$	Market Value at 31 Dec 2017[3] A$	Performance Hurdles
Peter Lowy	1 Jan 2015	291,614	15 Dec 2017	2,265,841	N/A	N/A
	1 Jan 2016	212,036	14 Dec 2018	1,817,149	2,012,222	N/A
	1 Jan 2017	232,062	16 Dec 2019	1,840,252	2,202,268	N/A
Steven Lowy	1 Jan 2015	272,859	15 Dec 2017	2,120,114	N/A	N/A
	1 Jan 2016	212,036	14 Dec 2018	1,817,149	2,012,222	N/A
	1 Jan 2017	232,062	16 Dec 2019	1,840,252	2,202,268	N/A
Michael Gutman	1 Jan 2015	125,194	15 Dec 2017	972,757	N/A	N/A
	1 Jan 2016	122,758	14 Dec 2018	1,052,036	1,164,973	N/A
	1 Jan 2017	134,963	16-Dec-2019	1,070,257	1,280,799	N/A
Elliott Rusanow	1 Jan 2015	38,522	15 Dec 2017	299,316	N/A	N/A
	1 Jan 2016	69,351	14 Dec 2018	594,338	658,141	N/A
	1 Jan 2017	76,336	16-Dec-2019	605,344	724,429	N/A

(1) In Australia, the issuer of rights under the EPR Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

(2) The fair value of the rights issued under the EPR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the EPR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EPR Plan.

(3) The market value as at 31 December 2017 is based on the closing price of Westfield Corporation securities of $9.49. Market value as at 31 December 2017 is not included for awards that vested on 15 December 2017.

1.4 Long Term Incentives – The PIR Plan

Only the senior leadership team of Westfield Corporation participates in the PIR Plan under which Long Term Incentives are awarded. In the Financial Year, 34 executives, including the Executive Directors, participated in the PIR Plan.

The PIR Plan itself is designed to encourage a "partnership" amongst the senior leadership team which will emphasise the strategic leadership role of that team. Through the PIR Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of members as discussed in section 8.2(c). The operation of the PIR Plan is as described above.

The performance hurdle(s) applicable under the PIR Plan are determined annually by the Human Resources Committee when determining which executives will be invited to participate in the PIR Plan. Executives are informed of those Hurdles at the same time as they are advised of the potential number of awards for which they will qualify if the Performance Hurdles are achieved. More than one hurdle may be set in any year.

Actual performance against the Hurdles which apply during the Qualifying Period will determine the final number of awards which the executive will receive at the end of that period. If performance against a hurdle is such that full qualification for awards is not achieved, there is no provision in the Plan for re-testing in subsequent years. The Board will revise Hurdles during a Qualifying Period only where required as a consequence of a capital transaction undertaken by the Group (e.g. a major capital raising) or a strategic decision by the Group which prevents achievement of the hurdle.

The awards issued under the PIR Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5. No other Performance Hurdles are imposed during the vesting period.

The Performance Hurdles chosen by the Human Resources Committee in respect of awards issued in the Financial Year are discussed in section 8.4(c).

By adopting this combination of the application of Performance Hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 year vesting period, the Group aims, through the issue of awards under the PIR Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Executives participating in the PIR Plan will be required to remain with the Group for a period of 5 years in order to get the full benefit of each award.

(b) Participation in PIR Plan

The following table details awards under the PIR Plan[1] held by KMP.

Executive	Date of Grant	Number of Rights Granted / Vesting Date	Total rights held post adjustment[2]	Fair Value at Grant[3] A$	Market Value at 31 Dec 2017[4] A$	Performance Hurdles % of Vesting[5] Target	Maximum
Peter Lowy	1 Jan 2013	148,297:15/12/17	230,955[6]	1,227,899	N/A	125%[7]	83%
	1 Jul 2014[8]	179,986:15/12/17	179,986	989,279	N/A	100%[9]	67%
		187,546:14/12/18	187,546	981,456	1,779,812	100%	67%
	1 Jan 2015	146,036:14/12/18	146,036	1,095,270	1,385,882	100%[9]	67%
		150,589:16/12/19	150,589	1,091,770	1,429,090	–[11]	–
	1 Jan 2016	150,500:16/12/19	150,500	1,244,635	1,428,245	100%[9]	67%
		150,500:15/12/20	150,500	1,200,990	1,428,245	–[11]	–
	1 Jan 2017	165,405:15/12/20	165,405	1,262,040	1,569,693	100%[10]	67%
		165,404:15/12/21	165,404	1,212,411	1,569,684	–[11]	–
Steven Lowy	1 Jan 2013	148,297:15/12/17	230,955[6]	1,227,899	N/A	125%[7]	83%
	1 Jul 2014[8]	179,986:15/12/17	179,986	989,279	N/A	100%[9]	67%
		187,546:14/12/18	187,546	981,456	1,779,812	100%	67%
	1 Jan 2015	146,036:14/12/18	146,036	1,095,270	1,385,882	100%[9]	67%
		150,589:16/12/19	150,589	1,091,770	1,429,090	–[11]	–
	1 Jan 2016	150,500:16/12/19	150,500	1,244,635	1,428,245	100%[9]	67%
		150,500:15/12/20	150,500	1,200,990	1,428,245	–[11]	–
	1 Jan 2017	165,405:15/12/20	165,405	1,262,040	1,569,693	100%[10]	67%
		165,404:15/12/21	165,404	1,212,411	1,569,684	–[11]	–
Michael Gutman	1 Jan 2013	74,149:15/12/17	115,478[6]	613,954	N/A	125%[7]	83%
	1 Jul 2014[8]	89,993:15/12/17	89,993	494,640	N/A	100%[9]	67%
		93,773:14/12/18	93,773	490,728	889,906	100%	67%
	1 Jan 2015	94,112:14/12/18	94,112	705,840	893,123	100%[9]	67%
		97,046:16/12/19	97,046	703,584	920,967	–[11]	–
	1 Jan 2016	201,503:16/12/19	201,503	1,666,430	1,912,263	100%[9]	67%
		201,502:15/12/20	201,502	1,607,986	1,912,254	–[11]	–
	1 Jan 2017	221,458:15/12/20	221,458	1,689,725	2,101,636	100%[10]	67%
		221,458:15/12/21	221,458	1,623,287	2,101,636	–[11]	–
Elliott Rusanow	1 Jan 2013	29,659:15/12/17	46,191[6]	245,577	N/A	125%[7]	83%
	1 Jul 2014[8]	35,998:15/12/17	35,998	197,856	N/A	100%[9]	67%
		37,510:14/12/18	37,510	196,293	355,970	100%	67%
	1 Jan 2015	43,405:14/12/18	43,405	325,538	411,913	100%[9]	67%
		44,759:16/12/19	44,759	324,503	424,763	–[11]	–
	1 Jan 2016	61,454:16/12/19	61,454	508,225	583,198	100%[9]	67%
		61,454:15/12/20	61,454	490,403	583,198	–[11]	–
	1 Jan 2017	67,540:15/12/20	67,540	515,330	640,955	100%[10]	67%
		67,540:15/12/21	67,540	495,068	640,955	–[11]	–

(1) In Australia, the issuer of rights under the PIR Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

(2) The number of rights held reflects the adjustment made as a consequence of the Restructure. All rights issued by Westfield Group prior to the Restructure (which rights related to Westfield Group securities) were converted to Westfield Corporation rights in the manner, and based on the formula, set out on page 146 of the Securityholder Booklet. Excluding this adjustment, there has been no alteration to the terms of any right granted to any KMP under the PIR Plan since the grant date.

(3) The fair value of the rights issued under the PIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the PIR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIR Plan.

(4) The market value as at 31 December 2017 is based on the closing price of Westfield Corporation securities of $9.49. Market value as at 31 December 2017 is not included for awards that vested on 15 December 2017.

(5) For a discussion of the meaning of "Target LTI" and "Maximum LTI", refer to section 8.4(c) of this Report.

(6) This number represents 50% of the original number of the rights, as rights under the PIR Plan vest in two tranches. These rights are tranche 2 of the rights first granted in 2013. Tranche 1 of the rights granted in 2013 vested in December 2016.

(7) The reference to vesting of PIR awards at the Target Level relates only to vesting against the FFO hurdle (which accounts for 50% of the total number of awards granted in 2013). As the Restructure occurred during the testing period for the ROCE performance hurdle, the level of vesting in respect of that hurdle was determined by the Remuneration Committee and Board of Westfield Holdings Limited (now known as Scentre Group Limited) prior to the Restructure being effected. That process is described in the Scentre Group Remuneration Report as Scentre Group Limited is now a member of Scentre Group. It was determined that, based on performance against that hurdle to the time of Restructure, that tranche of PIR Plan awards to which the ROCE hurdle related, should be adjusted on an assumed vesting level of 125% of Target.

(8) The issue of 2014 rights under the PIR Plan was postponed until after the Restructure. The 2014 rights related solely to Westfield Corporation stapled securities.

(9) The reference to vesting of PIR awards at the Target Level relates to vesting against the FFO hurdle (which accounts for 100% of the total number of awards).

(10) The reference to vesting of PIR awards at the Target Level in 2017 relates to performance against the FFO hurdle (see section 8.4 (c)).

(11) The number of rights shown in the table represents the Target level (100%) which equates to 67% of the Maximum. The actual level of vesting will not be determined until four years after the date of grant when performance against the applicable performance hurdle is determined.

(c) Target Incentive Rights

Certain key executives have been selected to receive Target Incentive Rights. Mr Kingsborough received Target Incentive Rights in FY16. Mr Gutman received Target Incentive Rights in the Financial Year. Details of those Rights are set out in the table below. The Co-CEOs have not been granted Target Incentive Rights.

The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying Period.

If performance against a hurdle is such that full qualification for awards is not achieved, there is no provision in the Plan for re-testing in subsequent years.

The Target Incentive Rights vest on a single vesting date at the end of the Qualifying Period.

The specific Performance Hurdles set in relation to individual Target Incentive Rights are commercial in confidence and it is not proposed that they be disclosed. The level of vesting of Target Incentive Rights achieved by an executive will be disclosed in respect of the period in which they vest.

Executives who receive Target Incentive Rights will be required to remain with the Group for the full vesting period in order to get the full benefit of each award. The provisions of the Plans relating to vesting on retirement do not apply to Target Incentive Rights.

The following table details awards under the TIR Plan[1] held by KMP.

Executive	Date of Grant	Number of Rights Granted	Vesting Date	Fair Value at Grant[2] A$	Market Value at 31 Dec 2017[3] A$
Don Kingsborough	8 Aug 2016	798,723	3 Sep 2019	7,803,524	7,579,881
Michael Gutman	1 Jan 2017	872,413	16 Dec 2019	6,918,235	8,279,199
	1 Jan 2017	934,415	15 Dec 2021	6,849,262	8,867,598

(1) In the United States, the issuer of rights under the TIR Plan is Westfield LLC. In Australia, the issuer of rights under the TIR Plan is Westfield Corporation Limited.

(2) The fair value of the rights issued under the TIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the TIR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the TIR Plan.

(3) The market value as at 31 December 2017 is based on the closing price of Westfield Corporation securities of $9.49.

APPENDIX B: FUNDS FROM OPERATIONS

	31 Dec 17 cents	31 Dec 16 cents
(a) Summary of funds from operations per security		
Funds from operations per stapled security attributable to securityholders of Westfield Corporation	**34.01**	**33.70**

	$million	$million
(b) Funds from operations		
Reconciliation of profit after tax to funds from operations:		
Profit after tax for the period	1,551.2	1,366.1
Property revaluations	(847.4)	(1,005.0)
Amortisation of leasing incentives and related leasing costs	54.7	54.9
Net fair value loss/(gain) of currency derivatives that do not qualify for hedge accounting	2.2	(8.6)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	40.9	68.5
Net fair value gain on other financial liabilities	(4.0)	(29.7)
(Gain)/loss in respect of capital transactions	23.6	(1.7)
Deferred tax	(137.3)	255.9
Intangible amortisation and impairment	22.9	–
Funds from operations attributable to securityholders of Westfield Corporation	**706.8**	**700.4**
Funds from operations, prepared in the proportionate format is represented by:		
Property revenue (excluding amortisation of leasing incentives and related leasing costs)	1,370.4	1,242.7
Property expenses, outgoing and other costs	(513.0)	(447.6)
Net property income	857.4	795.1
Property development and project management revenue	733.1	555.4
Property development and project management costs	(629.7)	(462.4)
Project income	103.4	93.0
Property management income	56.3	55.2
Property management costs	(21.6)	(22.1)
Property management income	34.7	33.1
Overheads	(119.9)	(116.1)
Funds from operations before interest and tax	875.6	805.1
Interest income	13.4	18.8
Financing costs (excluding net fair value gain or loss) (1)	(162.0)	(101.7)
Currency gain/(loss) (excluding net fair value gain or loss)	–	–
Tax expense (excluding deferred tax and tax on capital transactions)	(20.2)	(21.8)
Funds from operations attributable to securityholders of Westfield Corporation	**706.8**	**700.4**

(1) Financing costs (excluding net fair value gain or loss) consists of gross financing cost of $271.7 million (31 December 2016: $212.8 million), finance leases interest expense of $3.4 million (31 December 2016: $3.5 million) and interest expense on other financial liabilities of $16.9 million (31 December 2016 $18.9 million) less interest expense capitalised of $130.0 million (31 December 2016: $133.5 million).

Funds from operations (**FFO**) is a non IFRS performance measure which is considered to be a useful supplemental measure of operating performance. FFO is a measure that is widely accepted in offshore and domestic real estate markets, gaining further importance in the Australian markets as more property trusts adopt FFO reporting.

The National Association of Real Estate Investment Trusts (**NAREIT**), a US based representative body for publicly traded real estate companies with an interest in US real estate and capital markets, defines FFO as net income (computed in accordance with the United States Generally Accepted Accounting Principles), including interest capitalised on property development and excluding gains (or losses) from sales of property plus depreciation and amortisation, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.

The Group's measure of FFO is based upon the NAREIT definition, adjusted to reflect that Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and IFRS.

The Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of leasing incentives and related leasing costs and intangible amortisation and impairment from the reported profit after tax.

(c) Income and security data

The following reflects the income data used in the calculations of FFO per stapled security:

	31 Dec 17 $million	31 Dec 16 $million
FFO used in calculating basic FFO per stapled security	706.8	700.4

The following reflects the security data used in the calculations of FFO per stapled security:

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating FFO per stapled security	2,078,089,686	2,078,089,686

9. ASIC DISCLOSURES

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

10. ASX LISTING RULE

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

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

Sir Frank Lowy AC
Chairman

22 February 2018

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 (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.

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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

	Note	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	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	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(b) Details of the Group's aggregate share of equity accounted entities comprehensive income						
Share of after tax profit of equity accounted entities	**510.8**	628.5	**160.8**	233.6	**671.6**	862.1
Other comprehensive income [i]	**–**	–	**130.4**	(230.3)	**130.4**	(230.3)
Share of total comprehensive income of equity accounted entities	**510.8**	628.5	**291.2**	3.3	**802.0**	631.8

[i] Relates to the net exchange difference on translation of equity accounted foreign operations.

	Note	United States		United Kingdom		Total	
		31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities							
Cash		**35.8**	42.0	**30.7**	23.0	**66.5**	65.0
Shopping centre investments		**8,760.2**	8,227.1	**1,862.1**	1,603.0	**10,622.3**	9,830.1
Development projects and construction in progress		**467.1**	389.3	**298.1**	225.4	**765.2**	614.7
Inventories and other development projects		**4.6**	5.7	**–**	–	**4.6**	5.7
Other assets		**45.1**	40.9	**40.6**	29.5	**85.7**	70.4
Total assets		**9,312.8**	8,705.0	**2,231.5**	1,880.9	**11,544.3**	10,585.9
Payables		**(153.6)**	(173.0)	**(61.6)**	(45.4)	**(215.2)**	(218.4)
Interest bearing liabilities – current [i]	19(d)	**(34.3)**	(4.9)	**–**	–	**(34.3)**	(4.9)
Interest bearing liabilities – non current [i]	19(d)	**(1,628.6)**	(1,662.9)	**(506.7)**	(462.8)	**(2,135.3)**	(2,125.7)
Total liabilities		**(1,816.5)**	(1,840.8)	**(568.3)**	(508.2)	**(2,384.8)**	(2,349.0)
Net assets		**7,496.3**	6,864.2	**1,663.2**	1,372.7	**9,159.5**	8,236.9

[i] The fair value of interest bearing liabilities was $2,183.0 million compared to the book value of $2,169.6 million (31 December 2016: $2,167.9 million compared to the book value of $2,130.6 million).

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 17	Economic interest 31 Dec 16
(d) Equity accounted entities economic interest				
United Kingdom investments [i]				
Croydon	Partnership interest	31 Dec	**50.0%**	50.0%
Stratford City [ii]	Partnership interest	31 Dec	**50.0%**	50.0%
United States investments [i]				
Annapolis [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert [iii]	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita [iii]	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga [iii]	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull [iii]	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton [iii]	Partnership units	31 Dec	**52.6%**	52.6%

[i] All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

[ii] Stratford is considered a material joint venture with Canneth Limited Partnership Inc. Summarised financial information are as follows: Revenue of $107.8 million (31 December 2016: $102.4 million), total assets of $1,891.3 million and total liabilities of $542.3 million (31 December 2016: total assets $1,644.4 million and total liabilities of $495.8 million).

[iii] Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 16 OTHER PROPERTY INVESTMENTS		
Listed investments	**–**	297.8
Unlisted investments	**287.6**	310.1
	287.6	607.9
Movement in other property investments		
Balance at the beginning of the year	**607.9**	337.4
Additions	**7.9**	254.6
Disposals	**(297.8)**	–
Net revaluation (decrement)/increment to income statement	**(30.4)**	16.6
Retranslation of foreign operations	**–**	(0.7)
Balance at the end of the year	**287.6**	607.9
NOTE 17 PLANT AND EQUIPMENT		
Plant and equipment	**149.2**	144.1
Movement in plant and equipment		
Balance at the beginning of the year	**144.1**	69.2
Additions	**41.2**	129.0
Disposals	**–**	(35.1)
Depreciation expense	**(37.7)**	(17.0)
Retranslation of foreign operations and other differences	**1.6**	(2.0)
Balance at the end of the year	**149.2**	144.1
NOTE 18 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	**815.6**	680.7
Employee benefits	**46.7**	42.0
	862.3	722.7
Non current		
Sundry creditors and accruals	**73.6**	98.6
Employee benefits	**4.6**	4.2
	78.2	102.8

	31 Dec 17 $million	31 Dec 16 $million
NOTE 19 INTEREST BEARING LIABILITIES		
Interest bearing liabilities – consolidated		
Current		
Unsecured		
Notes payable		
– US$ denominated	**–**	750.0
Secured		
Bank loans and mortgages		
– US$ denominated	**3.5**	3.3
	3.5	753.3
Non current		
Unsecured		
Bank loans		
– € denominated	**267.7**	213.5
– £ denominated	**–**	222.1
– US$ denominated	**1,055.0**	500.0
Notes payable		
– US$ denominated	**4,250.0**	3,750.0
– £ denominated	**1,081.0**	–
Secured		
Bank loans and mortgages		
– US$ denominated	**571.9**	575.4
	7,225.6	5,261.0
Total interest bearing liabilities – consolidated	**7,229.1**	6,014.3

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to manage exposures and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt.

(a) Summary of financing facilities – consolidated

	31 Dec 17 $million	31 Dec 16 $million
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**9,306.4**	8,478.7
Total interest bearing liabilities	**(7,229.1)**	(6,014.3)
Total bank guarantees	**(47.7)**	(46.3)
Available financing facilities	**2,029.6**	2,418.1
Cash	**501.2**	292.1
Financing resources available at the end of the year	**2,530.8**	2,710.2

These facilities comprise fixed secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 17 $million	**Total interest bearing liabilities 31 Dec 17 $million**	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2017	**–**	**–**	753.3	753.3
Year ending December 2018	**3.5**	**3.5**	3.5	3.5
Year ending December 2019	**4,503.8**	**2,576.5**	4,503.8	2,130.5
Year ending December 2020	**1,322.1**	**1,172.1**	1,322.1	1,231.0
Year ending December 2021	**–**	**–**	–	–
Year ending December 2022	**775.0**	**775.0**	275.0	275.0
Year ending December 2023	**–**	**–**	–	–
Year ending December 2024	**1,000.0**	**1,000.0**	1,000.0	1,000.0
Year ending December 2025	**405.4**	**405.4**	–	–
Year ending December 2026	**121.0**	**121.0**	121.0	121.0
Year ending December 2027	**–**	**–**	–	–
Due thereafter	**1,175.6**	**1,175.6**	500.0	500.0
	9,306.4	**7,229.1**	8,478.7	6,014.3

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 17 million**	**Total interest bearing liabilities (local currency) 31 Dec 17 million**	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Unsecured notes payable – bonds	15-Sep-17	**–**	**–**	US$750.0	US$750.0
Unsecured bank loan – syndicated facility [i]	30-Jun-19	**US$3,250.0**	**US$1,055.0**	US$3,250.0	US$500.0
			€223.0		€147.0
			–		£180.0
Unsecured notes payable – bonds	17-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Old Orchard	1-Mar-20	**US$179.4**	**US$179.4**	US$182.7	US$182.7
Unsecured bank loan – bilateral facility	3-Jul-20	**US$150.0**	**–**	US$150.0	€56.0
Unsecured notes payable – bonds	5-Oct-20	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable – bonds	5-Apr-22	**US$500.0**	**US$500.0**	–	–
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Unsecured notes payable – bonds	17-Sep-24	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Unsecured notes payable – bonds	30-Mar-25	**£300.0**	**£300.0**	–	–
Secured mortgage – San Francisco Centre	1-Aug-26	**US$121.0**	**US$121.0**	US$121.0	US$121.0
Unsecured notes payable – bonds	30-Mar-29	**£500.0**	**£500.0**	–	–
Unsecured notes payable – bonds	17-Sep-44	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total US$ equivalent of the consolidated financing facilities and interest bearing liabilities		**9,306.4**	**7,229.1**	8,478.7	6,014.3

[i] Assumes options have been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are $575.4 million (31 December 2016: $578.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of $1,977.8 million (31 December 2016: $1,884.3 million). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 19 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 17 $million	Total interest bearing liabilities 31 Dec 17 $million	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Interest bearing liabilities – current	**34.3**	**34.3**	4.9	4.9
Interest bearing liabilities – non current	**2,135.3**	**2,135.3**	2,125.7	2,125.7
	2,169.6	**2,169.6**	2,130.6	2,130.6
(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2017	**–**	**–**	4.9	4.9
Year ending December 2018	**34.3**	**34.3**	34.3	34.3
Year ending December 2019	**513.6**	**513.6**	469.7	469.7
Year ending December 2020	**188.6**	**188.6**	188.6	188.6
Year ending December 2021	**3.2**	**3.2**	3.2	3.2
Year ending December 2022	**3.3**	**3.3**	3.3	3.3
Year ending December 2023	**501.4**	**501.4**	501.4	501.4
Year ending December 2024	**437.5**	**437.5**	437.5	437.5
Year ending December 2025	**269.2**	**269.2**	269.2	269.2
Year ending December 2026	**218.5**	**218.5**	218.5	218.5
	2,169.6	**2,169.6**	2,130.6	2,130.6

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 17 million	Total interest bearing liabilities (local currency) 31 Dec 17 million	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million
(f) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – Southgate [(i)]	09-Jun-18	**US$28.5**	**US$28.5**	US$28.5	US$28.5
Secured mortgage – Stratford City	27-Oct-19	**£375.0**	**£375.0**	£375.0	£375.0
Secured mortgage – Southcenter	11-Jan-20	**US$123.7**	**US$123.7**	US$125.9	US$125.9
Secured mortgage – Brandon	01-Mar-20	**US$69.6**	**US$69.6**	US$70.9	US$70.9
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	US$142.2	US$142.2
Secured mortgage – Broward	01-Mar-23	**US$47.5**	**US$47.5**	US$47.5	US$47.5
Secured mortgage – Citrus Park	01-Jun-23	**US$67.6**	**US$67.6**	US$69.0	US$69.0
Secured mortgage – Countryside	01-Jun-23	**US$77.5**	**US$77.5**	US$77.5	US$77.5
Secured mortgage – Sarasota	01-Jun-23	**US$19.0**	**US$19.0**	US$19.0	US$19.0
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	US$64.6	US$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	**US$262.5**	**US$262.5**	US$262.5	US$262.5
Secured mortgage – Montgomery	01-Aug-24	**US$175.0**	**US$175.0**	US$175.0	US$175.0
Secured mortgage – Palm Desert	01-Mar-25	**US$65.7**	**US$65.7**	US$65.7	US$65.7
Secured mortgage – Trumbull	01-Mar-25	**US$80.1**	**US$80.1**	US$80.1	US$80.1
Secured mortgage – Wheaton	01-Mar-25	**US$123.4**	**US$123.4**	US$123.4	US$123.4
Secured mortgage – San Francisco Emporium	01-Aug-26	**US$218.5**	**US$218.5**	US$218.5	US$218.5
Total US$ equivalent of the equity accounted financing facilities and interest bearing liabilities		**2,169.6**	**2,169.6**	2,130.6	2,130.6

(i) The third option has been exercised to extend the loan from 2017 to 2018.

Total equity accounted secured liabilities are $2,169.6 million (31 December 2016: $2,130.6 million). The aggregate net asset value of equity accounted entities with secured borrowings is $4,093.9 million (31 December 2016: $3,780.0 million). These properties are noted above.
The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 17 $million	31 Dec 16 $million
NOTE 20 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(a)	**2.0**	2.2
Finance leases		**0.6**	0.6
		2.6	2.8
Non current			
Convertible redeemable preference shares/units	(a)	**71.1**	70.3
Other redeemable preference shares/units	(b)	**149.4**	153.9
Finance leases		**38.5**	39.1
		259.0	263.3
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Due within one year		**2.6**	2.8
Due between one and five years		**2.9**	2.7
Due after five years		**256.1**	260.6
		261.6	266.1

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2017, the Jacobs Group holds 1,456,574 (31 December 2016: 1,493,574) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2017, the previous owners of the Sunrise Mall hold Series I units 1,401,426 (31 December 2016: 1,401,426). At any time, the holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2017, 1,538,481 (31 December 2016: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

(v) As at 31 December 2017, 734,739 (31 December 2016: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units) and (ii) Series A Partnership Preferred Units (Series A units).

(i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to $0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, $0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

	31 Dec 17 $million	31 Dec 16 $million
NOTE 21 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	**–**	2.6
	–	2.6
Non current		
Payables on interest rate derivatives	**22.0**	21.2
	22.0	21.2
Total derivatives liabilities	**22.0**	23.8

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2017, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $22.0 million are reduced by $22.0 million to the net amount of nil (31 December 2016: derivative liabilities of $23.8 million are reduced by $23.8 million to the net amount of nil).

	31 Dec 17 Securities	31 Dec 16 Securities

NOTE 22 CONTRIBUTED EQUITY

(a) Number of securities on issue

Balance at the beginning of the year	**2,078,089,686**	2,078,089,686
Balance at the end of the year	**2,078,089,686**	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	$million	$million
(b) Amount of contributed equity		
of WCL	**843.7**	853.1
of WFDT	**5,613.5**	5,613.5
of WAT	**4,957.5**	4,957.5
of the Group	**11,414.7**	11,424.1
Movement in contributed equity attributable to members of the Group		
Balance at the beginning of the year	**11,424.1**	11,440.7
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(9.4)**	(16.6)
Balance at the end of the year	**11,414.7**	11,424.1

NOTE 23 RESERVES

of WCL	**(120.4)**	(36.3)
of WFDT	**(1,224.3)**	(1,650.6)
of WAT	**639.9**	742.6
of the Group	**(704.8)**	(944.3)
Total reserves of the Group		
Foreign currency translation reserve	**(752.4)**	(978.1)
Employee share plan benefits reserve	**47.6**	33.8
Balance at the end of the year	**(704.8)**	(944.3)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(978.1)**	(401.3)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**225.7**	(576.8)
Balance at the end of the year	**(752.4)**	(978.1)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**33.8**	34.7
– movement in equity settled share based payment	**13.8**	(0.9)
Balance at the end of the year	**47.6**	33.8

NOTE 24 RETAINED PROFITS

of WCL	**1,589.5**	1,092.0
of WFDT	**560.0**	425.9
of WAT	**(2,053.9)**	(2,447.7)
of the Group	**95.6**	(929.8)
Movement in retained profits		
Balance at the beginning of the year	**(929.8)**	(1,774.3)
Profit after tax for the period	**1,551.2**	1,366.1
Dividend/distribution paid	**(525.8)**	(521.6)
Balance at the end of the year	**95.6**	(929.8)

	Note	**Number of rights 31 Dec 17**	**Weighted average exercise price $ 31 Dec 17**	Number of rights 31 Dec 16	Weighted average exercise price $ 31 Dec 16
NOTE 25 SHARE BASED PAYMENTS					
(a) Rights over Westfield Corporation stapled securities					
– Executive performance rights	(b)(i)	**6,172,536**	**–**	5,187,061	–
– Partnership incentive rights	(b)(ii)	**7,475,214**	**–**	6,945,086	–
– Target incentive rights	(b)(iii)	**4,589,571**	**–**	1,165,142	–
		18,237,321	**–**	13,297,289	–

Since 31 December 2017, 4,144,166 rights over Westfield Corporation stapled securities were issued. At 22 February 2018 there were 22,381,487 rights outstanding.

(b) Executive Performance Rights, Partnership Incentive Rights Plans and Target Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Executive Performance Rights		
Balance at the beginning of the year	**5,187,061**	7,971,200
Rights issued	**4,027,654**	2,542,056
Rights exercised	**(2,526,433)**	(4,053,886)
Rights forfeited	**(515,746)**	(1,272,309)
Balance at the end of the year	**6,172,536**	5,187,061

Vesting profile	**Fair value granted $million 31 Dec 17**	**Number of rights[i] 31 Dec 17**	Fair value granted $million 31 Dec 16	Number of rights[i] 31 Dec 16
2017	**–**	**–**	14.1	2,603,499
2018	**18.4**	**2,238,291**	13.6	2,268,290
2019	**24.2**	**3,032,131**	0.8	120,664
2020	**5.8**	**745,757**	0.6	95,906
2021	**1.3**	**156,357**	0.6	98,702
	49.7	**6,172,536**	29.7	5,187,061

[i] The exercise price for the EPR Plan is nil.

The EPR Plan is a plan in which senior executives and high performing employees participate. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**6,945,086**	6,786,586
Rights issued [i]	**2,964,653**	2,496,651
Rights exercised	**(1,835,404)**	(1,832,947)
Rights forfeited	**(599,121)**	(505,204)
Balance at the end of the year	**7,475,214**	6,945,086

[i] As outlined in section 8.4(c) of the Remuneration Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR plan. For 2017 the rights were issued subject to two performance hurdles: FFO measured over one year (2017) and development hurdle measured over four years. In 2017, the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Remuneration Report.

NOTE 25 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights, Partnership Incentive Rights Plans and Target Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled (continued)

Vesting profile	**Fair value granted $million 31 Dec 17**	**Number of rights(i) 31 Dec 17**	Fair value granted $million 31 Dec 16	Number of rights(i) 31 Dec 16
2017	**–**	**–**	7.4	1,889,081
2018	**10.6**	**1,680,663**	8.1	1,780,602
2019	**15.1**	**1,926,706**	11.8	2,081,431
2020	**19.4**	**2,491,204**	6.9	1,193,972
2021	**10.1**	**1,376,641**	–	–
	55.2	**7,475,214**	34.2	6,945,086

(i) The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2017 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

(iii) The Target Incentive Rights Plan (TIR Plan) – Equity settled

	Number of rights 31 Dec 17	Number of rights 31 Dec 16
Movement in Target Incentive Rights		
Balance at the beginning of the year	**1,165,142**	–
Rights issued (i)	**4,221,560**	1,165,142
Rights forfeited	**(797,131)**	–
Balance at the end of the year	**4,589,571**	1,165,142

(i) As outlined in section 8.4(c) of the Remuneration Report, a limited number of Target Incentive Rights have been issued to the key executives in 2017. Depending on the circumstances, the awards have a vesting period of 3 – 5 years and are subject to specific hurdles which apply over the vesting period and which relate to key objectives for that executive over that vesting period. See also the discussion at section 8.4 of the Remuneration Report.

Vesting profile	**Fair value granted $million 31 Dec 17**	**Number of rights(i) 31 Dec 17**	Fair value granted $million 31 Dec 16	Number of rights(i) 31 Dec 16
2018	**–**	**–**	1.6	266,242
2019	**14.7**	**1,671,136**	5.6	798,723
2020	**4.0**	**500,888**	0.6	100,177
2021	**17.7**	**2,417,547**	–	–
	36.4	**4,589,571**	7.8	1,165,142

(i) The exercise price for the TIR Plan is nil.

Certain key executives have been granted Target Incentive Rights. The fair value of rights issued under the TIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. The specific and individual performance hurdle(s) applicable to the Target Incentive Rights are determined at the time of issue of those Rights based on the objectives set for that executive over the vesting period. Performance is assessed annually before the final determination on the level of vesting is made at the end of the Qualifying Period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the TIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $32.8 million (31 December 2016: $21.7 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

	31 Dec 17 cents	31 Dec 16 cents

NOTE 26 EARNINGS PER SECURITY

(a) Summary of earnings per security

	31 Dec 17 cents	31 Dec 16 cents
Basic earnings per stapled security attributable to members of Westfield Corporation	**74.65**	65.74
Diluted earnings per stapled security attributable to members of Westfield Corporation	**73.84**	64.87

(b) Income and security data

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

	31 Dec 17 $million	31 Dec 16 $million
Earnings used in calculating basic earnings per stapled security	**1,551.2**	1,366.1
Adjustment to earnings on options which are considered dilutive	**–**	(5.5)
Earnings used in calculating diluted earnings per stapled security	**1,551.2**	1,360.6

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security (i)	**2,078,089,686**	2,078,089,686
Weighted average of potential employee awards scheme security options which, if issued would be dilutive (ii)	**22,801,493**	19,189,668
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security (iii)	**2,100,891,179**	2,097,279,354

(i) 2,078.1 million (31 December 2016: 2,078.1 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

(ii) At 31 December 2017, 18,237,321 actual employee award scheme security options were on hand (31 December 2016: 13,297,289).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 4,868,595 (31 December 2016: 6,575,131).

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

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

	31 Dec 17 $million	31 Dec 16 $million
NOTE 27 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2017		
– to be paid on 28 February 2018		
WFDT: 10.2 cents per unit	**212.0**	–
WAT: 2.55 cents per unit	**53.0**	–
Dividend/distribution in respect of the 6 months to 31 December 2016		
WFDT: 1.90 cents per unit	**–**	39.5
WAT: 10.65 cents per unit	**–**	221.3
	265.0	260.8

Interim dividend/distributions of 12.75 cents were paid on 31 August 2017. Final dividend/distributions will be paid on 28 February 2018. The record date for the final dividends/distributions was 5pm, 14 February 2018. No distribution reinvestment plan is operational for the distribution.

(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2017		
WFDT: 2.55 cents per unit	**53.0**	–
WAT: 10.20 cents per unit	**212.0**	–
Dividend/distribution in respect of the 6 months to 30 June 2016		
WFDT: 1.20 cents per unit	**–**	24.9
WAT: 11.35 cents per unit	**–**	235.9
	265.0	260.8

Details of the full year components of distributions are provided in the Annual Tax Statements which are sent to securityholders in July each year.

(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**4.3**	3.9
Franking credits available for future distributions	**4.3**	3.9

	$	$
NOTE 28 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**5.11**	4.53

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group excluding intangibles by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2016: 2,078,089,686).

	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 caps contracted as at the reporting date and outstanding at	**Interest rate options** **31 Dec 17 Notional principal amount million**	**31 Dec 17 Average strike rates**	Interest rate options 31 Dec 16 Notional principal amount million	31 Dec 16 Average strike rate
US$ payable caps				
31 December 2016	**–**	**–**	US$(28.5)	3.50%
31 December 2017	**US$(28.5)**	**3.50%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2017, the aggregate fair value is a payable of $3,835.4 million (31 December 2016: $3,049.7 million). The change in fair value for the year ended 31 December 2017 was $785.7 million (31 December 2016: $1,045.9 million).

NOTE 35 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 17 million	31 Dec 16 million
Foreign currency net investments		
British Pound		
£ net assets	**£3,682.7**	£3,622.1
£ borrowings	**£(1,175.0)**	£(555.0)
£ cross currency swaps	**£(461.1)**	£(461.1)
£ denominated net assets	**£2,046.6**	£2,606.0
Euro		
€ net assets	**€345.1**	€298.7
€ borrowings	**€(223.0)**	€(203.0)
€ denominated net assets	**€122.1**	€95.7
Australian Dollar		
A$ net liabilities	**A$(18.9)**	A$(28.7)
A$ denominated net liabilities	**A$(18.9)**	A$(28.7)

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

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

NOTE 35 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

Summary of foreign exchange balance sheet positions at balance date (continued)

Foreign currency sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of £ denominated net assets to changes in the year end US$/£0.7400 rate (31 December 2016: 0.8103) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**1,024.2**	1,053.8
	- 10 pence	**432.1**	452.7
	- 5 pence	**200.4**	211.5
	+ 5 pence	**(175.0)**	(186.9)
	+ 10 pence	**(329.2)**	(353.3)
	+ 20 pence	**(588.4)**	(636.6)
The sensitivity of € denominated net assets to changes in the year end US$/€0.8830 rate (31 December 2016: 0.9509) is as follows:	US$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**46.3**	26.8
	- 10 cents	**20.0**	11.8
	- 5 cents	**9.4**	5.6
	+ 5 cents	**(8.3)**	(5.0)
	+ 10 cents	**(15.7)**	(9.6)
	+ 20 cents	**(28.4)**	(17.5)
The sensitivity of A$ denominated net liabilities to changes in the year end US$/A$1.2806 rate (31 December 2016: 1.3873) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(2.7)**	(3.5)
	- 10 cents	**(1.3)**	(1.6)
	- 5 cents	**(0.6)**	(0.8)
	+ 5 cents	**0.6**	0.7
	+ 10 cents	**1.1**	1.4
	+ 20 cents	**2.0**	2.6

(i) Hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date.

Cross currency swaps contracted as at the reporting date and outstanding at	**Weighted average exchange rate**		**Amount receivable/(payable)**			
	31 Dec 17	31 Dec 16	**31 Dec 17 million**	**31 Dec 17 million**	31 Dec 16 million	31 Dec 16 million
£						
Contracts to buy US$[i] and sell £						
31 December 2016	**–**	0.6587	**–**	**–**	US$700.0	£(461.1)
31 December 2017	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2018	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)
31 December 2019	**0.6587**	0.6587	**US$700.0**	**£(461.1)**	US$700.0	£(461.1)

[i] The receive US$ exposure is matched with a pay US$ exposure in the income statement.

The pay £ exposure is held by a self-sustaining foreign operation, hence gains or losses are recorded directly in the foreign currency translation reserve. At 31 December 2017, the aggregate fair value is a receivable of $76.4 million (31 December 2016: $129.3 million). The change in fair value for the year ended 31 December 2017 was $52.9 million (31 December 2016: $109.2 million).

Foreign currency sensitivity		**31 Dec 17 $million**	31 Dec 16 $million
The sensitivity of £ denominated exposures to changes in the year end US$/£0.7400 rate (31 December 2016: 0.8103) is as follows:	US$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	**(230.7)**	(186.5)
	- 10 pence	**(97.3)**	(80.1)
	- 5 pence	**(45.1)**	(37.4)
	+ 5 pence	**39.4**	33.1
	+ 10 pence	**74.2**	62.5
	+ 20 pence	**132.6**	112.6

NOTE 36 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit limits have been established to ensure that the Group deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on its outstanding face value.

At 31 December 2017, the aggregate credit risk in respect of cash and cash equivalents is $567.7 million (31 December 2016: $357.1 million).

At 31 December 2017, the aggregate credit risk in respect of derivative financial instruments is $70.7 million (31 December 2016: $160.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 91% (31 December 2016: 80%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of AA- or higher.

The Group undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 19.

NOTE 37 FINANCIAL COVENANTS

The Group is required to comply with certain financial covenants in respect of its unsecured borrowings facilities and bond offerings. The major financial covenants are summarised as follows:

a) Leverage ratio (net debt to net assets)
- shall not exceed 65%

b) Secured debt ratio (secured debt to total assets)
- shall not exceed 40% (and not exceed 45% on certain facilities)

c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)
- at least 1.5 times

d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)
- at least 150% (and at least 125% on certain facilities)

At and during the years ended 31 December 2017 and 2016, the Group was in compliance with all the above financial covenants.

NOTE 38 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVES CASH FLOW MATURITY PROFILE

	31 Dec 17 $million	31 Dec 16 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 19) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(224.0)**	(926.9)
Due between one and five years	**(5,093.9)**	(3,869.2)
Due after five years	**(3,426.9)**	(2,560.8)
	(8,744.8)	(7,356.9)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(7,229.1)**	(6,014.3)
– aggregate future estimated nominal interest	**(1,515.7)**	(1,342.6)
	(8,744.8)	(7,356.9)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**12.4**	41.6
Due between one and five years	**92.3**	171.0
Due after five years	**–**	–
	104.7	212.6

Contingent liabilities are set out in Note 31 and are not included in the amounts shown above.

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 17 $million	31 Dec 16 $million	**31 Dec 17 $million**	31 Dec 16 $million
Consolidated assets				
Cash	**501.2**	292.1	**501.2**	292.1
Trade debtors [i]	**35.6**	22.6	**35.6**	22.6
Receivables [i]	**349.7**	391.5	**349.7**	391.5
Other property investments [ii]	**287.6**	607.9	**287.6**	607.9
Derivative assets [ii]	**92.7**	184.6	**92.7**	184.6
Consolidated liabilities				
Payables [i]	**985.1**	854.7	**985.1**	854.7
Interest bearing liabilities [ii]				
– Fixed rate debt	**6,044.1**	5,140.9	**5,906.4**	5,078.7
– Floating rate debt	**1,322.6**	935.5	**1,322.7**	935.6
Other financial liabilities [ii]	**261.6**	266.1	**261.6**	266.1
Derivative liabilities [ii]	**22.0**	23.8	**22.0**	23.8

[i] These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

[ii] These financial assets and liabilities are subjected to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

Determination of fair value

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

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

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

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

	31 Dec 17 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	**–**	–	–	–
– Unlisted investments	**287.6**	–	–	287.6
Derivative assets				
– Interest rate derivatives	**16.3**	–	16.3	–
– Currency derivatives	**76.4**	–	76.4	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**6,044.1**	–	6,044.1	–
– Floating rate debt	**1,322.6**	–	1,322.6	–
Other financial liabilities				
– Redeemable preference shares/units	**222.5**	–	–	222.5
– Finance Leases	**39.1**	–	39.1	–
Derivative liabilities				
– Interest rate derivatives	**22.0**	–	22.0	–

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

NOTE 39 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 16 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other property investments				
– Listed investments	297.8	297.8	–	–
– Unlisted investments	310.1	–	–	310.1
Derivative assets				
– Interest rate derivatives	55.3	–	55.3	–
– Currency derivatives	129.3	–	129.3	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	5,140.9	–	5,140.9	–
– Floating rate debt	935.5	–	935.5	–
Other financial liabilities				
– Redeemable preference shares/units	226.4	–	–	226.4
– Finance Leases	39.7	–	39.7	–
Derivative liabilities				
– Interest rate derivatives	23.8	–	23.8	–

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

	Unlisted investments[i] 31 Dec 17 $million	**Redeemable preference shares/units[ii] 31 Dec 17 $million**	Unlisted investments[i] 31 Dec 16 $million	Redeemable preference shares/units[ii] 31 Dec 16 $million
Level 3 fair value movement				
Balance at the beginning of the year	**310.1**	**226.4**	268.4	256.9
Additions	**7.9**	**–**	18.2	–
Disposals	**–**	**–**	–	(0.8)
Net fair value gain/loss to income statement	**(30.4)**	**(3.9)**	23.5	(29.7)
Balance at the end of the year	**287.6**	**222.5**	310.1	226.4

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

[ii] The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2017, an increment of 1% to the earnings yield would result in an additional gain of $35.4 million (31 December 2016: $37.6 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $52.0 million (31 December 2016: $57.0 million) in the income statement.

Investment properties are considered Level 3, refer to Note 14: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 17 $million	31 Dec 16 $million

NOTE 40 PARENT COMPANY

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

	31 Dec 17 $million	31 Dec 16 $million
(a) Assets		
Current assets	**35.5**	20.3
Non current assets (primarily investment in subsidiaries)	**2,271.0**	1,556.2
Total assets	**2,306.5**	1,576.5
(b) Liabilities		
Current liabilities	**802.8**	413.7
Non current liabilities	**–**	–
Total liabilities	**802.8**	413.7
(c) Total equity		
Contributed equity	**869.3**	869.3
Foreign currency translation reserve	**61.6**	(255.4)
Retained profits	**572.8**	548.9
Total equity	**1,503.7**	1,162.8
(d) Comprehensive income		
Profit after tax for the period[(i)]	**23.9**	208.9
Other comprehensive income	**317.0**	(16.9)
Total comprehensive income for the period	**340.9**	192.0
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**6,653.7**	5,435.6
	6,653.7	5,435.6

(i) Comprise principally dividends/distributions from investments and subsidiaries and revaluations of investments and subsidiaries.

NOTE 41 SUBSIDIARIES

Summarised financial information of the WFDT Group and WAT Group, extracted from the two standalone groups' consolidated financial statements, are provided below:

WFD Trust

As at 31 December 2017, WFDT held current assets of $2.4 billion, non current assets of $3.7 billion and liabilities of $1.1 billion (31 December 2016: current assets of $2.1 billion, non current assets of $2.6 billion and liabilities of $0.2 billion).

As at 31 December 2017, the total equity held by WFDT was $5.0 billion (31 December 2016: $4.5 billion).

The profit after tax for the period was $224.2 million and total comprehensive income was $581.3 million. The revenue for the period was $40.6 million (31 December 2016: loss after tax of $135.4 million and total comprehensive loss of $182.6 million and revenue of $19.2 million).

Westfield America Trust

As at 31 December 2017, WAT held current assets of $0.2 billion, non current assets of $15.3 billion, current liabilities of $1.7 billion and non current liabilities of $9.6 billion (31 December 2016: current assets of $0.3 billion, non current assets of $13.7 billion, current liabilities of $2.4 billion and non current liabilities of $7.8 billion).

As at 31 December 2017, the total equity held by WAT was $4.2 billion (31 December 2016: $3.8 billion).

The profit after tax for the period was $1,000.8 million and total comprehensive income was $898.0 million. The revenue for the period was $577.2 million (31 December 2016: profit after tax of $1,053.6 million and total comprehensive income of $1,055.5 million and revenue of $513.6 million).

NOTE 42 AUDITOR'S REMUNERATION

	31 Dec 17 $000	31 Dec 16 $000
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**1,385**	1,157
– Assurance and compliance services	**288**	–
– Technical accounting advice and services	**165**	1,234
	1,838	2,391
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,439**	3,601
– Assurance and compliance services	**115**	116
– Taxation advice and compliance	**706**	875
– Technical accounting advice and services	**160**	208
	4,420	4,800
	6,258	7,191

NOTE 43 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Sir Frank Lowy AC, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Sir Frank Lowy AC, Mr Steven Lowy and Mr Peter Lowy.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) LFG

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, the Group utilised 98.6 hours (31 December 2016: 107.8 hours) of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the usage of aircraft in excess of the interchange agreement. These arrangements, including rates, are at arm's length. During the year ended 31 December 2017 $1,106,141 was charged by the Group to LFG (31 December 2016: no charge to or from either party) for use in excess of the interchange agreement.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year the Group charged LFG $439,253 (31 December 2016: $657,152) in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms. Additionally, LFG charged the Group $126,539 (31 December 2016: nil) in relation to the provision of aircraft services and use of the hangar facility.

During the financial year, the Group charged LFG $1,729,653 (31 December 2016: $1,493,493) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year, the Group provided security services to certain Directors.

At year end the following amounts were recorded in the Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2017 $**	2016 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(b) The Lowy Institute

During the financial year, the Group charged The Lowy Institute $17,059 (31 December 2016: $7,687) for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2017.

NOTE 44 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The Key Management Personnel of the Group from 1 January 2017 to 31 December 2017 are set out below:

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

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the year ended 31 December 2017 was:

	Short term benefits				**Post Employment**	**Share Based**	**TOTAL**
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits[i] $	Other post employment benefits $	Amortisation of equity settled share based payments[ii] $	$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2017	**9,993,423**	**7,750,175**	**209,487**	**67,896**	**29,626**	**13,756,291**	**31,806,898**
31 December 2016	9,037,167	6,961,500	131,732	67,849	96,109	8,767,622	25,061,979
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2017	**980,000**	**812,500**	**1,074,871**	**16,083**	**–**	**948,481**	**3,831,935**
31 December 2016	980,000	812,500	225,977	16,333	–	1,032,733	3,067,543
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2017	**10,973,423**	**8,562,675**	**1,284,358**	**83,979**	**29,626**	**14,704,772**	**33,638,833**
31 December 2016	10,017,167	7,774,000	357,709	84,182	96,109	9,800,355	28,129,522

(i) Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR, PIR and TIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 43.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 45 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

	31 Dec 17 – Interest			31 Dec 16 – Interest		
Name of entity	Beneficial[i] Parent Company %	Westfield Corporation %	Consolidated or Equity accounted %	Beneficial[i] Parent Company %	Westfield Corporation %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Corporation Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
WFD Trust	–	100.0	100.0	–	100.0	100.0
Westfield America Trust	–	100.0	100.0	–	100.0	100.0
WCL Finance Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WCL Management Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Westfield Investments Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	–	100.0	100.0	–	100.0	100.0
ENTITIES INCORPORATED IN 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

Corporate Governance Statement

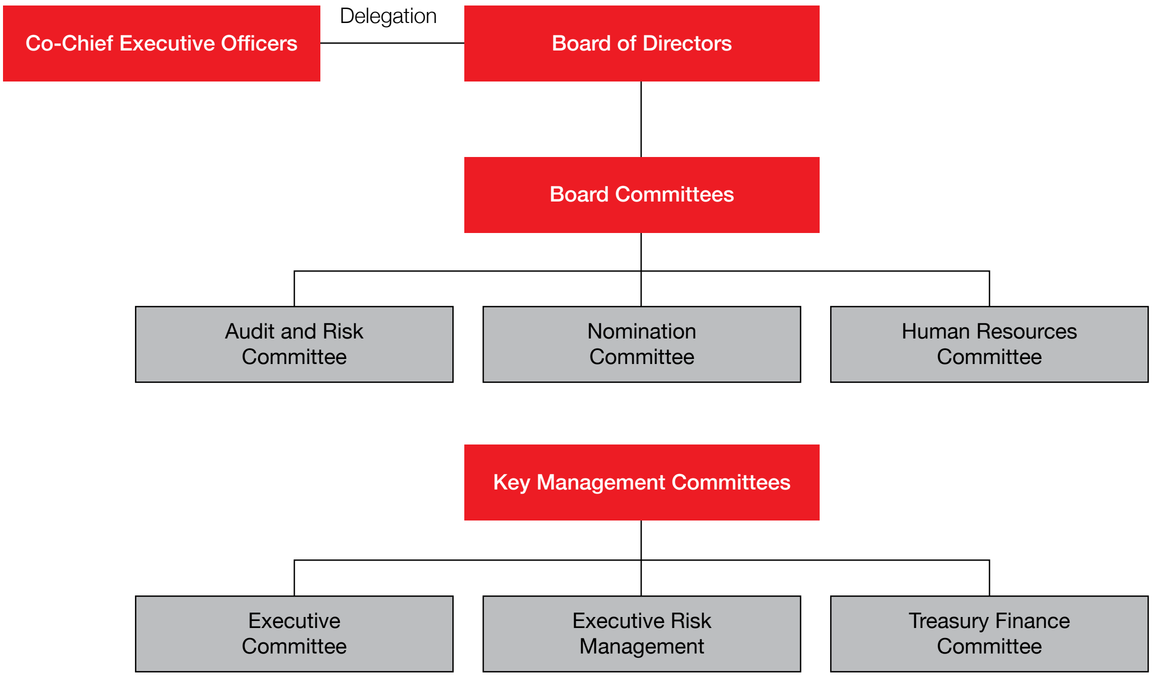
Westfield Corporation (or Westfield) recognises the need to establish and maintain corporate governance policies and practices which reflect the requirements of the market regulators and participants and the expectations of securityholders and others who deal with Westfield. These policies and practices remain under review as both regulation and good practice evolve.

This report outlines Westfield Corporation's main corporate governance practices and policies during the period from 1 January 2017 to 31 December 2017 (**Financial Year**) and the extent of compliance with those practices and policies as at the end of that period. Reporting is by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**Recommendations**).

As at 31 December 2017, Westfield Corporation's corporate governance framework was consistent with the Recommendations other than the requirement for an independent Chairman.

Corporate governance documentation, including Board and Committee charters and relevant corporate governance policies and codes, can be found in the corporate governance section of the Westfield Corporation's website at https://www.westfieldcorp.com/about/leadership/.

GOVERNANCE FRAMEWORK



During the Financial Year, the Board comprised the following Directors.

Name	Position Held	Independent (Y/N)	Year Appointed[1]
Sir Frank Lowy AC	Non-Executive Chairman	N	2014/1996
Brian Schwartz AM	Non-Executive Director	Y	2014/2009
Ilana Atlas	Non-Executive Director	Y	2014/2011
Roy Furman	Non-Executive Director	Y	2014/2002
Peter Goldsmith QC PC[2]	Non-Executive Director	Y	2014/2008
Jeffrey Goldstein	Non-Executive Director	Y	2016/2016
Michael Gutman OBE	Executive Director, President and Chief Operating Officer	N	2014/2014
Mark G. Johnson	Non-Executive Director	Y	2014/2013
Mark R. Johnson AO	Non-Executive Director	Y	2014/2010
Donald Kingsborough	Executive Director, Chief Executive Officer, OneMarket	N	2014/2014
Peter Lowy	Executive Director, Co-Chief Executive Officer	N	2014/1996
Steven Lowy AM	Executive Director, Co-Chief Executive Officer	N	2013/1996
John McFarlane	Non-Executive Director	Y	2014/2008
Dawn Ostroff	Non-Executive Director	Y	2016/2016

[1] The years refer to the respective years of appointment to Westfield Corporation Limited and Westfield America Management Limited.

[2] Lord Goldsmith retired from the Board effective 7 April 2017.

Details of the qualifications, experience and special responsibilities of each of the Directors as at the date of this statement are set out in the Directors' Report.

1. THE BOARD

Westfield Corporation is a stapled group which operates as a single economic entity.

The Board of Westfield Corporation Limited (**Company**) and Westfield America Management Limited (**WAML**) (the responsible entity of Westfield America Trust and WFD Trust) each have common membership[1]. Each Board has adopted a common Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board.

The Board is responsible for overseeing the effective management and operation of Westfield Corporation. The Board is ultimately accountable to securityholders and seeks to ensure that the business objectives of Westfield Corporation are aligned with the expectations of securityholders and that the operations are being effectively managed in a manner that is focussed on those business objectives, as well as conforming to regulatory and ethical requirements.

1.1 Board Charter and Board Responsibility

The Board Charter is a statement of the practices and processes the Board has adopted to discharge its responsibilities, including the matters reserved for the Board and the delegation of authority to the Co-Chief Executive Officers, including the limits on the execution of that authority by the Co-Chief Executive Officers and Chief Financial Officer.

This framework ensures accountability and balance of authority by clearly defining the respective roles and responsibilities of the Board, the Co-Chief Executive Officers and Chief Financial Officer. This, in turn, enables the Board to maintain its focus on strategic guidance, while ensuring the Board has effective oversight of the Group.

Specifically, the Board reserves its authority over the following matters (with a power of delegation to a Committee of the Board, the Co-Chief Executive Officers or another nominated member of the senior management team):

Strategy and direction

- Setting policies regarding the overall strategic direction and plans for each of Westfield Corporation's major business units, key business and financial objectives.
- Approving the distribution policy, amounts and timing of any distribution payments.
- Approving any significant acquisition or disposal of assets and significant expenditure.

Financial controls, compliance and risk management

- Approving annual operating and capital expenditure budgets for Westfield Corporation.
- Approving treasury policies.
- Approving financial statements and published reports, including the directors' report and the corporate governance statement.
- Approving any significant changes in accounting policies or procedures.
- Reviewing the effectiveness of the internal control systems and risk management processes and compliance with statutory and regulatory obligations.
- Approving any matters impacting on compliance with statutory and regulatory obligations which, if not complied with, would have a material effect on Westfield Corporation's business.

Capital and debt structure

- Approving any changes to the capital structure of Westfield Corporation, including any reductions in share capital, buy-backs or issue of new securities other than in accordance with the equity linked incentive plans.
- Approving changes to Westfield Corporation's debt structure including entry into new facilities, the refinancing of existing debt and the issue of bonds and other instruments in local and international markets.

Appointments

- Appointing Directors to the Board, following a review by the Nomination Committee.
- Appointing and reviewing the performance of the Co-Chief Executive Officers and the Chief Financial Officer.
- Appointing the external auditors, on the recommendation of the Audit and Risk Committee and approving the fees payable to the external auditor.
- Appointing the Company Secretary.

Delegation of authority

- Approving any changes to the membership or charter of any Committee of the Board.
- Determining the scope of authority delegated to the Co-Chief Executive Officers, the Chief Financial Officer and any other significant matters.

Policies

- Approving significant policies including the Code of Conduct, security trading policies, health and safety policies, risk management policies and continuous disclosure and communications policies.

Corporate governance matters

- Determining the independence of non-executive Directors.
- Taking into account the recommendations of the Human Resources Committee in determining the remuneration of non-executive Directors and the senior executive team.
- Determining the resolutions and documentation to be put to securityholders in general meeting.
- Reviewing and approving announcements and media releases concerning matters decided by the Board, including announcements relating to the operating performance of Westfield Corporation.

A copy of the Board Charter is available in the corporate governance section of the Westfield's website.

1.2 Delegation to Management

The Board delegates a number of responsibilities to its Committees. Currently, there are 3 standing Board Committees: the Audit and Risk Committee, the Human Resources Committee and the Nomination Committee. The roles and responsibilities of these Committees are explained later in this report.

Day to day management of the business and operations of Westfield Corporation is delegated by the Board to management through the Co-Chief Executive Officers subject to the agreed authority limits applicable to the senior executive management team.

Whilst retaining control of decision making on policy and strategic matters, the Board has delegated to management (as part of its day to day role) responsibility for:

- *Strategy:* development of strategies and the management and performance of the business and operations, and making recommendations to the Board on such strategies.
- *Management:* managing Westfield Corporation in accordance with the strategy, business plans and policies approved by the Board.
- *Financial performance:* developing the annual budget, managing day to day operations within the budget and ensuring that the financial reports present a true and fair view of Westfield Corporation's financial condition and operational results and are in accordance with the relevant accounting standards.
- *Risk management:* establishing and maintaining effective risk management frameworks and internal control systems.
- *Continuous disclosure:* keeping the Board and the market fully informed about material developments in Westfield Corporation's business.
- *Selection of senior management:* making recommendations for the appointment of senior executives, determining terms of appointment, evaluating performance and developing and maintaining succession plans for senior management.

The Board receives regular updates on the progress made by Westfield in all aspects of the business including operations, capital markets and potential new business opportunities.

[1] Unless otherwise specified, the Board of Westfield Corporation Limited and Westfield America Management Limited sit as the Westfield Corporation Board. In this statement, the Westfield Corporation Board is referred to as the Board.

1.3 Board Composition

The membership of the Board is reviewed by the Board from time to time, having regard to the ongoing needs of Westfield Corporation. The Board considers that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of Westfield and non-executive members who bring to the Board a broad range of general commercial expertise and experience.

The objective is that the Board should be of a size and composition that is conducive to effective decision making with the benefit of a variety of perspectives and skills.

Board renewal and succession planning is a central component of Westfield Corporation's overall governance program. The Board is committed to a membership that draws on a combination of executive and non-executive members with exceptional track records and reputations at the highest levels of business and commerce generally.

Under the Board Charter, the appointment of a new member to the Board is only made after consultation between the Nomination Committee and the Board. New Directors who are appointed by the Board as additional directors must submit themselves to election by securityholders of the Company at the Annual General Meeting (**AGM**) following their appointment and, except in the case of one of the Chief Executive Officers, are subject to re-election every three years.

Appropriate checks are undertaken before a new candidate is recommended to the Board for appointment. These include checks as to the person's experience, educational qualifications, character, criminal record and bankruptcy history.

The notice of meeting and explanatory notes for the Group's 2018 AGM will contain the relevant information, as specified in Recommendation 1.2, in respect of all candidates for re-election as a Director.

Board Skills Matrix

The Board considers that a diversity of skills, backgrounds, knowledge, experience, expertise and gender is required in order to effectively govern the business. The Board and the Nomination Committee work together to ensure that the Board continues to have the appropriate balance of skills, experience, independence and depth of working knowledge of the Group's business necessary to properly and effectively discharge its responsibilities.

The following table sets out the mix of skills and experience the Board considers necessary or desirable and the extent to which they are represented on the current Board and its Committees.

Skills and experience	Number of Directors / Board representation (out of 13)[1]
Leadership — organisational, including senior executive leadership experience	13
Strategy — experience in developing and implementing strategic business plans	13
Financial acumen — senior experience in finance, including in financial accounting and reporting	13
Real estate — experience in real estate management, leasing, development, design and construction	10
Retail and consumer marketing — experience in retail (including physical and digital) and in customer service and management strategies	11
Capital management — senior experience in capital management strategies, corporate finance, capital markets and funds management	13
Governance — experience with governance in the listed sector	13
Human resources — senior experience in people management and human resources policy	12
Innovation — experience in transforming business models and processes including in relation to technology and digital platforms	12

[1] Excludes Peter Goldsmith QC PC, who retired from the Board effective 7 April 2017.

The extent to which the Directors have the necessary range of skills is a reflection of the significant experience of those Directors, both with Westfield in an executive or non-executive capacity and with other Australian and international companies. Over time, Directors have demonstrated their expertise in the areas of strategy, capital management, property management and development as well as on governance, human resources, risk management and life safety matters.

1.4 Code of Conduct

The Directors' Code of Conduct outlines the responsibilities of Directors in maintaining Westfield Corporation's commitment to high standards of ethical conduct.

As part of the Code of Conduct, Directors must, amongst other things:

- always act fairly, honestly and with integrity in all matters relating to Westfield Corporation;
- perform their duties to the best of their ability;
- never act in a manner which is likely to harm the reputation of Westfield Corporation; and
- always abide by applicable laws.

Directors' personal and business dealings must be separated from the performance of their duties as a Director of Westfield Corporation and any matter which may give rise to an actual or perceived conflict of interest must be fully disclosed to the Board at all times.

A Director cannot use his or her position as a Director or the name of Westfield Corporation to further that Director's personal or business interests.

All commercial dealings by Directors with Westfield Corporation in a personal capacity must be at arm's length and on normal commercial terms or otherwise approved by securityholders.

Directors must ensure that all confidential information, whether relating to the business operations or assets of Westfield Corporation or its retailers or customers, received by them in the course of performing their duties, will not be disclosed to third parties except in circumstances where disclosure has been authorised by Westfield Corporation or is otherwise required by law.

1.5 Directors' Independence

The Board is committed to ensuring a majority of Directors is independent. These are Directors who are capable and willing to make decisions which are in the best interests of securityholders, free from interests and influences which conflict with that duty and are also independent of management.

The Board regularly assesses the independence of each Director in accordance with the terms of the Board Charter, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account.

The Board currently comprises 13 members. Of these, 8 are considered to be independent Directors. These Directors were determined by the Board to be independent of management and free of any business or other relationship or any other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

In making this determination the Board sought to assess whether Directors were:

(a) independent of management; and

(b) free of any business or other relationship that could materially interfere or be perceived to materially interfere with their unfettered and independent judgement; and

(c) capable of making decisions without bias and which are in the best interests of all securityholders

A non-executive Director is not regarded as an independent director if that Director:

(a) is a substantial securityholder of Westfield Corporation or an officer of, or otherwise associated directly with, a substantial securityholder of Westfield Corporation;

(b) within the last 3 years has been employed in an executive capacity by any member of Westfield Corporation, or has been a Director after ceasing to hold any such employment;

(c) within the last 3 years has been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of Westfield Corporation;

(d) within the last 3 years has been a principal, employee or consultant of a material professional adviser to any member of Westfield Corporation – for this purpose a material professional adviser is an adviser whose billings to Westfield exceed 1% of the adviser's total revenues;

(e) is a principal, employee or associate of a material supplier to, or material customer of, any member of Westfield Corporation – for this purpose a material supplier to Westfield Corporation means a supplier whose revenues from Westfield exceed 5% of the supplier's total revenues. A material customer is a customer whose payments to Westfield Corporation exceed 1% of the customer's operating costs;

(f) has a material contractual relationship with any member of Westfield Corporation other than as a Director of the Board; and

(g) has any interest or business or other relationship which could materially interfere with the Director's ability to act in the best interests of Westfield Corporation and independently of management.

Applying the criteria set out in the Board Charter – Mr Brian Schwartz, Ms Ilana Atlas, Mr Roy Furman, Mr Jeffrey Goldstein, Mr Mark G. Johnson, Mr Mark R. Johnson, Mr John McFarlane and Ms Dawn Ostroff are all considered to be independent Directors.

Each non-executive Director signs a letter of appointment which, amongst other things, requires each independent Director to promptly and fully disclose to the Board any matter or circumstance which may have impacted on their status as an independent Director, or the likely perception of their status, as an independent member of the Board. If a Director loses their status as an independent Director, that determination is required to be reported to the market.

The Nomination Committee's Charter sets out the process for selection and appointment of new Directors and re-election of incumbent Directors. The role and responsibilities of the Nomination Committee are set out later in this statement.

1.6 Chairperson and Independence

Westfield Corporation notes the ASX Corporate Governance Council's recommendation that listed companies should have an independent director as Chairman.

For the reasons set out below, the Board considers Mr Frank Lowy to be the most appropriate person to act as Chairman of the Westfield Corporation, notwithstanding that he is not an independent Director.

Mr Lowy is the co-founder of Westfield, and has overseen the rapid growth and success of Westfield since 1960. He has over 50 years direct experience in the design, construction and management of shopping centres, and related fund and asset management. Mr Lowy's depth of knowledge, range of experience and reputation is unrivalled in the industry.

In Australia and internationally, Mr Lowy is regarded as an exceptional and iconic individual who has overseen the growth of a global retail business, which is a leader in its industry.

Apart from Mr Lowy's experience and knowledge, it is considered that Mr Lowy's chairmanship of Westfield Corporation provides continuity in dealings with all stakeholders (including over 2,000 employees) under the Westfield Corporation banner.

For these reasons, the Board takes the view that it is in the best interests of securityholders that Mr Lowy, with his extensive background and experience, be the Chairman of Westfield Corporation.

In arriving at this view, it is important to note that there is a majority of independent Directors on the Westfield Corporation board.

1.7 The Company Secretary

The Company Secretary is appointed and removed by the Board.

The Company Secretary works with the Chairman, the Board and the Board Committees and is responsible for ensuring the smooth running of the Board and Board Committees and that all governance related issues are properly addressed. All Directors have access to the Company Secretary for the purpose of obtaining information or advice.

The Company Secretary may also retain the services of independent advisory bodies, from time to time, if requested by the Board or Board Committees.

The office of the Company Secretary is responsible for the systems and processes that enable the Board to perform its role and provides secretariat services for each of the Board Committees. Committee agendas, papers and minutes are available to all members of the Board.

The Company Secretary is directly accountable to the Board, through the Chairman, on all governance matters.

1.8 Board Self-Assessment and Performance

The Board considers ongoing self-assessment on various aspects of the Board's performance, including skill sets, is an important tool in reviewing Board performance.

The Board survey for 2017 was conducted by Mr Brian Schwartz, Deputy Chairman and Lead Independent Director. Matters considered included an assessment of the performance of the Board and its Committees; the composition and skills sets of the Board and the Board's relationship with management. The results of the survey were presented to the Board for discussion.

1.9 Process for Evaluating the Performance of Senior Executives, including Executive Directors

Westfield Corporation has a process of objective setting and performance review of all staff which is conducted on an annual basis. Senior executives with a discretionary component in their total remuneration package, have clearly defined objectives which are agreed at the commencement of the performance period. Their performance against these objectives is assessed annually in a meeting with the manager to whom they report, in addition to regular feedback during the performance period. In that meeting, the potential future development of that executive is discussed, along with any training or development required to enhance the prospects of the development objectives being achieved and career progression within the business.

In the case of the senior executive team (including the Executive Directors) an assessment of their performance is undertaken by the Human Resources Committee and the Board. Disclosure of Westfield Corporation's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report.

During the Financial Year, each member of Westfield Corporation's senior executive team, including the Executive Directors, were subject to a performance review as described above. Details of the performance criteria against which the Executive Directors were assessed (with respect to their STI) are set out in section 8.4 of the Remuneration Report.

2. BOARD COMMITTEES

The Board delegates certain responsibilities to standing committees which operate in accordance with charters approved by the Board.

As the composition of the Board of each of the Company and WAML are identical, each Committee has the same membership and, for all purposes, operates as one "Westfield Corporation" Committee.

Each Committee is authorised to investigate any activity or function of Westfield Corporation in accordance with its charter. The Committees are authorised to make recommendations to the Board regarding appropriate action resulting from such investigations. Each Committee has unrestricted access to executive management, all employees and all Group records, tax and other financial advisers, legal advisers, and internal and external auditors, as required.

Each Committee, or any member of the Committee, is authorised (at the cost of Westfield Corporation) to obtain outside legal or other independent professional advice and to secure the attendance of such advisers if it was considered necessary for the proper performance of the Committee's functions under its charter.

The Chair of each Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities. The minutes of each Board Committee meeting are provided to the Board.

The office of the Company Secretary provides secretariat services for each of the Board Committees.

The Board receives copies of minutes of all Committee meetings. This provides all Directors with oversight and the opportunity to discuss the issues being considered by the Committees.

2.1 Audit and Risk Committee

Composition

The primary function of the Audit and Risk Committee is to oversee and monitor the integrity of consolidated financial reports and statements of the listed entities within Westfield Corporation and the systems of risk management, internal controls and legal compliance. A copy of the Committee's charter is available on Westfield's website.

During the Financial Year, the Audit and Risk Committee comprised the following members:

Name	Position Held	Status
Brian Schwartz AM	Chairman	Independent Director
Ilana Atlas	Member	Independent Director
Mark G. Johnson	Member	Independent Director

The Audit and Risk Committee met 5 times during the Financial Year. The full Committee was in attendance at all meetings.

All members of the Committee are independent Directors who are financially literate with significant relevant financial and / or accounting experience and significant understanding of Westfield Corporation's business. Members of the Committee have a sound understanding of Westfield Corporation's structure, internal controls and typical transactions which enable them to assess the risks faced by Westfield Corporation.

Role and responsibilities of the Audit and Risk Committee

The objective of the Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

(a) monitoring and reviewing;

- the integrity and reliability of financial reports and statements of the listed entities of Westfield Corporation;
- the effectiveness of the systems of internal controls, risk management and legal compliance;
- the objectivity and effectiveness of the internal audit function;
- the independence, objectivity and effectiveness of the external audit function,

(b) overseeing the processes for:

- identifying significant risks faced by Westfield Corporation;
- Westfield Corporation's compliance with applicable laws and regulations; and
- implementing appropriate and adequate control, monitoring and reporting systems,

(c) making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement.

The Committee is assisted in its role and responsibilities by the Executive Committee, details of which are outlined below. The Committee is also aided by the independent assurance functions provided by the Business Review and Audit department (internal auditors) and the external auditors. Assessment of material economic, environmental and social sustainability risks form part of Westfield's Enterprise Risk Management Framework. Details regarding this assessment will be included in Westfield's Sustainability Report which is published annually on its website. The 2017 report will be made available at https://www.westfieldcorp.com/about/sustainability when published.

The Committee also, at least on an annual basis, reviews the appropriateness of the Enterprise Risk Management Policy and the Enterprise Risk Management Framework and control systems adopted by Westfield Corporation. The Committee undertook such a review during the year.

The Audit and Risk Committee also monitors regulatory developments in relation to the audit regime and the role of audit and risk committees generally and how these developments may impact upon the Group's corporate governance framework.

The Committee meets with external auditors, without management being present, at least twice a year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the external audit.

The internal audit function is overseen by the Audit and Risk Committee. The head of internal audit attends all meetings of the Audit and Risk Committee and reports on a regular basis as to the adequacy and effectiveness of the internal audit function. The Committee meets with the internal auditor at least twice a year, without management being present.

Both internal and external auditors have a direct line of communication at any time to, either the Chairman of the Committee, or the Chairman of the Board. The Audit and Risk Committee reports to the Board after each Committee meeting on any matter relevant to its considerations.

Non-Audit Services Protocol

Westfield Corporation's Non-Audit Services Protocol (**Protocol**) is designed to ensure that the external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of Westfield Corporation.

The Protocol sets out the parameters under which Westfield Corporation can engage the external auditor to provide certain non-audit services in order to safeguard the auditor's objectivity or independence.

Westfield recognises that a high quality, independent statutory audit is fundamental to the maintenance of good corporate governance, and to the proper functioning of the capital markets. The statutory audit forms an integral part of the process of providing securityholders with clear, comprehensive and reliable financial information. The current Protocol reflects Westfield Corporation's desire to preserve the independence of the statutory audit process.

Under the terms of the Protocol, the lead audit partner must rotate every 5 years unless the Board determines otherwise. A succession plan is required to be presented by the external auditor to the Committee for its approval, at least one year before the rotation is due to occur.

The Protocol also sets out some key requirements in the relationship between the external auditor and Westfield Corporation, and defines the scope and value of the non-audit services which could be provided by the external auditor to Westfield Corporation, without impacting the actual or perceived independence of the external auditor.

The Protocol requires an annual confirmation by the external auditor regarding compliance with the terms of the Protocol and a number of other matters which impact the actual and perceived independence of the external auditor. The Protocol is monitored and reviewed in the context of developments and changes in the legal, accounting and governance requirements applicable to Westfield Corporation so that it remains relevant and consistent with the high standards of independence as well as market and securityholder expectations.

2.2 Executive Committee

In addition to the Audit and Risk Committee, the Board has delegated specific risk related responsibilities to the Executive Committee which comprises the Co-Chief Executive Officers, the Chief Financial Officer, the President and Chief Operating Officer, the Chief Operating Officers of the regions in which the Company operates, the General Counsel, General Counsel, US, Director, Corporate and General Counsel, UK/ Europe and the Chief Executive Officer, OneMarket.

This Committee is responsible for:

(a) assisting in the formulation of all aspects of the risk management process to be adopted by Westfield Corporation;

(b) overseeing the implementation by management of Westfield Corporation's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the systems and business processes of Westfield Corporation;

(c) ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process between Westfield Corporation's management in the relevant jurisdictions; and

(d) implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of the Group are such that the Co-Chief Executive Officers and the Chief Financial Officer are able to give the certifications required to be given in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Executive Committee reports to the Audit and Risk Committee on the effectiveness of Westfield Corporation's management of its material risks.

The Co-Chief Executive Officers and the Chief Financial Officer are required to confirm in writing to the Board, at the time the financial statements of Westfield Corporation are being considered for approval by the Board, that in all material respects:

(a) the financial statements present a true and fair view; and

(b) that this declaration is founded on a sound system of financial risk management and internal compliance and controls which implements the policies adopted by the Board; and

(c) that Westfield Corporation's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Board receives regular reports from management and the Audit and Risk Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Risk Committee.

2.3 Human Resources Committee

The Human Resources Committee is responsible for establishing appropriate human resources strategies and policies for the Group including remuneration policies. It also has oversight of policies and practices that promote and support equal opportunity and diversity within Westfield Corporation.

The Committee's Charter and the Hedging of Executive Awards and Performance Rights policy are available in the corporate governance section of Westfield's website.

Westfield's remuneration policy is designed to attract and retain high calibre Directors and senior executives capable of meeting the specific management needs of the business.

Westfield's remuneration objectives and policies regarding the determination of base pay, short term variable bonus and long term equity linked incentives are explained in detail in the Remuneration Report.

Details of all Directors and executive Key Management Personnel remuneration are set out in the Remuneration Report.

The composition of the Human Resources Committee is as follows:

Name	Position Held	Status
Mark R. Johnson AO	Chairman	Independent Director
Ilana Atlas	Member	Independent Director
Roy Furman	Member	Independent Director

The Committee met twice during the Financial Year, with the full Committee in attendance at all meetings. Having regard to the Committee's Charter, it was scheduled to meet 3 times in the Financial Year. However, consideration of the proposed UR transaction required that one Committee meeting be cancelled on short notice and the business of that meeting be considered at a subsequent meeting.

The objective of the Committee is to assist the Board with establishing remuneration policies and practices which:

– enable Westfield Corporation to attract and retain executives and Directors who will create sustainable value and returns for securityholders and other stakeholders;

– fairly and responsibly reward executives and Directors, having regard to the performance of Westfield Corporation, the executive and the external compensation environment; and

– comply with all relevant legislation and regulations, including the ASX Listing Rules and the Corporations Act.

The responsibilities of the Human Resources Committee include:

(a) determining and reviewing remuneration policies to apply to members of the Board and to members of the senior executive team within Westfield;

(b) determining the specific remuneration packages for executive Key Management Personnel (including base pay, bonus payments, equity linked incentives and other contractual benefits);

(c) reviewing contractual rights of termination for members of the senior executive team;

(d) ensuring that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;

(e) reviewing the depth of the senior executive team and the appropriateness of the succession planning policies in place;

(f) reviewing and approving the policy for participation by senior executives in equity linked incentive plans;

(g) reviewing and approving management's recommendations of the total proposed awards to be issued under each equity linked incentive plan; and

(h) managing the equity linked plans as required in accordance with the rules of the plans.

Notably, the Committee must approve the following actions prior to implementation:

– any changes to the remuneration or contract terms of executive Key Management Personnel;

– the design of a new executive incentive plan and any amendments to existing plans;

– the total level of awards proposed to be offered under the executive incentive plans; and

– termination payments to Executive Directors and other members of the senior executive team.

In discharging its responsibilities, the Human Resources Committee must review and note annually, the remuneration trends and climate (including any major changes in employee benefit structure) across the various regions in which the business operates.

A comprehensive review of the remuneration of the Directors and executive Key Management Personnel is contained in the Remuneration Report.

2.4 Nomination Committee

The role of the Nomination Committee is to support and advise the Board on the selection and appointment of high quality and talented Directors who are able to meet the needs of the Group presently and in the future, and the ongoing evaluation and review of the performance and effectiveness of the Board and the Directors.

The Committee's Charter appears in the corporate governance section of Westfield's website.

During the year, the Nomination Committee comprised the following members:

Name	Position Held	Status
Brian Schwartz AM	Chairman	Independent Director
Roy Furman	Member	Independent Director
Mark R. Johnson AO	Member	Independent Director

The Committee met twice during the Financial Year. The full Committee was in attendance at both meetings.

Broadly, the responsibilities of the Nomination Committee include:

(a) having regard to the strategic direction of Westfield Corporation, assessing periodically the skills of current Board members against the collective skill set required by the Board to competently discharge the Board's duties;

(b) regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and reviewing the effectiveness of the Board;

(c) identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for approval of the Board;

(d) at least annually, reviewing the performance of the Board; and

(e) ensuring the existence of proper succession planning processes and plans for the Board.

No member of the Committee participates in a review of their own performance or submission for re-election.

Board support for re-election is not automatic. The Board, on the recommendation of the Nomination Committee, determines if it will endorse a retiring Director for re-election. The Notice of Meeting will provide information that is material to a securityholder's decision whether or not to support the re-election of a Director. It will also state if the re-election is supported by the Board.

Recommendations regarding future appointment of additional Directors are made by the Nomination Committee and considered by the Board having regard to:

– the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;

– the current strategic direction of Westfield Corporation and the consequent need to consider skills which may be required in the future; and

– the suitability of available candidates identified in the context of a detailed description of the role and capabilities required for a particular appointment.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the securityholders of the Company at the AGM.

Once a candidate is identified, appropriate background and reference checks are conducted before a candidate is appointed to the Board or put forward to securityholders for election.

Upon appointment, a Director embarks on an induction program specifically designed to their needs to help familiarise them with issues relating to the current business before the Board.

New Board members are provided with the opportunity to experience first-hand the business and operations of Westfield Corporation, and to meet and discuss all aspects of the Company's operations with key members of the senior executive team. As part of the induction program, the Company Secretary provides access to information in areas such as operations, finance, treasury and risk management to assist the new Board member as required. This typically includes briefings with every member of the senior executive team to provide the new Director with a deeper understanding of the main issues and strategic direction of each key business unit within the Group.

New Directors receive a letter of appointment which sets out the main terms and conditions on which each Director is appointed. This letter provides that if a Director ceases to be a Director of the Company for any reason, they must also resign as a Director of Westfield America Management Limited. The letter of appointment conforms to the recommendations of the ASX Corporate Governance Council.

The letter of appointment clearly defines the role of Directors and sets out expectations in terms of independence, participation, time commitment and continuous development. The letter also makes clear that Directors must disclose circumstances that may affect, or be perceived to affect their ability to exercise independent judgment so that the Board can make a determination on independent on an ongoing basis.

The letter of appointment also sets out a procedure by which Directors are able to take independent professional advice at Westfield's expense. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and / or provide the Director with the requested information.

On an ongoing basis, Directors are provided with regular updates on legal and corporate developments, including updates on the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles and recommendations, tax and accounting developments and other matters of interest. In addition, management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues facing the business.

3. CORPORATE RESPONSIBILITY

3.1 Westfield Corporation Values

The conduct of all Westfield Corporation employees is governed by a set of fundamental principles to which all employees are expected to adhere to when dealing with other staff members, customers and retailers, securityholders and the community.

Westfield's values require staff, at all times, to:

– welcome a diversity of people;

– create a healthy and safe work environment;

– create an environment that motivates and allows staff to contribute and develop;

– display honest, just and fair management in all dealings with staff;

– meet the commitments of Westfield Corporation;

– examine ways to continually improve processes in a manner which adds value;

– provide securityholders with superior returns on a sustainable basis;

– constantly seek new opportunities and pursue sound growth and earning opportunities;

– conduct our activities in a safe and environmentally responsible manner;

– contribute expertise and resources to promote positive interaction between all members of the community; and

– act, at all times, as a leading corporate citizen in adhering to applicable laws and meeting the community's expectations regarding corporate behaviour.

3.2 Employee Handbook

Westfield's fundamental principles are supplemented by Employee Handbooks in the jurisdictions in which Westfield operates. The handbooks outline, among other matters, the high standards of personal conduct and ethical behaviour expected of all employees.

3.3 Compliance Manuals

Westfield Corporation has developed compliance manuals to provide guidance to employees on the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws. Management seminars are also conducted to help employees understand the legal requirements with which the business must comply.

3.4 Whistleblower Policy

Westfield Corporation has adopted a whistleblower policy to ensure that any concerns regarding unethical, unlawful or improper conduct can be raised without fear of reprisal. Employees are encouraged to report any genuine matter or behaviour that they honestly believe contravenes the Group's code of conduct, policies or the law. A summary of the policy is available in the corporate governance section of the Group's website.

Westfield Corporation has procedures in place to ensure that all reported concerns are appropriately investigated. If applicable, feedback is provided regarding the investigation's outcome. Where no action is undertaken in connection with a report, an explanation is provided. Where appropriate, a third party may be engaged to assist in the investigation.

A summary of whistleblower activities is provided periodically to the Audit and Risk Committee.

3.5 Diversity Policy

Westfield Corporation has a strong commitment to diversity and to promoting an inclusive culture where people are encouraged to succeed to the best of their ability.

Westfield Corporation's approach to diversity and inclusion is founded on the following principles:

- An inclusive culture helps us to attract, retain and develop talented people and encourages employees to fulfil their potential.
- Workforce diversity offers a competitive advantage and is a key contributor to the success of our business in the various markets in which we operate.

While gender based diversity will continue to be a primary focus, Westfield Corporation's diversity and inclusion policies extend beyond gender and cover the broad spectrum of diversity including without limitation ethnicity, age, religion and sexual orientation. The objective of these policies is to develop and embed a diverse and inclusive culture that reflects the dynamics of a modern, contemporary workforce that is representative of the communities in which we operate.

The regional heads of Human Resources continue to develop and implement a rolling 3 year plan which includes processes designed to:

- Embed organisational practices and policies, such as succession planning processes, which promote a diverse workforce.
- Review opportunities for women in non-traditional roles and target areas to ensure the representation of women in applicant pools.
- Increase the percentage of women in senior management roles through targeting the participation of women in development programs and succession planning.

In 2017, Westfield Corporation continued to focus on objectives across pay equality, flexible work arrangements, leadership and development programs designed to support women progress their careers into senior management roles. Recruitment and education initiatives continue to be areas of focus.

Progress against our 2017 commitments is set out below:

Focus Area	Commitment	What we achieved in 2017
Recruitment	Global recruitment standards to be adopted requiring a diverse candidate pool with a focus on female appointments to senior positions in non-traditional roles.	– Internal and external recruitment policies require that diversity, including gender, must be a consideration in all executive searches in non-traditional female roles including active searches in Design, Data and Analytics, Residential Development, Finance, Development and Leasing. – In 2017 the representation of women in senior level positions improved in both the Group Executive and US Executive Committee categories. – In the US, the representation of women on the US Executive Committee increased from 15.4% to 20% and slightly increased from 33.3% to 34.4% at Senior Manager level. – In the UK, the representation of women at the UK Executive Committee level remained consistent at 20% and decreased by 5.5% to 25% at Senior Manager level due to the appointment of male candidates. – Candidate pools and the representation of women in management roles continued to be consistently tracked to ensure areas of opportunities were identified.

Leadership and Development Programs	The continuation of programs designed to support women to progress their careers into senior management roles.
	Targeting 40%-45% representation in leadership and development programs.
	Ongoing Succession Planning as a focus to identify key female talent and promotion throughout the organisation.
		– "WeConnect" is an internal Westfield mentoring and networking program which creates an opportunity for all employees to network with senior executives and other talented individuals across the business.
		– "WeConnect" sponsors programs and workshops to enhance employee business knowledge and personal and professional development:
		  – 26% of the UK Mentoring Group in 2017 were women
		  – 40 high potential female employees attended a Women in Leadership day at London Business School
		  – Formal leadership coaching provided to high potential female employees
		– The proportion of female employees in Westfield Development courses throughout 2017:
		  – 55% in the UK
		  – 49% in the US
		– Management training covering career development, diversity, employee relations, unconscious bias, and conflict management continued to be provided.

Pay Equity	No gender based pay discrimination.	– In 2017 Westfield Europe:
		  – Awarded a Silver Banding for gender in the Business in the Community benchmark (the UK's most comprehensive benchmark for workplace gender and race diversity) for a second year.
		  – Completed the National Equality Standards audit – a comprehensive UK assessment of our equality and diversity position against rigorous criteria, supported by the Home Office and Confederation of British Industry (CBI). Full sign off expected Q1 2018.
		  – Westfield Europe continued to be a member of the UK Government Campaign 'Think, Act, Report' demonstrating our commitment to gender equality in the workplace.
		  – Ongoing work with our employee "People Group" to focus on policies and procedures relating to diversity, inclusion and attrition opportunities.
		– In 2017 Westfield US:
		  – Completed an annual Affirmative Action Planning process that assessed pay equity and gender representation across all levels of employment and external labour force availability.
		  – Completed a Pay Equity analysis to determine gender neutrality.
		  – The "Diversity and Inclusion Team" launched in 2016 and renamed 'WestfieldLife' in 2017, expanded its membership to 21 employees (from 13 in 2016) with employees representing all business units with 48% female representation. This team continued to address priorities established in its formation and through employee survey data and developed 25 recommendations relating to diversity, inclusion and attrition opportunities which are being implemented.

Focus Area	Commitment	What we achieved in 2017

Flexible Work Practices	The development of flexible work practices to ensure a consistent approach.
	
	Implementation of flexible work practices through targeted initiatives.
		– Flexible work arrangements continue to be a focus throughout the organisation.
		– The revised policies and protocols to support working families delivered a positive result with 100% of all employees in 2017 returning to work from maternity leave.
		– 73% of employees completed a phased return to work from maternity leave.
		– Flexible work arrangements are offered to all women returning from maternity leave. 100% of employees who requested flexible working on return from maternity leave, had their request approved.
		– In 2017, paid-paternal leave was increased from two-weeks to four-weeks which had 100% take up in its first year.
		– Company Shared Parental Leave Pay was introduced in 2016, which is a form of leave available to eligible mothers, fathers, partners or adopters, enabling them to choose how to share time off work after their child is born or placed. This means that parents are able to 'share a pot of leave' – a maximum of 52 weeks leave and 39-weeks pay can be shared.
		– 79% of new parents were entitled to enhanced Company Shared Parental Leave Pay and to date 40% of these parents have opted to take it, with a potential further 40% in 2018.
		– To support employees before maternity leave, and to aid their return to work, a one-to-one coaching programme was launched in 2017 which has seen a 92% uptake.
		– A new 'Family Buddy Scheme', which brings together Westfield parents and new parents together, is in place. Workshops are also available for new parents, specifically for fathers and partners. In addition, all working parents are invited to attend the 'Work/Life Balance for Successful Working Parents' course.
		– 'Bring Your Children to Work Day' was launched in 2017 in the UK which offered all parents the opportunity to bring their children aged up to 16 to work. 51 families took part in the day which included a series of activities for children, as well as the opportunity to shadow their parents for the day.
		– In 2017 Westfield Europe:
		  – Achieved Top 30 status in the United Kingdom's 'Working Families Benchmark' of employers who enable the best quality of work life balance and career development. This award was also received in 2016.
		  – Continued to encourage and provide employees the tools and initiatives for a healthy work-life balance through its well-being program, 'Flourish'.
		– Throughout 2017 Westfield US:
		  – Continued focus on development and implementation of flexible working practices for all employees such as remote working arrangements, flexible schedules, alternate work hours and modifications to our Paid Time Off (PTO) policies.
		  – Offered a well-being program, 'Thrive', to all employees to encourage and provide the tools and initiatives for a healthy work-life balance. These initiatives include a broader spectrum of programs including health and well-being, fitness, stress management, personal financial and group activities.

Education	Implementation of 'Diversity and Inclusion' education programs for senior management. Expand the WISE (Women in Science, Technology and Engineering) Mentoring program on a group-wide basis for 'high potential' female employees. 'Employee Relations Development' training to continue to be part of 'Learning & Development' program.	– Westfield UK acknowledged 40 high potential female employees attended a Women in Leadership day at London Business School – Westfield Corporation worked with UK organisation WISE (Women in Science, Technology and Engineering) to deliver various gender diversity and inclusive workshops focusing on recruitment, unconscious bias and inclusive leadership. – Westfield UK Mentee group launched WISE Coaching in schools focusing on female focus in the WISE subjects. – Westfield is an event partner for Stemettes, a progressive organisation which is focussed on supporting women into STEM (Science, Technology, Engineering and Maths) industries. – Westfield UK continued to offer 'Employee Relations' training as part of our Learning & Development program for employees. – Westfield US launched a new program called 'Everyday Management', focusing on baseline supervisory skill building, including diversity, performance management, and employee accessibility. This program reintroduces the organisation's Diversity and Open Door policies.

Corporate Governance Statement (continued)

For 2018, Westfield has identified the following areas as key to promoting its diversity and inclusion objectives: Senior Leadership Commitment, Recruitment practices, Learning and Development, Pay Equality and Flexible Work practices.

The following measurable objectives have been set for 2018:

Focus Area	Commitment
Senior Leadership Commitment	– In 2018 the UK and US Executive Committees and Senior Line Managers will continue to focus on ensuring that employees from all backgrounds are treated equally. To reflect the diverse communities and customer we serve, we strive to create a workplace environment where people can be themselves, where we can celebrate their diverse backgrounds and where we can share our varied perspectives and ideas in order to achieve success. – In 2018 Westfield UK will be an active Real Estate Balance member and has the signed the CEO commitments for diversity to not only deliver change internally but across the industry. Westfield UK has also signed the EW Inclusive Employer's Pledge which is a public commitment to build our diversity maturity over the next 12 months.
Recruitment	– Ongoing tracking of candidate pools and female representation in management roles to identify areas of opportunity. – Introduction of blind CVs (resumés) at Management and above level. – Standardised Diversity and Inclusion briefings for all recruiters. – In partnership with WISE and local universities, target female graduates with non-traditional Degree/Masters qualifications.
Learning and Development	– Leadership and development programs, such as Women Executive Leadership coaching, and the WISE programs, will continue to be offered to promote the movement of females into senior roles across all key business areas. – Our Succession Planning will continue to identify key female talent and plan to develop and promote them through the organisation to senior leadership roles with true authority. – Introduction of Mental Health First Aid training. – Westfield UK will launch the Westfield Women Development Group programme for our talented women which includes one-to-one leadership coaching and mentoring, offering our Westfield female employees the opportunity to partner with women leaders in external companies. – Formation of Employee Resource Groups (ERGs) in the US for Veterans, Women and African-Americans. Members of each group will likely engage in recruitment activities supporting increased representation in group areas. – Continual development of female and family friendly environment and wellbeing programs to provide positive support to all our employees.
Pay Equity / Flexible Work Practices	– Continue our focus on external benchmarking, best practice and target setting to ensure pay equity and flexible work objectives are met. – Continue to develop and implement programs and policies focused on Female and Family well-being.

There are currently two female directors on the Westfield Corporation Board: Ms Dawn Ostroff and Ms Ilana Atlas. The Board recognises the need to continue to address the issue of gender diversity in future appointments.

Current gender balance across Westfield Corporation's permanent workforce is as follows:

	Female	Male
All employees (Europe 536)	41.6% (223)	58.4% (313)
Senior Mgt (Europe 47)	23.4% (11)	76.6% (36)
All Employees (US 1312)	48.4% (635)	51.6% (677)
Senior Executives (US 182)*	31.9% (58)	68.1% (124)

* Senior Executive is classed as General Manager and above.

4. DISCLOSURE AND COMMUNICATION

4.1 Continuous Disclosure and Communications Policy

Westfield Corporation is committed to ensuring securityholders have comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions.

The Continuous Disclosure and Communications Policy underlines Westfield's commitment to ensuring that its securityholders and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Westfield Corporation securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Company. Westfield Corporation is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act.

The Policy includes a vetting and authorisation process to ensure that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The Policy also outlines how the Company identifies and disseminates information to securityholders and the market generally.

The Continuous Disclosure and Communications Policy is published in the corporate governance section of the corporate website.

4.2 Communications with Securityholders

Westfield Corporation monitors and continues to utilise a broad platform of communication approaches including direct communications with securityholders, publication of all relevant company information in the Investors section of the corporate website, access to market briefings via webcasting and teleconferencing facilities.

The corporate website forms a key plank in Westfield Corporation's communication platform to securityholders and the broader investment community. A section of this website is dedicated to securityholders. Current and past media releases, investor presentations, as well as interim and full year financial reports are available for review on the website. These announcements, presentations and reports are posted on Westfield Corporation's corporate website immediately after they have been released to the market.

Westfield Corporation has developed a program on investor engagement for engaging with securityholders, debt investors, and the broader investment community. The aim of this program is for investors and other stakeholders to understand its business, governance, financial performance and prospects.

The Company's AGM represents a key opportunity for securityholders to meet the Board and ask questions of the Directors. Securityholders who are not able to attend the AGM in person may appoint proxies to represent them at the meeting. Key members of senior management, including the Co-Chief Executive Officers and the Chief Financial Officer are present and available to answer questions.

The AGM is webcast live from the Group's corporate website. Copies of the address delivered by the Chairman and CEOs to the AGM are released to the ASX and posted to Westfield's corporate website. A summary of the meeting and the outcome of voting on items of business before the meeting are released to the ASX and posted to the corporate website as soon as they are available following completion of the AGM. These announcements are archived and searchable on the corporate website.

The lead audit partner of Westfield's external auditor, Ernst and Young, attends the AGM and is available to answer questions on the Group's financial statements and the conduct of the audit.

On an ongoing basis, Westfield works closely with its registry to monitor and review the opportunities available to better utilise electronic means of communication with its investors. Securityholders may elect to receive all or some of Westfield Corporation's communications, including the annual report, electronically.

Westfield's registry provides securityholders with the option to update their details electronically via their website.

Investor Relations

Westfield Corporation is listed on the Australian Securities Exchange (ASX) under the code "WFD".

Please visit our website at www.westfieldcorp.com/investors for a variety of investor information.

Electronic Information

By becoming an electronic investor and registering your email address, you can receive via email – news, notifications and announcements, dividend/distribution statements, taxation statements and annual reports.

Access to Your Securityholding Details

You can go to www.westfieldcorp.com/investors to access your securityholding information as well as extensive information including the latest media releases, result announcements, presentations and more.

To view your securityholding, you will need your Holder Number (SRN/HIN) and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

You can confirm your holding balance, request forms and access distribution and trading information by phoning: 1300 132 211 or +61 3 9415 4070 (outside Australia) then pressing 1. You will be asked to enter your Holder Number (SRN/HIN).

Distribution Details

Interim distributions are paid at the end of August and final distributions are paid at the end of February. Details of the 2017 year distributions are provided in the table below. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from http://www.westfieldcorp.com/investors/securityholder-forms or by phoning our Registry on 1300 132 211 (Please have your Holder Number (SRN/HIN) available to quote). Alternatively, you can update your details directly online at www.westfieldcorp.com/investors and by clicking on "Access your online account".

	Ordinary Securities (Cents per Security)
Dividends/distributions for the year ended 31 December 2017	US25.50*
Dividend/distribution for the six months ended 30 June 2017 paid on 31 August 2017	**US12.75***
Dividend in respect of a Westfield Corporation Ltd share	n/a
Distribution in respect of a WFDT unit	US2.55
Distribution in respect of a Westfield America Trust unit	US10.20
Dividend/distribution for the six months ended 31 December 2017 to be paid on 28 February 2018	**US12.75***
Dividend in respect of a Westfield Corporation Ltd share	n/a
Distribution in respect of a WFDT unit	US10.20
Distribution in respect of a Westfield America Trust unit	US2.55

Note: Westfield Corporation does not operate a distribution reinvestment plan.

* The Australian dollar amount of your distributions will be listed on your distribution statement.

Tax File Number

You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 49% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at www.westfieldcorp.com/investors and by clicking on "Access your online account".

Annual Tax Statement and 2017 Tax Guide

The Annual Tax Statement and Tax Guide are dispatched to securityholders in July each year.

Unpresented Cheques & Unclaimed Funds

Westfield Corporation is required to remit to the NSW Office of State Revenue amounts greater than $100 held in an account that has been inactive for at least 6 years. If you believe you have unpresented cheques in relation to your prior holding in Westfield Group, please contact the Registry which will be able to check the records and assist you in recovering any funds. Checks can be done for the last 7 years. For any enquiries beyond 7 years, you will need to contact the NSW Office of State Revenue (www.osr.nsw.gov.au) to check for unclaimed money.

Australian Capital Gains Tax Considerations

A Westfield Corporation stapled security comprises three separate assets for capital gains tax purposes. For capital gains tax purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. One possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

Relative Net Tangible Assets (NTA) of entities in Westfield Corporation	**30 Jun 17**	**31 Dec 17**
Westfield Corporation Limited	20.25%	21.40%
WFD Trust	47.53%	45.80%
Westfield America Trust	32.22%	32.80%

American Depositary Receipts (ADR)

Westfield Corporation has an established ADR program providing a tradeable security in the United States. Details of the ADR program are available on our website at https://www.westfieldcorp.com/investors/shareholder-information/american-depository-information

Corporate Calendar

February
- Full Year Results Released (incl Appendix 4E)
- Distribution for the 6 months ending December

March
- Trust Accounts

April
- Annual General Meeting

May
- 1st Quarter Update

July
- Annual Tax Statements Released

August
- Half Year Results Released (incl Appendix 4D)
- Distribution for the 6 months ending June

November
- 3rd Quarter Update

Contact Details

All changes of name, address, tax file number, payment instructions and document requests should be passed to the Registry or alternatively, you can update your details directly online at www.westfieldcorp.com/investors and by clicking on "Access your online account".

Principal Share Registry

Computershare Investor Services P/L
GPO Box 2975
Melbourne VIC 3001
Telephone 1300 132 211
International +61 3 9415 4070
Facsimile +61 3 9473 2500

All other queries are best directed to Westfield Corporation Investor Relations:

Level 29, 85 Castlereagh Street
Sydney NSW 2000, Australia
GP0 Box 4004
Sydney NSW 2001
Telephone +61 2 9273 2010
investor@westfield.com
www.westfieldcorp.com/investors

Investor Feedback

If you have any feedback, please direct these in writing to Westfield Corporation Investor Relations at GPO Box 4004, Sydney NSW 2001.

Twenty Largest Holders of Stapled Securities in Westfield Corporation*

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

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

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

Voting Rights

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

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

Distribution Schedule

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

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

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

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

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

Substantial Securityholders

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

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

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

Directory

Westfield Corporation
Westfield Corporation Limited
ABN 12 166 995 197

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

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

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Website: www.westfieldcorp.com/investors

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

ADR Registry
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Facsimile: +1 212 571 3050
Website: www.adrbny.com

Code: WFGPY

Listing
Australian Securities Exchange – WFD

Website
westfieldcorp.com

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