

Unibail-Rodamco SE
 (“Unibail-Rodamco”)

A European Company (*société européenne*) with a Management Board and a Supervisory Board incorporated in France, with a share capital of €499,283,380

Registered office: 7 place du Chancelier Adenauer, 75016 Paris, France

Registration number: 682 024 096 RCS (Trade and Companies Register) Paris

Share capital increase of Unibail-Rodamco through the issue of new ordinary Unibail-Rodamco shares in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares

The new ordinary Unibail-Rodamco shares to be issued represent part of the consideration to be paid in exchange for all the Westfield Securities in connection with the acquisition of the Westfield Group by Unibail-Rodamco by means of Australian schemes of arrangement



In accordance with its General Regulation and in particular article 212-34, the French financial markets authority (*Autorité des marchés financiers* – AMF) registered this Document under number E.18-009 on March 28, 2018. This Document was prepared by the issuer and is binding on its signatories. In accordance with article L.621-8-1-I of the French Monetary and Financial Code (*Code monétaire et financier*), the registration number was assigned once the AMF had verified that the document was complete and clear and that the information it contained was consistent. It does not imply that the AMF approves the transactions or that it has verified the accounting and financial information set forth therein. It certifies that the information contained in this document is consistent with the regulatory requirements for the subsequent admission to trading on Euronext Paris of the shares which, subject to the approval of Unibail-Rodamco’s general meeting of shareholders, shall be issued as consideration for the contribution.

This document (the “**Document**”) incorporates by reference the registration document of Unibail-Rodamco filed with the AMF on March 28, 2018 under No. D.18-0194 (the “**Registration Document**”) and the EU listing prospectus filed with the AMF on March 28, 2018 under No. 18-102 and relating to the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the shares of Unibail-Rodamco stapled together with the class A shares of Newco, a Dutch public limited liability company (*naamloze vennootschap*) (the “**EU Listing Prospectus**”).

The admission to trading of the shares of Unibail-Rodamco issued in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares and stapled together with the class A shares of Newco is subject to the EU Listing Prospectus.

The Document is available free of charge at Unibail-Rodamco’s registered office (7 place du Chancelier Adenauer, 75016 Paris, France) and on the websites of Unibail-Rodamco (<http://www.unibail-rodamco.com>) and the AMF (<http://www.amf-france.org>).

The notice of Unibail-Rodamco’s general meeting of shareholders containing the draft resolutions to be put to shareholders’ vote will be published in the *Bulletin des Annonces Légales Obligatoires* (BALO) dated April 4, 2018.

This Document is attached to the report of the Management Board of Unibail-Rodamco to the shareholders’ general meeting to be held on May 17, 2018.

SUMMARY OF THE DOCUMENT

Visa E.18-009 dated March 28, 2018

This summary should be read as an introduction to this Document. Any decisions to invest in the financial instruments that are the subject of the transaction described herein should be based on a comprehensive review of the Document. Where a claim relating to the information contained in the Document is brought before a court, the plaintiff investor may, depending on the national legislation of the EU Member States or States parties to the European Economic Area Agreement where the claim is brought, have to bear the costs of translating the Document before the legal proceedings are initiated. Civil liability attaches only to those persons who have presented the summary, including any translation, and have asked to be notified thereof within the meaning of article 212-41 of the AMF's General Regulation, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Document or when the Document does not provide key information helping investors when considering whether to invest in said financial instruments.

This Document has been filed with the AMF pursuant to the requirements of the AMF General Regulation in connection with the issuance of new Unibail-Rodamco shares in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares. The Contribution represents one of the indivisible steps that are contemplated to be implemented in the context of the acquisition of the Westfield Group by Unibail-Rodamco by means of Australian schemes of arrangement. A summary description of all the steps undertaken in the context of the Transaction is included in Section 2.1.2 “— *Purpose and objectives of the Contribution*” and in Section 3.6 “— *Key Transaction Steps*” of the EU Listing Prospectus incorporated by reference into this Document. This Document relates solely to the Contribution. Consequently, this Document does not cover in extensive details the other steps of the Transaction and the stapling of Unibail-Rodamco shares with Newco Class A Shares which admission to trading on Euronext Paris and Euronext Amsterdam is subject to the EU Listing Prospectus incorporated by reference into this Document. Capitalized terms not defined in this paragraph are defined in this Document and listed in Section 7 “— *Definitions*” of this Document.

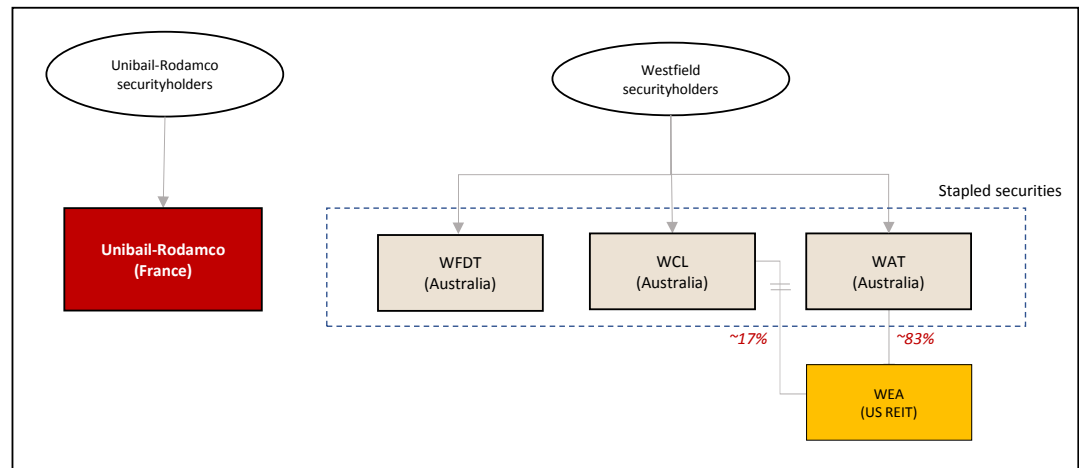
1. SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE CONTRIBUTION

Presentation of the Transaction

On December 12, 2017, Unibail-Rodamco and Westfield announced that they entered into an implementation agreement (the “**Implementation Agreement**”) under which Unibail-Rodamco will acquire the Westfield Group (the “**Transaction**”) for shares and cash via three Australian *company and trust schemes of arrangement*, subject to completion of certain customary conditions, to create one of the world’s premier developers and operators of flagship shopping destinations (the “**New Group**”).

Prior to the Transaction, the Westfield group integrates three independent entities, Westfield Corporation Limited (“**WCL**”) Westfield America Trust (“**WAT**”) and WFD Trust (“**WFDT**”) (and with its subsidiaries, the “**Westfield Group**”). The respective securities WCL (WCL shares), WAT (WAT trust units) and WFDT (WFDT trust units) (the “**Westfield Securities**”) and a holder of Westfield Securities, a “**Westfield Securityholder**”) are and will remain stapled together into listed stapled securities until the Transaction Date.

Current Westfield Structure



The Transaction will be implemented by the transfer and integration of the assets of WAT, WFDT and WCL to the New Group by means of three Australian *trust and share schemes of arrangement*.

As part of the Transaction, Westfield Securityholders will contribute their WFDT units to Unibail-Rodamco TH B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its registered located at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands, registered under Dutch commercial register number 70943559 (“**TH Newco**”). The sole purpose of TH Newco is to hold 100% of WFDT units. Westfield Securityholders will then receive in exchange TH Newco shares. The contribution of the WFDT units to TH Newco in exchange of the TH Newco shares will be implemented pursuant to an Australian trust scheme of arrangement (the “**WFDT Trust Scheme**”).

The WCL shares held by the Westfield Securityholders and 87.95% of the TH Newco shares received by the Westfield Securityholders pursuant to the WFDT Trust Scheme (the “**Contribution**”) shall then be contributed via an Australian *company scheme of arrangement* in exchange for the Unibail-Rodamco shares they are to receive (the “**WCL Share Scheme**”) respectively by:

- the Westfield Securityholders for the WCL shares; and
- an entity appointed by Unibail-Rodamco (the “**Transfer Nominee**”), who will hold legal title to those TH Newco shares pursuant to the WFDT Trust Scheme with Westfield Securityholders having beneficial title.

Westfield Securityholders and the Transfer Nominee are defined as the “**Contributors**”.

The Transaction will be implemented by the transfer and integration of the assets of WAT, WFDT and WCL to the New Group. However, given that the Contribution only relates to the WCL shares and, indirectly, to 87.95% of the WFDT units (previously contributed to TH Newco), this Document generally focuses on WCL and WFDT, and not on WAT, unless indicated otherwise.

Purpose of the Contribution

The combination of Unibail-Rodamco and Westfield is a natural extension of Unibail-Rodamco’s strategy of concentration, differentiation and innovation and is consistent with its objective to focus on high quality large shopping destinations in wealthy capital cities, the most prestigious office buildings and major convention and exhibition venues, vertically

	<p>integrating the entire real estate value creation chain.</p> <p>With this Transaction, Unibail-Rodamco will acquire a leading portfolio and an extensive development pipeline managed by an outstanding team of experienced professionals, in addition to an iconic brand. The Westfield brand, the strongest in the industry, will gradually be deployed across Unibail-Rodamco’s flagship assets.</p> <p>Following the Contribution, which is an indivisible step of the Transaction, Unibail-Rodamco will indirectly own WFDT’s and WCL’s assets and businesses (<i>i.e.</i> mainly European assets and services).</p>
<p>Terms and conditions of the Contribution</p>	<p>The Contributors will contribute 2,078,089,686 WCL shares, representing 100% of the share capital of WCL, and 1,827,597,167 TH Newco shares, representing 87.95% of the share capital of TH Newco, to Unibail-Rodamco and Unibail-Rodamco will acquire in cash 250,492,519 TH Newco shares for an amount of €733,69,401 in accordance with the conditions set out in the WCL Share Scheme.</p> <p>The Contribution is governed by the standard legal provisions in France concerning contributed assets as provided for in article L.225-147 of the French Commercial Code (<i>Code de commerce</i>).</p> <p>In consideration for the Contribution, Unibail-Rodamco will therefore issue 38,319,974 new shares with a par value of €5 per share to the Contributors.</p> <p>The increase in Unibail-Rodamco’s share capital will be for a par value of €191,599,870. The difference between the total par value of the capital increase and the value of the Contribution, <i>i.e.</i>, €8,197,172,977¹, will represent a share premium (<i>prime d’apport</i>) of €8,005,573,107².</p> <p>Pursuant to the WCL Share Scheme, the difference between the total consideration of €8,930,812,378 for 100% of WCL and 100% WFDT agreed between Unibail-Rodamco and Westfield and the value of the Contribution, <i>i.e.</i>, €733,639,401³, will be paid for in cash to the Westfield Securityholders by Unibail-Rodamco for 250,492,519 TH Newco shares, representing 12.05% of WFDT.</p> <p>The Unibail-Rodamco shares issued in the context of the Contribution, as well as the existing Unibail-Rodamco shares, will be stapled with class A shares (the “Newco Class A Shares”) issued by WFD Unibail-Rodamco N.V., a public limited liability company (<i>naamloze vennootschap</i>) incorporated under the laws of The Netherlands, having its registered located at Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands, registered under Dutch commercial register number 70898618 (“Newco”), immediately after their issuance to form the stapled shares (the “Stapled Shares”) and tradable.</p> <p>In accordance with the articles of association of Unibail-Rodamco (the “Unibail-Rodamco Articles”) and articles of association of Newco (the “Newco Articles”), each Stapled Share will be composed of one Unibail-Rodamco share stapled together with one Newco Class A Share and will be denominated in Euro. As a result of the stapled share principle, Unibail-Rodamco shares and Newco Class A Shares cannot be transferred separately (except for transfers to entities of the Stapled Group), but only as Stapled Shares.</p>

¹ Based on the exchange rate of €1 = US\$1.18 as of December 11, 2017.

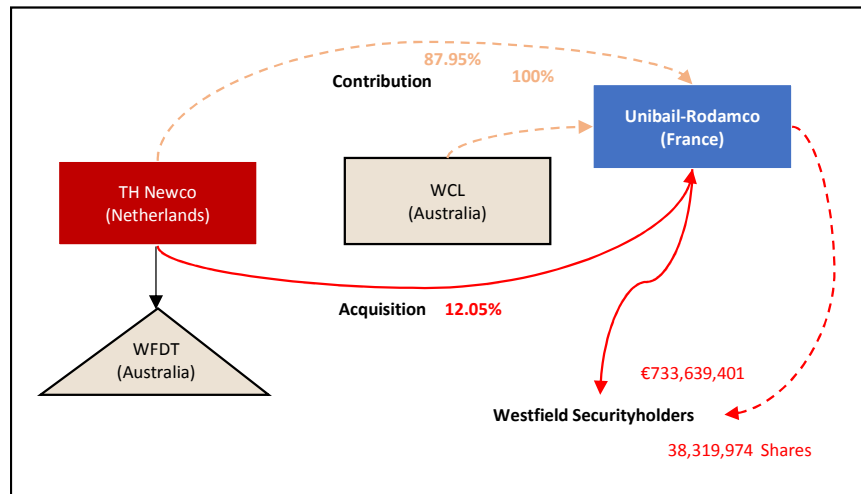
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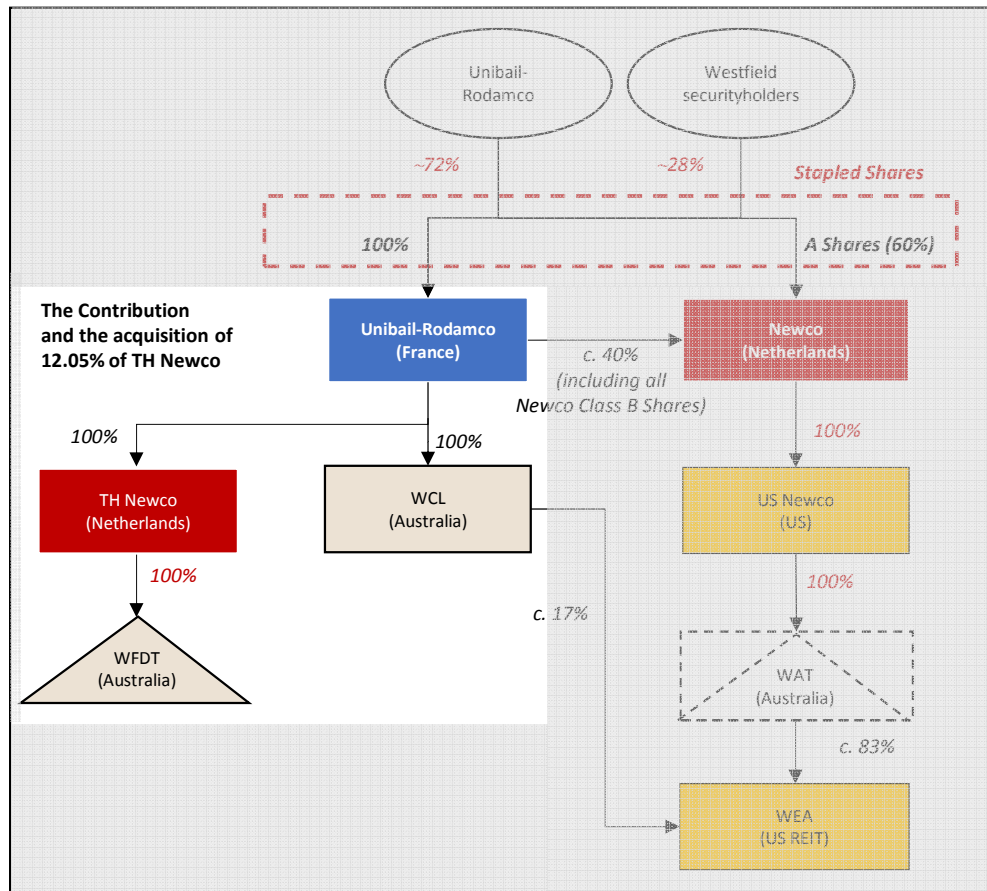
As part of the Transaction, the Stapled Shares are expected to be traded on the regulated markets of Euronext Amsterdam and Euronext Paris, under ISIN code FR0013326246 and trading symbols AMS: URW (Euronext Amsterdam) and EPA: URW (Euronext Paris) on June 5, 2018. The new shares issued by Unibail-Rodamco in consideration for the Contribution are expected to be issued and traded as Stapled Shares on the regulated markets of Euronext Amsterdam and Euronext Paris on June 7, 2018.

The new shares issued by Unibail-Rodamco in consideration for the Contribution will rank *pari passu* with existing Unibail-Rodamco shares as from the Transaction Date and will be subject to all of the provisions set out in its bylaws. The shares will carry dividend and voting rights as from the date of their issuance and will carry the same rights and privileges. It is specified that the 2017 Unibail-Rodamco dividend is expected to be paid to the Unibail-Rodamco's shareholders before the Contribution. To this extent, after the Transaction Date, Westfield Securityholders will not receive Unibail-Rodamco dividend for fiscal year ending December 31, 2017.

The Contribution



The Contribution in the context of Transaction



Assessment of the exchange ratio of the Transaction

The value of the Westfield Group has been assessed by performing a multi-criteria analysis on the entire perimeter of the Westfield Group (*i.e.* including WAT).

In the context of the Transaction, the Westfield Securityholders will receive both 0.01844 Unibail-Rodamco share and 0.01844 Newco Class A Share, for each Westfield Security and US\$2.67 in cash for each Westfield Security.

The overall equity value of 2,078,089,686 WCL shares representing 100% of WCL’s share capital and 2,078,089,686 TH Newco shares representing 100% of TH Newco’s share capital is set at €8,930,812,378, representing a total amount of US\$10,539,251,688 (based on the exchange rate of €1 = US\$1.18 as of December 11, 2017), and falls within the range of values obtained using a multi-criteria approach.

In exchange for their units in WAT, the Westfield Securityholders will receive a cash consideration of US\$4,682,731,604 (equivalent to €3968,080,336 based on the exchange rate of €1 = US\$1.18 as of December 11, 2017) and 3,319,974 Newco Class A Shares.

Value of the Contribution

The value of WCL and WFDT has been assessed using the allocation of the Westfield Group’s value between the three component entities according to the breakdown of the Westfield Group’s equity on December 31, 2017, as reported by Westfield in its financial statements (*i.e.* 67.21%, for WCL and WFDT, corresponding to the sum of the percentages allocated to WCL and WFDT by the Westfield Group).

The amount corresponding to 12.05% of WFDT has been deducted from the value of WCL and WFDT to assess the value of the Contribution.

<p>Summary of information used in assessing the exchange ratio of the Transaction</p>	<p>The Westfield Group, composed of WAT, WCL and WFDT, was valued using a multi-criteria approach based on the following methodologies:</p> <ul style="list-style-type: none"> - <u>Net asset value (“NAV”)</u>: The NAV valuation involves valuing each business units separately, <i>i.e.</i>, the investment properties, the development pipeline, the property management business, and the development management business. The method used to value the investment properties is based on the fair value of investment properties disclosed in June 30, 2017 semi-annual accounts, which are derived from independent appraisals from real estate valuation experts on an asset-by-asset level. The method used to value the development pipeline, the property management business and the project management business is based on fundamental valuation. The NAV valuation reflects the full scope of a real estate company’s activities (<i>i.e.</i> not just the investment property portfolio) and combines both historical valuation appraisals and market inputs; - <u>Discounted cash flow</u>: This valuation approach is based on the notion that the value of an entity depends on its capacity to generate future cash flows. The method therefore involves estimating these cash flows over the medium term and extrapolating them to infinity (using a terminal value). The cash flows are then discounted to present value. The cash flows are defined as "free" cash flows, <i>i.e.</i>, after tax, changes in working capital and investment spending, but excluding financial income and expenses. Future cash flows therefore represent the cash flows available for remunerating invested capital (equity and financial debt). It is the most fundamental approach and tends to deliver company’s intrinsic value, independent of short term market volatility and peers trading. Cashflows in the real estate sector can be estimated with reliability, and this makes this methodology particularly effective; - <u>Reference share price</u>: The analysis of different volume-weighted average closing prices reflects the market’s historical view on Unibail-Rodamco and Westfield’s recent valuation. This methodology thus allows to assess the fair value of both Unibail-Rodamco and Westfield in light of the market’s recent perception of both companies, and incorporating all publicly available information; - <u>Research analysts’ target prices</u>: Public shares prices are regularly tracked by research departments of financial institutions. It is an independent valuation view which incorporates all publicly available information, and reflects the research analyst communities view on the fair value of both Unibail-Rodamco and Westfield. <p>Comparable trading multiples and comparable transaction multiples methods have not been taken into account, for comparability purposes.</p>
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Summary of the valuations

	Equity Value of the Contribution	Equity Value of WCL and WFDT (US\$m)	Equity Value of the Consideration (US\$m)	Implied Premium (%)	Equity value of the entire Westfield Group (US\$m)	Equity Value of the Total Consideration (US\$m)	Implied Premium (%)
Net asset value							
EPRA NAV	8,902	9,768	10,190	4.33%	14,534	14,873	2.33%
Discounted cash flow							
DCF central value	10,330	11,195	12,576	12.33%	16,658	17,259	3.61%
Reference share price							
December 11, 2017	7,962	8,828	11,000	24.61%	13,135	15,683	19.40%
1-month VWAP	7,862	8,728	10,768	23.37%	12,987	15,451	18.97%
2-month VWAP	7,672	8,538	10,567	23.76%	12,704	15,249	20.04%
3-month VWAP	7,602	8,468	10,471	23.66%	12,600	15,154	20.27%
6-month VWAP	7,634	8,500	10,496	23.48%	12,648	15,179	20.01%
Equity research analysts' target price							
Average target prices	8,742	9,607	11,774	22.55%	14,295	16,457	15.12%

Findings of the contribution appraisers

Jean-Jacques Dedouit, Dominique Mahias and Olivier Peronnet were appointed as contribution appraisers on Unibail-Rodamco's application by order of the President of the Paris Commercial Court on February 1, 2018.

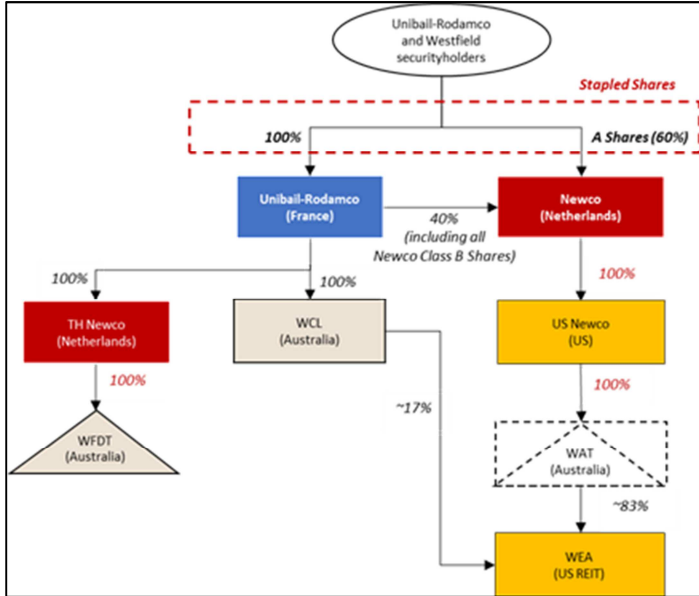
In their report relating to value of the Contribution, dated March 28, 2018, the contribution appraisers conclude:

“Based on our work and at the date of this report, we consider that the value of the Contribution amounting to €8,197,172,977, is not overestimated and as a consequence, is at least equal to the amount of the share capital increase of the company benefiting from the contribution, increase by the contribution premium.”

In their report relating to the fairness of the total consideration proposed by Unibail-Rodamco in return for Westfield Securities, dated March 28, 2018, the contribution appraisers conclude:

“Based on our work and at the date of this report, we consider that the consideration of 0.01844 Unibail-Rodamco share and US\$2.67 per Westfield security is fair from a financial point of view.”

<p>Conditions precedent</p>	<p>In addition to the conditions precedent relating to the Transaction, the implementation of the Contribution is subject to (i) the approval by the extraordinary shareholders meeting of Unibail-Rodamco of the Contribution, the amendment of the articles of association to allow the distribution in kind of assets to shareholders and the amendment of the articles of association to introduce the principle of the stapling of the shares of Unibail-Rodamco with the Newco Class A Shares, (ii) the approval by the ordinary shareholders meeting of Unibail-Rodamco of the distribution in kind of Newco shares to the shareholders of Unibail-Rodamco, and (iii) the implementation of the WFDT Trust Scheme and the effectiveness of the WCL Share Scheme.</p>
<p>Main risk factors regarding the Contribution</p>	<p>The main risk factors related to the Contribution include:</p> <ul style="list-style-type: none"> - The pro forma financial information may not be representative of Unibail-Rodamco and Westfield's future performance as part of the New Group; - The trading of the Stapled Shares after completion of the Transaction may cause the market price of the Stapled Shares to fall; - After completion of the Transaction, former Unibail-Rodamco shareholders will have a reduced ownership and voting interest in the New Group in percentage terms than they currently have in Unibail-Rodamco; - Specific risk factors for the Contribution related to WCL's and WFDT's business, such as any disputes or non-recurring events that are likely to have, or have recently had, a material impact on the financial position of WCL, WFDT or their respective consolidated subsidiaries; and - The Contribution being an indivisible step of the Transaction, all risk factors for the Transaction could also affect the Contribution.

<p>Unibail-Rodamco ownership structure before and after the Transaction</p>	<p>The Contribution is one of the last steps of the Transaction which would occur after the implementation of the WAT Trust Scheme pursuant to which, <i>inter alia</i>, the WAT units will be transferred to Newco. Consequently, upon completion of the Contribution, as well as the completion of the Transaction, it is expected that the structure chart of the New Group will be as follows:</p> 
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2. SUMMARY OF THE MAIN CHARACTERISTICS OF THE COMPANY TO WHICH THE SECURITIES ARE TO BE CONTRIBUTED

<p>General information about Unibail-Rodamco</p>	<p>Unibail-Rodamco is a leading listed real estate company. Unibail-Rodamco owns an exceptional portfolio of prime commercial properties with a consolidated gross market value of €43.1 billion as at December 31, 2017, located in the largest and most prosperous cities across Continental Europe</p>																		
<p>Information about Unibail-Rodamco business</p>	<p>Unibail-Rodamco's operations are focused on large shopping centres in major European cities, the large office buildings in the heart and West of Paris and major convention and exhibition venues in and around Paris.</p>																		
<p>Impact of the Transaction on the share of consolidated equity, group share, for the holder of one Unibail-Rodamco share prior to the Transaction</p>	<table border="1"> <thead> <tr> <th></th> <th align="center">Before Transaction</th> <th align="center">After Transaction ⁽³⁾ (pro forma and taking into account the number of shares issued for consideration of the Contribution)</th> </tr> </thead> <tbody> <tr> <td>Consolidated equity, group share (€)</td> <td align="center">18,916</td> <td align="center">26,204</td> </tr> <tr> <td>Number of shares as at December 31, 2017</td> <td align="center">99,856,676</td> <td align="center">138,176,650</td> </tr> <tr> <td>Share of consolidated equity, group share (€)</td> <td align="center">189.43</td> <td align="center">189.64</td> </tr> <tr> <td>Number of shares ⁽¹⁾</td> <td align="center">102,127,379</td> <td align="center">140,447,353</td> </tr> <tr> <td>Share of consolidated equity, group share (€), on a fully diluted basis</td> <td align="center">185.22</td> <td align="center">186.57</td> </tr> </tbody> </table>		Before Transaction	After Transaction ⁽³⁾ (pro forma and taking into account the number of shares issued for consideration of the Contribution)	Consolidated equity, group share (€)	18,916	26,204	Number of shares as at December 31, 2017	99,856,676	138,176,650	Share of consolidated equity, group share (€)	189.43	189.64	Number of shares ⁽¹⁾	102,127,379	140,447,353	Share of consolidated equity, group share (€), on a fully diluted basis	185.22	186.57
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	Number of shares ⁽²⁾	99,938,667	138,258,641
	Share of consolidated equity, group share (€), on a diluted basis	189.28	189.53
	<p>⁽¹⁾ Fully diluted as at December 31, 2017.</p> <p>⁽²⁾ Taking into account dilution from "in-the-money" stock options, performance shares, ORNANEs, ORAs and capital increase, as at December 31, 2017.</p> <p>⁽³⁾ Per Stapled Shares</p>		

3. SUMMARY OF THE MAIN CHARACTERISTICS OF THE COMPANIES TO BE CONTRIBUTED

General information about WCL and WFDT	<p>The Westfield Group is, until the completion of the Transaction, a triple-stapled group comprising WCL, WAT and WFDT and which owns an unparalleled platform of shopping centre destinations in the United States and the United Kingdom, as well as a major retail development project in Milan, Italy.</p> <p>Following the Contribution, which is an indivisible step of the Transaction, Unibail-Rodamco will indirectly own WFDT's and WCL's assets and businesses (<i>i.e.</i> mainly European assets and services).</p>
Information about WCL and WFDT business	<p>The Westfield Group owns an unparalleled⁴ platform of shopping centre destinations in the United States and the United Kingdom, as well as a major retail development project in Milan, Italy.</p> <p>The Westfield Group is an internally managed and vertically integrated international retail property group with a focus on the United States, the United Kingdom and Europe. Westfield Group's strategy is to create and operate Flagship assets in leading markets that deliver great experiences for retailers, brands and consumers.</p> <p>The Westfield Group owns a world class, industry leading retail property operating platform with capabilities in property management, leasing, design, development, construction, marketing and digital.</p> <p>Following the Contribution, which is an indivisible step of the Transaction, Unibail-Rodamco will indirectly own WFDT's and WCL's assets and businesses (<i>i.e.</i> mainly European assets and services).</p> <p>WCL and its controlled entities also own a 17.4% interest in WEA (the remaining 82.6% interest being held by WAT). WEA is the principal vehicle through which Westfield Group conducts its U.S. operations. Unless expressly stated, this Document does not include a description of WAT's activities or Westfield's U.S. operations.</p>

4. SELECTED PRO FORMA FINANCIAL INFORMATION

Key Pro Forma Financial Information	<p>The following unaudited pro forma condensed consolidated financial information contains an unaudited pro forma consolidated statement of income for the year ended December 31, 2017, and an unaudited pro forma consolidated statement of financial position as of December 31, 2017, with the related explanatory notes (together the "New Group Pro Forma Financial Information"), and has been prepared to represent the pro forma effects of the Transaction, to which the Contribution is an indivisible step.</p>
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⁴ Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017, divided by number of shopping centres.

Westfield comprises WCL, WFDT and WAT. Unibail-Rodamco will take control of WCL and WFDT through transfers of cash and Unibail-Rodamco shares. As such, Unibail-Rodamco will be the accounting acquirer of WCL and WFDT as defined in IFRS 3.

With respect to WAT and the stapling of Unibail-Rodamco shares and Newco Class A shares, Unibail-Rodamco will also be the accounting acquirer based on IFRS 3 and the Decision of the Interpretation Committee of the IASB dated May 13-14, 2014, that specifically scopes stapling arrangements.

On completion of the Transaction, Unibail-Rodamco will hold directly or indirectly 100% of WCL and WFDT, and 40% of Newco, which will own 100% of WAT, in turn, WAT owns approximately 83% of WEA and the remaining 17% of WEA is held by WCL. As a result of the Stapled Share Principle, the same shareholders will together hold 100% of Unibail-Rodamco and of Newco, of which 60% directly (Newco Class A Shares) and 40% indirectly through Unibail-Rodamco.

As a result of the characteristics of the Transaction, Unibail-Rodamco is deemed to be the accounting acquirer under IFRS. Consequently, WCL, WFDT and, consistent with the legal set up of the Transaction and governance of Newco, WAT, are to be fully consolidated by Unibail-Rodamco. Since the holders of the Stapled Shares will be entitled to the same rights and obligations with respect to Unibail-Rodamco and Newco, respectively, the 60% economic interest in Newco directly held by such holders will be reflected under the caption “Net result attributable to the holders of Stapled Shares” and “Net equity attributable to holders of Stapled Shares” on the face of the consolidated statement of income and statement of financial position, respectively.

The New Group Pro Forma Financial Information has been derived from and should be read in conjunction with:

- The 2017 Unibail-Rodamco Consolidated Financial Statements;
- The Westfield Consolidated Financial Statements 2017.

The consolidated statement of financial position as at December 31, 2017, and consolidated statement of income for the year ended December 31, 2017, of Unibail-Rodamco have been extracted from the 2017 Unibail-Rodamco Consolidated Financial Statements. The 2017 Unibail-Rodamco Consolidated Financial Statements were prepared in accordance with IFRS and were jointly audited by Ernst & Young Audit and Deloitte & Associés, statutory auditors of Unibail-Rodamco, as stated in their statutory auditors’ report on the consolidated financial statements of Unibail-Rodamco issued on March 27, 2018.

The consolidated statement of financial position as at December 31, 2017, and the consolidated income statement for the year ended December 31, 2017, of Westfield have been derived from the Westfield Consolidated Financial Statements 2017. The Westfield Consolidated Financial Statements 2017 were prepared in accordance with International Financial Reporting Standards issued by the IASB, and were audited by Ernst & Young, independent auditor, as stated in their independent auditor’s report on the consolidated financial statements of Westfield dated February 22, 2018.

The unaudited pro forma condensed consolidated statement of income has been prepared to give effect to the Transaction as if it had been completed on January 1, 2017. The unaudited pro forma condensed consolidated statement of financial position has been prepared to give effect to the Transaction as if it had been completed on December 31, 2017.

The New Group Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not necessarily indicative of the results of operations or financial position that would have been

achieved had either transaction been consummated on the dates indicated above, or the future consolidated results of operations or financial position of the consolidated New Group.

The pro forma adjustments are based on available information to date, certain assumptions and estimates that Unibail-Rodamco considers as reasonable, and the above-mentioned information provided by Westfield. These adjustments are directly attributable to the business combination, factually supportable, and can be estimated reliably.

The statutory auditors of Unibail-Rodamco issued a report on the New Group Pro Forma Financial Information as to the proper compilation of the pro forma financial information.

Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
<i>Currency: € Mn</i>	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Notes	Dec. 31, 2017
Gross rental income	1 822,3	557,8	-		2 380,1
Operating expenses and net service charges	(239,6)	(250,6)	-		(490,2)
Net rental income	1 582,6	307,2	-		1 889,8
Property development and project management revenue	-	649,0	(2,1)	2,7	646,9
Property development and project management costs	-	(557,5)	20,3	2,7	(537,2)
Net Property development and project management income	-	91,5	18,1		109,7
Revenues from other activities	256,1	49,8	-		305,9
Other expenses	(176,3)	(19,1)	-		(195,4)
Net other income	79,8	30,7	-		110,5
Share of the result of companies accounted for under the equity method	-	594,5	91,6	2	686,2
Income on financial assets	-	-	27,0	2	27,0
Contribution of companies accounted for under the equity method	-	594,5	118,6		713,1
Administrative expenses	(123,1)	(106,1)	-		(229,2)
Acquisition and related costs	(62,4)	(9,1)	(188,9)	5	(260,4)
Proceeds from disposal of investment properties	592,5	243,4	-		835,9
Carrying value of investment properties sold	(518,7)	(255,1)	6,4	7	(767,5)
Result on disposal of investment properties	73,8	(11,8)	6,4		68,4
Proceeds from disposal of shares	27,3	-	-		27,3
Carrying value of disposed shares	(27,3)	-	-		(27,3)
Result on disposal of shares	0,0	-	-		0,0
Valuation movements on assets	1 364,4	482,7	20,3	7	1 867,4
Impairment of goodwill/Negative goodwill	(9,2)	-	-		(9,2)
NET OPERATING RESULT	2 906,0	1 379,7	(25,5)		4 260,2
Result from non-consolidated companies	0,9	-	-		0,9
<i>Financial income</i>	<i>119,5</i>	<i>11,7</i>	-		<i>131,2</i>
<i>Financial expenses</i>	<i>(347,5)</i>	<i>(87,7)</i>	<i>(22,8)</i>		<i>(458,1)</i>
Net financing costs	(228,0)	(76,0)	(22,8)	6	(326,9)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	21,1	3,5	-		24,6
Fair value adjustments of derivatives and debt	(21,3)	(38,2)	(11,7)	10	(71,1)
Debt discounting	(0,7)	-	-		(0,7)
Share of the result of companies under the equity method	91,6	-	(91,6)	2	-
Income on financial assets	27,0	-	(27,0)	2	-
RESULT BEFORE TAX	2 796,7	1 269,0	(178,7)		3 887,0
Income tax expenses	(74,2)	104,2	(10,5)	7	19,5
NET RESULT FOR THE PERIOD	2 722,5	1 373,2	(189,2)		3 906,5
Non-controlling interests	283,0	-	-		-
NET RESULT (Owners of the parent)	2 439,5	-	-		-
Net result for the period attributable to:					
- The holders of the Stapled Shares					3 623,5
- External Non-controlling interests					283,0

Net result for the period	3 906,5
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:	
– Unibail-Rodamco members ⁽¹⁾	3 184,3
– Newco members ⁽¹⁾	439,3
Net result for the period attributable to the holders of the Stapled Shares	3 623,5

(1) The “Newco members” line reflects the 49.55% share of WEA that is held by holders of Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The “Unibail-Rodamco members” line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco’s 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA.

Unaudited Pro Forma condensed statement of financial position as of December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Notes	Dec. 31, 2017
<i>Currency: € Mn</i>					
NON CURRENT ASSETS	41 650,8	17 122,0	3 633,2		62 405,9
Investment properties	38 524,3	8 671,7	-		47 196,0
Investment properties at fair value	37 181,5	8 320,1	-		45 501,6
Investment properties at cost	1 342,8	351,6	-		1 694,4
Other tangible assets	216,3	124,4	-		340,7
Goodwill	522,4	47,8	3 649,0	4,7	4 219,1
Intangible assets	172,2	103,5	(35,4)	7	240,3
Loans and receivables	76,8	178,9	-		255,7
Financial assets	30,8	239,8	19,6	7	290,2
Deferred tax assets	21,9	16,2	-		38,1
Derivatives at fair value	172,8	77,3	-		250,1
Shares and investments in companies accounted for under the equity method	1 913,3	7 637,4	-		9 550,7
Other	-	25,1	-		25,1
CURRENT ASSETS	1 590,2	600,3	(397,4)		1 793,1
Loans and receivables	-	22,7	-		22,7
Trade receivables from activity	416,5	29,7	-		446,2
Other receivables	541,1	130,0	-		671,1
Derivatives at fair value	57,9	-	(57,9)	10	-
Cash and cash equivalents	574,7	417,9	(339,5)	11	653,1
TOTAL ASSETS	43 241,0	17 722,3	3 235,8		64 199,0
- Equity attributable to the holders of the Stapled Shares					26 203,8
- Unibail-Rodamco members ⁽¹⁾					24 431,0
- Newco members ⁽¹⁾					1 772,8
- External non-controlling interests					3 838,3
TOTAL EQUITY	22 693,2	9 071,1	(1 722,3)	9	30 042,1
NON CURRENT LIABILITIES	16 851,6	7 855,1	5 075,8		29 782,4
Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	1 020,5	59,3	-		1 079,8
Long term bonds and borrowings	12 889,6	6 149,4	5 075,8	6	24 114,8
Long term financial leases	353,2	32,1	-		385,3
Derivatives at fair value	315,8	18,3	-		334,1
Deferred tax liabilities	1 752,5	1 530,7	-		3 283,2
Long term provisions	30,5	-	-		30,5
Employee benefits	9,3	3,8	-		13,1
Guarantee deposits	223,9	-	-		223,9
Tax liabilities	0,1	-	-		0,1
Amounts due on investments	256,2	61,4	-		317,6
CURRENT LIABILITIES	3 696,2	796,0	(117,7)		4 374,6
Current commitment to purchase non-controlling interests	7,0	-	-		7,0
Amounts due to suppliers and other current debt	1 161,6	717,3	(70,4)	12	1 808,5
Current borrowings and amounts due to credit institutions	2 301,9	4,6	(47,3)	10	2 259,2
Current financial leases	2,0	0,5	-		2,5
Tax and social security liabilities	210,5	34,8	-		245,3
Short term provisions	13,2	38,9	-		52,1
TOTAL LIABILITIES AND EQUITY	43 241,0	17 722,3	3 235,8		64 199,0

(1) The “Newco members” line reflects the 49.55% share of WEA that is held by holders Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The “Unibail-Rodamco members” line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco’s 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA.

5. TIMEFRAME FOR THE CONTRIBUTION

December 12, 2017	Execution of the Implementation Agreement
February 1 st , 2018	Appointment of the contribution appraisers
March 28, 2018	Contribution appraisers’ report issuance
May 17, 2018	Unibail-Rodamco shareholders’ meeting approving the Contribution
May 24, 2018	Westfield shareholders’ meeting approving the Schemes
	For more details on the expected timetable of the Transaction, see Section 3.13 “— <i>Expected Timetable</i> ” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No. 18-102, incorporated by reference into this Document.

RÉSUMÉ DU DOCUMENT

Le présent résumé doit être lu comme une introduction à ce Document. Toute décision d'investir dans les titres qui font l'objet de l'opération décrite ci-dessous doit être fondée sur l'examen de l'ensemble du Document par l'investisseur. Lorsqu'une action est intentée devant un tribunal à propos de l'information contenue ou incorporée par référence dans le présent Document, l'investisseur plaignant peut, selon la législation nationale des États membres de l'Espace Économique Européen ou parties à l'accord sur l'Espace Économique Européen où l'action est intentée, avoir à supporter les frais de traduction du Prospectus avant le début de la procédure judiciaire. Les personnes qui ont présenté le résumé, y compris sa traduction, et qui ont demandé à être notifiées au sens de l'article 212-41 du règlement général de l'AMF, n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du présent Document ou s'il ne fournit pas, lu en combinaison avec les autres parties du présent Document, les informations clés permettant d'aider l'investisseur à choisir d'investir ou non dans les titres en question.

Ce Document a été déposé auprès de l'AMF en vertu des exigences de son règlement général au titre de l'émission des actions Unibail-Rodamco nouvelles en rémunération de l'apport en nature des actions Westfield Corporation Limited et TH Newco. L'Apport représente l'une des étapes indivisibles qu'il est prévu de mettre en œuvre dans le contexte de l'acquisition du Groupe Westfield par Unibail-Rodamco au moyen de *schemes of arrangement* de droit australien. Une description sommaire des étapes envisagées dans le cadre de l'Opération figure à la Section 2.1.2 « — *Raisons et objectifs de l'Apport* » et à la Section 3.6 « — *Principales étapes de l'Opération* » du Prospectus d'Admission incorporé dans ce Document. Ce Document ne concerne que l'Apport. En conséquence, ce Document ne couvre pas en détail les autres étapes de l'Opération et le jumelage des actions Unibail-Rodamco avec les Actions de Classe A Newco dont l'admission aux négociations sur Euronext Paris et Euronext Amsterdam fait l'objet du Prospectus d'Admission incorporé par référence dans ce document. Les termes en majuscules qui ne sont pas définis au présent paragraphe et définis dans ce Document sont listés à la Section 7 « — *Définitions* » de ce Document.

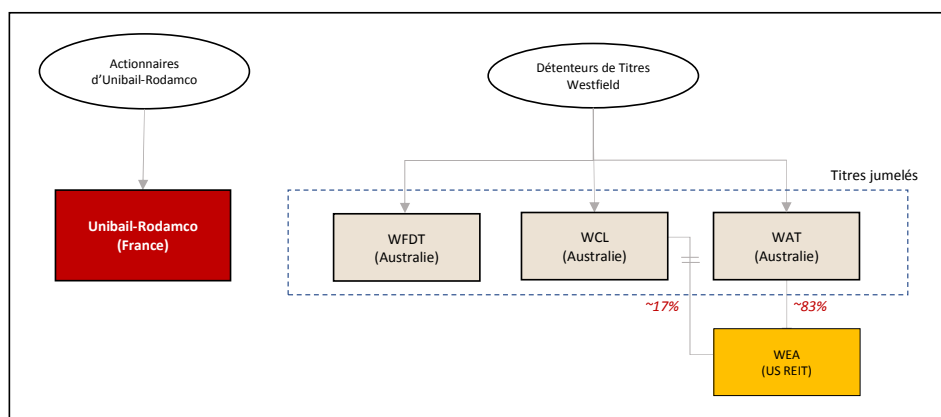
1. RÉSUMÉ DES PRINCIPAUX TERMES DE L'APPORT

Présentation de l'Opération

Le 12 décembre 2017, Unibail-Rodamco et Westfield ont annoncé avoir conclu un contrat (l'« **Implementation Agreement** ») prévoyant l'acquisition par Unibail-Rodamco du Groupe Westfield (l'« **Opération** ») en numéraire et en actions, par la mise en œuvre de trois *company and trust scheme of arrangement* de droit australien, sous réserve de l'accomplissement de conditions usuelles dans le but de créer l'un des leaders mondiaux du développement et de la promotion de grands complexes commerciaux (le « **Nouveau Groupe** »).

Avant l'Opération, le groupe Westfield rassemble trois entités indépendantes, Westfield Corporation Limited (« **WCL** »), Westfield American Trust (« **WAT** ») et WFD Trust (« **WFDT** ») et leurs filiales (le « **Groupe Westfield** »). Les titres respectifs WCL (actions WCL), WAT (unités WAT) et WFDT (unités WFDT) (les « **Titres Westfield** ») et un détenteur de Titres Westfield, un « **Détenteur de Titres Westfield** ») sont et demeureront jumelés sous forme de titres jumelés cotés jusqu'à la Date de l'Opération.

STRUCTURE ACTUELLE DU GROUPE WESTFIELD



L'Opération sera mise en œuvre par le transfert et l'intégration des actifs de WAT, WFDT et WCL au sein du Nouveau Groupe au moyen de trois *company and trust scheme of arrangement* de droit australien.

Dans le cadre de l'Opération, les Détenteurs de Titres Westfield apporteront leurs unités WFDT à Unibail-Rodamco TH B.V., une société à responsabilité limitée de droit néerlandais (*besloten vennootschap met beperkte aansprakelijkheid*), dont le siège social est situé Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer) aux Pays-Bas, immatriculée au registre du commerce néerlandais sous le numéro 70943559 (« **TH Newco** »). L'unique objet de TH Newco est de détenir 100% des unités WFDT et les Détenteurs de Titres Westfield recevront alors en échange des actions TH Newco. L'apport des unités WFDT à TH Newco rémunéré en actions TH Newco s'effectuera par la mise en œuvre d'un *trust scheme of arrangement* de droit australien (le « **WFDT Trust Scheme** »).

Les actions WCL détenues par les Détenteurs de Titres Westfield et 87.95% des actions TH Newco reçues par les Détenteurs de Titres Westfield en vertu du WFDT Trust Scheme (l'« **Apport** ») seront ensuite apportées par la mise en œuvre d'un *company trust scheme of arrangement* en échange des actions Unibail-Rodamco à émettre (le « **WCL Share Scheme** »), respectivement par :

- les Détenteurs de Titres Westfield pour les actions WCL ; et
- une entité désignée par Unibail-Rodamco (le « **Transfer Nominee** ») qui détiendra la propriété des actions TH Newco au titre du WFDT Trust Scheme, les Détenteurs de Titres Westfield conservant le bénéfice économique de ces actions.

Les Détenteurs de Titres Westfield et le Transfer Nominee sont désignés comme les « **Apporteurs** ».

L'Opération sera réalisée par le transfert et l'intégration des actifs de WAT, WFDT et WCL au Nouveau Groupe. Néanmoins, compte tenu du fait que l'Apport n'est constitué que des actions WCL et indirectement de 87,95% des unités WFDT (apportées au préalable à TH Newco), ce Document porte principalement sur WCL et WFDT, à l'exclusion de WAT, sauf précision contraire.

Objet de l'Apport

Le rapprochement d'Unibail-Rodamco et de Westfield est le prolongement naturel de la stratégie de concentration, de différenciation et d'innovation d'Unibail-Rodamco. Il répond à son objectif de se concentrer sur les centres commerciaux haut de gamme implantés dans les capitales prospères, les locaux de bureaux les plus prestigieux et les principaux centres de

	<p>convention et d'exposition, intégrant verticalement l'intégralité de la chaîne de création de valeur immobilière.</p> <p>Avec cette Opération, Unibail-Rodamco acquerra, outre une marque emblématique, un portefeuille de premier plan et un vaste programme de projets de développement gérés par une équipe exceptionnelle de professionnels expérimentés. La marque Westfield, la plus forte du secteur, sera progressivement déployée à travers les actifs phares d'Unibail-Rodamco.</p> <p>À l'issue de l'Apport, qui est une étape indivisible de l'Opération, Unibail-Rodamco détiendra indirectement les actifs et activités de WFDT et WCL (<i>i.e.</i> principalement des actifs et services européens).</p>
<p>Termes de l'Apport</p>	<p>Les Apporteurs apporteront 2.078.089.686 actions WCL, représentant 100% du capital de WCL, et 1.827.597.167 actions TH Newco, représentant 87,95% du capital de TH Newco, à Unibail-Rodamco et Unibail-Rodamco acquerra en numéraire 250.492.519 actions TH Newco pour un montant de 733.639.401€ conformément aux termes du WCL Share Scheme.</p> <p>L'Apport est régi par les dispositions légales françaises applicables aux apports en nature telles que prévues à l'article L.225-147 du code de commerce français.</p> <p>En rémunération de l'Apport, Unibail-Rodamco émettra 38.319.974 nouvelles actions d'une valeur nominale de 5€ chacune au profit des Apporteurs.</p> <p>La valeur nominale totale de l'augmentation de capital d'Unibail-Rodamco s'élèvera à 191.599.870€. La différence entre la valeur nominale de l'augmentation de capital et la valeur de l'Apport, soit 8.197.172.97€ représentera une prime d'apport de 8.005.573.107€.</p> <p>En vertu du WCL Share Scheme, la différence entre la rémunération totale de 8.930.812.378€ pour 100% de WCL et 100% de WFDT convenue entre Unibail-Rodamco et Westfield et la valeur de l'Apport, soit 733.639.401€, sera versée en numéraire par Unibail-Rodamco en contrepartie de 250.492.519 actions TH Newco représentant 12,05%.</p> <p>Les actions Unibail-Rodamco émises en rémunération de l'Apport, de même que les actions Unibail-Rodamco existantes, seront jumelées avec des actions de classe A (les « Actions A Newco ») émises par WFD Unibail-Rodamco N.V., une société à responsabilité limitée (<i>naamloze vennootschap</i>) immatriculée aux Pays-Bas, dont siège social est situé Schiphol Boulevard 371 Tower H, 1118 BJ Schiphol (Haarlemmermeer) aux Pays-Bas, enregistrée au registre du commerce néerlandais sous le numéro 70898618 (« Newco »), immédiatement après leur émission pour former les actions jumelées (les « Actions Jumelées ») et seront négociables.</p> <p>En vertu des statuts d'Unibail-Rodamco (les « Statuts d'Unibail-Rodamco ») et de Newco (les « Statuts de Newco »), chaque Action Jumelée aura une valeur en euros et sera composée d'une action Unibail-Rodamco jumelée avec une Action A Newco. En vertu du principe de l'action jumelée, les Actions Unibail-Rodamco et les Actions A Newco ne pourront être transférées séparément (à l'exception de transferts aux entités du Groupe Jumelé), et ne pourront être transférées que sous la forme d'Actions Jumelées.</p> <p>Dans le cadre de l'Opération, il est prévu que les Actions Jumelées soient admises aux</p>

⁵ Sur la base d'un taux de change de 1€ = 1.18\$US au 11 décembre 2017.

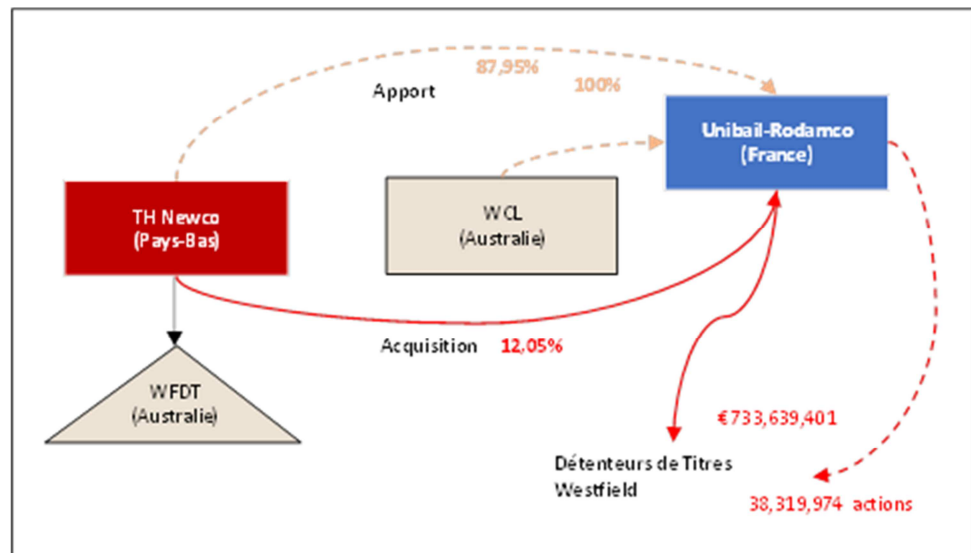
⁶ Sur la base d'un taux de change de 1€ = 1.18\$US au 11 décembre 2017.

⁷ Sur la base d'un taux de change de 1€ = 1.18\$US au 11 décembre 2017.

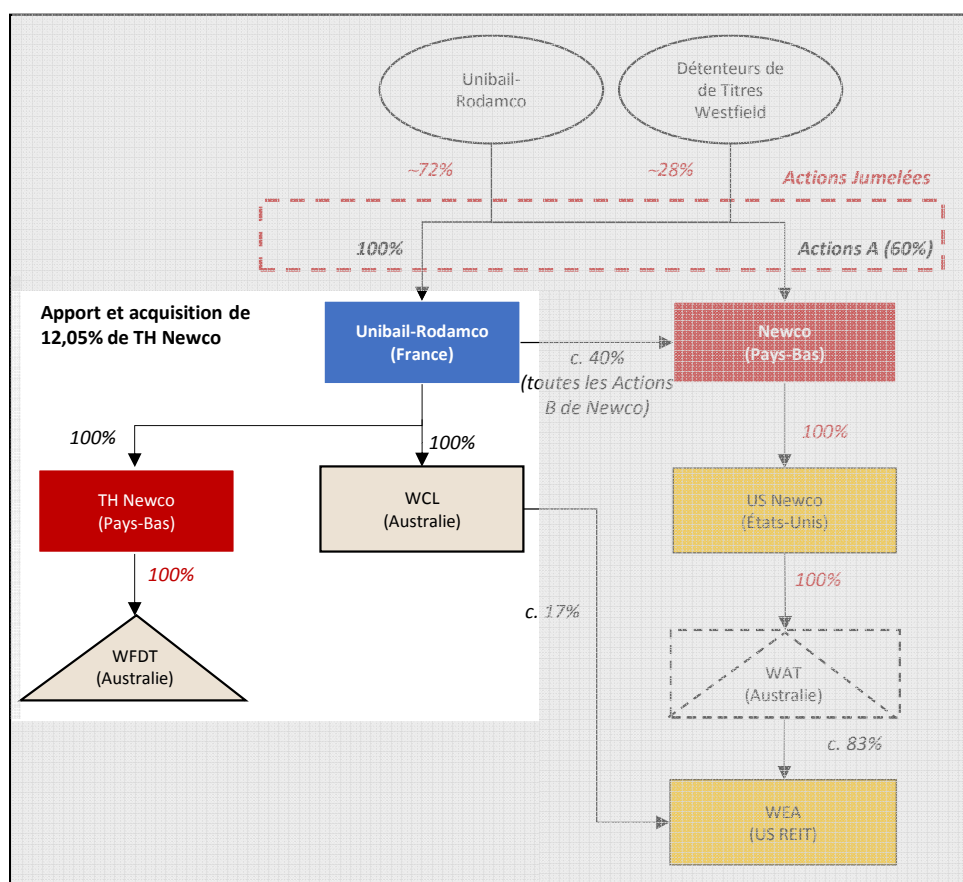
négociations sur les marchés réglementés d'Euronext Amsterdam et Euronext Paris, sous le code ISIN FR0013326246 et les symboles AMS : URW (Euronext Amsterdam) et EPA : URW (Euronext Paris) le 5 juin 2018. Il est envisagé que les nouvelles actions émises par Unibail-Rodamco en rémunération de l'Apport soient émises et négociées sous forme d'Actions Jumelées sur les marchés réglementés d'Euronext Amsterdam et Euronext Paris le 7 juin 2018.

Les nouvelles actions Unibail-Rodamco émises en rémunération de l'Apport seront émises *pari passu* avec les actions Unibail-Rodamco existantes à partir de la Date de l'Opération et seront soumises à toutes les stipulations prévues par les statuts. Les actions porteront droit au dividende et droit de vote à partir de la date d'émission et offriront les mêmes droits et privilèges. Le paiement du dividende Unibail-Rodamco 2017 aux actionnaires d'Unibail-Rodamco est envisagé avant l'Apport. Dans cette mesure, après la Date de la Transaction les Détenteurs de Titres Westfield ne recevront aucun dividende d'Unibail-Rodamco au titre de l'exercice fiscal clos le 31 décembre 2017.

L'APPORT



L'APPORT DANS LE CADRE DE L'OPÉRATION



Valeur de l'Apport et évaluation du ratio d'échange de l'Opération

La valorisation du Groupe Westfield a été établie sur la base d'une analyse multicritère sur l'intégralité du périmètre du Groupe Westfield (en ce compris WAT).

Dans le cadre de l'Opération, les Détenteurs de Titres Westfield recevront 0.01844 action Unibail-Rodamco et 0.01844 Actions A Newco pour chaque Titre Westfield et 2,67\$ pour chaque Titre Westfield.

La valeur globale des capitaux propres des 2.078.089.686 actions WCL représentant 100% du capital social de WCL et des 2.078.089.686 actions TH Newco représentant 100% du capital social de TH Newco est fixée à 8.930.812.378€ représentant un montant total de 10.539.251.688US\$ (sur la base d'un taux de change de 1€ = 1.18\$US au 11 décembre 2017) et se situe dans la fourchette de valeurs obtenues par l'approche multicritère.

En échange de leurs unités de WAT, les Détenteurs de Titres Westfield recevront une rémunération en numéraire de 4.682.731.604US\$ (représentant 3.968.080.336€ sur la base d'un taux de change de 1€ = 1.18\$US au 11 décembre 2017) et 38.319.974 Actions A Newco.

Résumé des informations retenues pour l'évaluation la parité d'échange de

La valeur de WCL et WFDT a été établie en répartissant la valeur du Groupe Westfield entre les trois entités le composant sur la base d'une répartition des capitaux propres du Groupe Westfield au 31 décembre 2017, telle que décrite par Westfield dans ses états financiers (i.e. 67,21% pour WCL et WFDT correspondant à la somme des pourcentages alloués à WCL et WFDT par le Groupe Westfield).

<p>l'Opération</p>	<p>Le montant correspondant à 12,05% de WFDT a été déduit de la valeur de WCL et WFDT pour déterminer la valeur de l'Apport.</p> <p>Le Groupe Westfield, composé de WAT, WCL WFDT, a été valorisé grâce à une analyse multicritères basée sur les méthodes suivantes :</p> <ul style="list-style-type: none"> - <u>Valeur Comptable des Actifs (VCA)</u> : L'évaluation de la VCA consiste à évaluer séparément chaque entité opérationnelle, à savoir les actifs de placement, les développements en cours, l'activité de gestion immobilière et l'activité de gestion du développement des actifs. La méthode utilisée pour évaluer les actifs de placement est fondée sur la juste valeur des actifs de placement présentée dans les comptes semestriels au 30 juin 2017, laquelle est fondée sur les évaluations indépendantes d'experts en évaluation immobilière effectuées actif par actif. La méthode utilisée pour évaluer les développements en cours, l'activité de gestion immobilière et l'activité de gestion du développement des actifs est basée sur une valorisation intrinsèque. La valorisation de la VCA reflète l'ensemble des activités d'une société immobilière (c'est-à-dire pas seulement le portefeuille d'actifs de placement) et combine à la fois des évaluations de valorisation historiques et des données de marché ; - <u>Flux de trésorerie actualisés</u> : Cette approche de valorisation repose sur le principe selon lequel la valeur d'une entité dépend de sa capacité à générer des flux de trésorerie futurs. La méthode consiste donc à estimer ces flux à moyen terme et à les extrapoler à l'infini (en utilisant une valeur terminale). Les flux de trésorerie sont ensuite actualisés à la valeur actuelle. Les flux de trésorerie sont définis comme des flux de trésorerie « libres », c'est-à-dire, après impôts, variations du fonds de roulement et des dépenses d'investissement, mais excluant les produits et charges financiers. Les flux de trésorerie futurs représentent donc les flux de trésorerie disponibles pour rémunérer le capital investi (capitaux propres et dettes financières). C'est l'approche la plus fondamentale et tend à fournir la valeur intrinsèque de l'entreprise, indépendamment de la volatilité des marchés à court terme et des comparables de marché. Les flux de trésorerie dans le secteur immobilier peuvent être estimés avec fiabilité, ce qui rend cette méthodologie particulièrement efficace; - <u>Cours de référence de l'action</u> : L'analyse des différents cours de clôture moyens pondérés en fonction du volume reflète l'opinion historique du marché sur la valorisation récente d'Unibail-Rodamco et de Westfield. Cette méthodologie permet donc d'évaluer la juste valeur d'Unibail-Rodamco et de Westfield à la lumière de la perception récente du marché des deux sociétés et de l'intégration de toutes les informations accessibles au public; - <u>Prix cibles de analystes</u> : Les prix des actions cotées sont régulièrement suivis par les services d'analystes des institutions financières. Il s'agit d'une évaluation indépendante qui intègre toutes les informations accessibles au public et reflète l'opinion d'un ensemble d'analystes sur la juste valeur d'Unibail-Rodamco et de Westfield. <p>Les méthodes des multiples de cours comparables et de transactions comparables n'ont pas été retenues car n'étant pas pertinentes.</p>
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Synthèse des valorisations

	Valeur de l'Apport	Valeur de WCL et WFDT (USDm)	Valeur de la Rémunération (USDm)	Prime induite (%)	Valeur de Westfield Group (USDm)	Valeur de la Rémunération Totale (USDm)	Prime induite (%)
Valeur comptable des actifs							
EPRA VCA	8.902	9.768	10.190	4,33%	14.534	14.873	2,33%
DCF							
DCF valeur médiane	10.330	11.195	12.576	12,33%	16.658	17.259	3,61%
Cours de référence							
11 December 2017	7.962	8.828	11.000	24,61%	13.135	15.683	19,40%
VWAP 1 mois	7.862	8.728	10.768	23,37%	12.987	15.451	18,97%
VWAP 2 mois	7.672	8.538	10.567	23,76%	12.704	15.249	20,04%
VWAP 3 mois	7.602	8.468	10.471	23,66%	12.600	15.154	20,27%
VWAP 6 mois	7.634	8.500	10.496	23,48%	12.648	15.179	20,01%
Prix cibles des analystes							
Moyenne	8742	9.607	11.774	22,55%	14.295	16.457	15,12%

Conclusions des commissaires aux apports

Jean-Jacques Dedouit, Dominique Mahias et Olivier Peronnet ont été désignés en tant que commissaires aux apports à la demande d'Unibail-Rodamco par ordonnance du Président du Tribunal de commerce de Paris le 1^{er} février 2018.

Dans leur rapport sur l'appréciation du caractère équitable de la rémunération proposée par Unibail-Rodamco en échange des Titres Westfield en date du 28 mars 2018, les commissaires aux apports ont conclu :

« Sur la base de nos travaux, et à la date du présent rapport, nous considérons que la rémunération de 0,01844 action Unibail-Rodamco et 2,67 dollars américains contre 1 action Westfield présente un caractère équitable. »

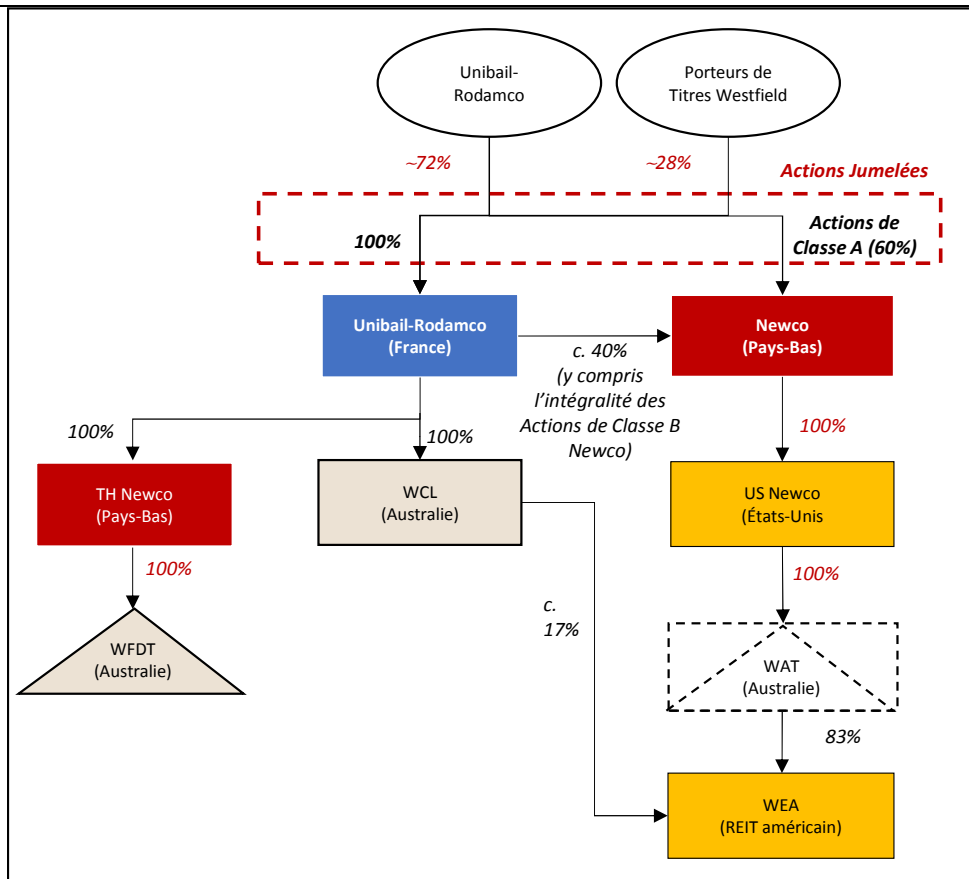
Dans leur rapport sur la valeur de l'Apport en date du 28 mars 2018, les commissaires aux apports ont conclu :

« Sur la base de nos travaux et à la date du présent rapport, nous sommes d'avis que la valeur de l'Apport retenue s'élevant à 8.197.172.977 euros n'est pas surévaluée et, en conséquence, que la valeur de l'Apport est au moins égale au montant de l'augmentation de capital de la société bénéficiaire majorée de la prime d'apport. »

Conditions

En plus des conditions suspensives relatives à l'Opération, la mise en œuvre de l'Apport est soumise à (i) l'approbation par l'assemblée générale extraordinaire des actionnaires

suspensives	d'Unibail-Rodamco de l'Apport, des modifications statutaires pour permettre la distribution en nature d'actifs aux actionnaires et pour introduire le principe du jumelage des actions Unibail-Rodamco avec les actions de Newco, ainsi qu'à (ii) l'approbation par l'assemblée générale ordinaire des actionnaires d'Unibail-Rodamco de la distribution en nature des actions Newco aux actionnaires d'Unibail-Rodamco, et (iii) la mise en œuvre du WFDT Trust Scheme et l'entrée en vigueur du WCL Share Scheme.
Principaux facteurs de risques concernant l'Apport	Les principaux facteurs de risques relatifs à l'Apport sont les suivants : <ul style="list-style-type: none"> - l'information financière pro forma peut ne pas représenter les performances futures de Westfield en tant que partie du Nouveau Groupe ; - la négociation des Actions Jumelées après la réalisation de l'Opération pourrait engendrer la baisse du cours des Actions Jumelées ; - après réalisation de l'Opération, les actionnaires initiaux d'Unibail-Rodamco détiendront une part réduite du capital et des droits de vote du Nouveau Groupe en termes de pourcentage par rapport à la part qu'ils détiennent actuellement ; - les risques spécifiques à l'Apport relatifs aux activités de WCL et WFDT, comme les litiges en cours ou les événements non-récurrents qui sont susceptibles d'avoir, ou ont eu récemment, un impact significatif sur la situation financière de WCL, WFDT ou sur leur filiales consolidées respectives ; - L'Apport étant une étape indivisible de l'Opération, tous les facteurs de risques de l'Opération peuvent également s'appliquer à l'Apport.
Structure du capital d'Unibail-Rodamco avant et après l'Apport	L'Apport est l'une des dernières étapes de l'Opération. Sa réalisation intervient après la mise en œuvre du WAT Trust Scheme en vertu duquel les unités WAT seront transférées à Newco. Par conséquent, à compter de la réalisation de l'Apport ainsi que la réalisation de l'Opération, il est prévu que l'organigramme du Nouveau Groupe soit le suivant:



2. RÉSUMÉ DES PRINCIPALES CARACTÉRISTIQUES DE LA SOCIÉTÉ À LAQUELLE LES TITRES SONT APPORTÉS

<p>Informations générales sur Unibail-Rodamco</p>	<p>Unibail-Rodamco est une société immobilière cotée de premier plan. Unibail-Rodamco est à la tête d'un portefeuille d'actifs commerciaux de grande qualité, d'une valeur de marché de 43,1 milliards d'euros au 31 décembre 2017, situés dans les plus grandes et prospères métropoles d'Europe continentale.</p>
<p>Informations sur les activités d'Unibail-Rodamco</p>	<p>Les activités d'Unibail-Rodamco se concentrent sur les grands centres commerciaux dans les principales villes européennes, les grands immeubles de bureau au cœur ou à l'ouest de Paris et les centres de congrès et d'exposition à Paris et en région parisienne.</p>

Incidence de l'Opération sur la quote-part des capitaux propres part du groupe pour un actionnaire d'Unibail-Rodamco		Avant l'Opération	Après l'Opération ⁽³⁾ (pro forma et tenant compte du nombre d'actions émises en échange de l'Apport)
	Capitaux propres part du groupe (€)	18.916	26.204
	Nombre d'actions au 31 décembre 2017	99.856.676	138.176.650
	Quote-part des capitaux propres part du groupe (€)	189,43	189,64
	Nombre d'actions ⁽¹⁾	102.127.379	140.447.353
	Quote-part des capitaux propres part du groupe (€) sur une base totalement diluée	185,22	186,57
	Nombre d'actions ⁽²⁾	99.938.667	138.258.641
	Quote-part des capitaux propres part du groupe (€) sur une base diluée	189,28	189,53

(1) *Totalement dilué au 31 décembre 2017.*

(2) *Tenant compte de la dilution "dans la monnaie" des stocks options, actions de performance, ORNANes, ORA et augmentation de capital au 31 décembre 2017*

(3) *Par Action Jumelée.*

3. RÉSUMÉ DES PRINCIPALES CARACTÉRISTIQUES DES SOCIÉTÉS CONCERNÉES PAR L'APPORT

Informations générales sur WCL et WFDT	<p>Le Groupe Westfield est constitué, jusqu'à la réalisation de l'Opération, de trois entités jumelées comprenant WCL, WAT et WFDT et qui possèdent une plate-forme unique de centres commerciaux aux États-Unis et au Royaume-Uni, ainsi qu'un important projet de développement commercial à Milan, en Italie.</p> <p>À l'issue de l'Apport, qui est une étape indivisible de l'Opération, Unibail-Rodamco détiendra indirectement les actifs et activités WFDT et WCL (<i>i.e.</i> principalement les actifs et services européens).</p>
Informations sur les activités de WCL et WFDT	<p>Le Groupe Westfield possède une plate-forme unique de centres commerciaux aux États-Unis et au Royaume-Uni, ainsi qu'un important projet de développement commercial à Milan, en Italie.</p> <p>Le Groupe Westfield est un groupe international possédant des centres commerciaux géré en interne et intégré verticalement qui se concentre sur les États-Unis, le Royaume-Uni et l'Europe. La stratégie du Groupe Westfield est de créer et d'exploiter des actifs phares au sein de marché de premier plan et de proposer des expériences pour les commerçants, les marques et les consommateurs.</p> <p>Westfield possède une plate-forme opérationnelle d'actifs commerciaux de classe mondiale et développe des activités de gestion immobilière, de location, de conception, de développement, de construction, de promotion et dans le numérique.</p> <p>À l'issue de l'Apport, qui est une étape indivisible de l'Opération, Unibail-Rodamco détiendra indirectement les actifs et activités WFDT et WCL (<i>i.e.</i> principalement les actifs</p>

	<p>et services européens).</p> <p>WCL et les sociétés qu'elle contrôle détiennent également 17,4% du capital de WEA (le solde de 82,6% étant détenu par WAT). WEA est le véhicule principal par lequel le Groupe Westfield opère aux États-Unis. Sauf précision expresse, ce Document ne contient pas de description des activités de WAT ou des activités américaines de Westfield.</p>
4. INFORMATIONS FINANCIÈRES PRO FORMA SÉLECTIONNÉES	
Informations financières pro forma sélectionnées non auditées	<p>Les informations financières consolidées pro forma non auditées résumées ci-après contiennent l'état consolidé pro forma non audité des résultats relatif à l'exercice clos le 31 décembre 2017 et l'état consolidé pro forma de la situation financière non audité au 31 décembre 2017, accompagnés des notes explicatives y afférentes (collectivement, les « Informations Financières Pro Forma du Nouveau Groupe »), et ont été préparées de sorte à refléter l'impact pro forma de l'Opération dont l'Apport est une étape indivisible.</p> <p>Westfield est composé de WCL, WFDT et WAT. Unibail-Rodamco prendra le contrôle de WCL et WFDT en numéraire et en Actions Unibail-Rodamco. Ainsi, Unibail-Rodamco sera l'acquéreur de WCL et WFDT d'un point de vue comptable, tel que défini par IFRS 3.</p> <p>Concernant WAT et le jumelage des Actions Unibail-Rodamco et des Actions Newco de Catégorie A, Unibail-Rodamco sera également l'acquéreur, d'un point de vue comptable, conformément à IFRS3 et à la Décision du Comité d'Interprétation de l'IASB en date des 13-14 mai 2014 qui se prononce spécifiquement sur les accords de jumelage.</p> <p>Au terme de l'Opération, Unibail-Rodamco détiendra directement ou indirectement 100 % de WCL et WFDT, et 40 % de Newco, qui détiendra 100 % de WAT, détenant environ 83 % de WEA, via WAT, les 17 % résiduels de WEA étant indirectement détenus par WCL. Sur la base du Principe des Actions Jumelées, les mêmes actionnaires détiendront ensemble 100 % d'Unibail-Rodamco et de Newco, dont 60 % directement (Actions Newco de Catégorie A) et 40 % indirectement via Unibail-Rodamco.</p> <p>En raison des caractéristiques de l'Opération, Unibail-Rodamco est considéré comme étant l'acquéreur, conformément aux normes IFRS. Par conséquent WCL, WFDT et, conformément à la structuration juridique de l'Opération et à la gouvernance de Newco, WAT, doivent être pleinement consolidées par Unibail-Rodamco. Étant donné que les détenteurs d'Actions Jumelées conservent les mêmes droits et obligations envers Unibail-Rodamco et Newco, la participation économique de 60 % dans Newco directement détenue par lesdits détenteurs sera prise en compte dans le « Résultat Net Attribuable aux Détenteurs d'Actions Jumelées » et les « Capitaux Propres Attribuables aux Détenteurs d'Actions Jumelées » dans l'état consolidé des résultats et l'état de la situation financière.</p> <p>Les Informations Financières Pro Forma du Nouveau Groupe ont été extraites et doivent être lues conjointement avec les documents suivants :</p> <ul style="list-style-type: none"> - Comptes consolidés 2017 d'Unibail-Rodamco ; - Comptes consolidés 2017 de Westfield. <p>L'état consolidé de la situation financière au 31 décembre 2017 et l'état consolidé des résultats pour l'exercice clos le 31 décembre 2017 d'Unibail-Rodamco sont dérivés des Comptes Consolidés 2017 d'Unibail-Rodamco. Les Comptes Consolidés 2017 d'Unibail-Rodamco ont été préparés en conformité avec les normes IFRS et ont été conjointement audités par Ernst & Young Audit et Deloitte & Associés, commissaires aux comptes d'Unibail-Rodamco, tel qu'indiqué dans le rapport des commissaires aux comptes sur les comptes consolidés d'Unibail-Rodamco émis le 27 mars 2018.</p> <p>L'état consolidé de la situation financière au 31 décembre 2017 et l'état consolidé des résultats pour l'exercice clos le 31 décembre 2017 de Westfield sont dérivés des Comptes Consolidés 2017 Westfield. Les Comptes Consolidés 2017 Westfield ont été préparés en</p>

conformité avec les normes comptables australiennes et les International Financial Reporting Standards publiées par l'IASB et ont été audités par Ernst & Young, auditeur indépendant, tel qu'indiqué dans le rapport de l'auditeur indépendant sur les comptes de Westfield en date du 22 février 2018.

l'état consolidé pro forma non audité des résultats a été préparé dans le but de refléter les effets de l'Opération comme si cette dernière avait été finalisée le 1^{er} janvier 2017. L'état consolidé résumé pro forma de la situation financière (non vérifié) a été préparé dans le but de refléter les effets de l'Opération comme si cette dernière avait été finalisée le 31 décembre 2017.

Les Informations Financières Pro Forma du Nouveau Groupe sont proposées à titre informatif et, de par leur nature, elles représentent une situation hypothétique et ne reflètent pas nécessairement les résultats d'exploitation ou la situation financière qui aurait été obtenus si l'opération avait été conclue aux dates indiquées ci-avant, ni les résultats d'exploitation consolidés futurs ou la situation financière du Nouveau Groupe consolidé.

Les retraitements pro forma se fondent sur les informations disponibles à ce jour, certaines hypothèses et estimations qu'Unibail-Rodamco considère raisonnables et les informations susmentionnées communiquées par Westfield. Ces retraitements sont directement imputables au regroupement d'entreprises, étayés par des faits et estimés de manière fiable.

Les commissaires aux comptes d'Unibail-Rodamco ont émis un rapport sur les Informations Financières Pro Forma du Nouveau Group quant au caractère adéquat de l'établissement de ces informations financières pro forma.

État condensé pro forma de la situation financière (non audité) pour l'exercice clos le 1 décembre 2017, conformément aux normes IFRS

	Historique Unibail- Rodamco	Historique ajusté Westfield (Note 1)	Retraitements pro forma		Résumé consolidé pro forma
<i>Devise: M€</i>	31 déc. 2017	31 déc. 2017	31 déc. 2017	No tes	31 déc. 2017
ACTIFS NON COURANTS	41 650,8	17 122,0	3 633,2		62 405,9
Immeubles de placement	38 524,3	8 671,7	-		47 196,0
<i>Immeubles de placement évalués à la juste valeur</i>	37 181,5	8 320,1	-		45 501,6
<i>Immeubles de placement évalués au coût</i>	1 342,8	351,6	-		1 694,4
Actifs corporels	216,3	124,4	-		340,7
Écarts d'acquisition	522,4	47,8	3 649,0	4,7	4 219,1
Actifs incorporels	172,2	103,5	(35,4)	7	240,3
Prêts et créances	76,8	178,9	-		255,7
Actifs financiers	30,8	239,8	19,6	7	290,2
Impôts différés actifs	21,9	16,2	-		38,1
Dérivés à la juste valeur	172,8	77,3	-		250,1
Titres et investissements dans les sociétés mises en équivalence	1 913,3	7 637,4	-		9 550,7
Autres impôts et taxes	-	25,1	-		25,1
ACTIFS COURANTS	1 590,2	600,3	(397,4)		1 793,1
Prêts et créances	-	22,7	-		22,7
Clients et comptes rattachés	416,5	29,7	-		446,2
Autres créances	541,1	130,0	-		671,1

Dérivés à la juste valeur	57,9	-	(57,9)	10	-
Trésorerie et équivalents de trésorerie	574,7	417,9	(339,5)	11	653,1
TOTAL ACTIFS	43 241,0	17 722,3	3 235,8		64 199,0
- Capitaux propres attribuables aux détenteurs d'Actions Jumelées					26 203,8
- Membres d'Unibail-Rodamco ⁽¹⁾					24 431,0
- Membre de Newco ⁽¹⁾					1 772,8
- Participations externes ne donnant pas le contrôle					3 838,3
TOTAL CAPITAUX PROPRES	22 693,2	9 071,1	(1 722,3)	9	30 042,1
PASSIF NON COURANT	16 851,6	7 855,1	5 075,8		29 782,4
Valeur nette des Obligations à option de remboursement en numéraire et/ou en actions nouvelles et/ou existantes (ORNANE) et des actions de préférence convertibles et remboursables	1 020,5	59,3	-		1 079,8
Part non courante des emprunts et dettes financières	12 889,6	6 149,4	5 075,8	6	24 114,8
Part non courante des emprunts liés à des contrats de location financement	353,2	32,1	-		385,3
Dérivés à la juste valeur	315,8	18,3	-		334,1
Impôts différés passifs	1 752,5	1 530,7	-		3 283,2
Provisions long terme	30,5	-	-		30,5
Provisions pour engagement de retraite	9,3	3,8	-		13,1
Dépôts et cautionnements reçus	223,9	-	-		223,9
Dettes fiscales	0,1	-	-		0,1
Dettes sur immobilisations	256,2	61,4	-		317,6
PASSIF COURANT	3 696,2	796,0	(117,7)		4 374,6
Part courante des engagements d'achat de titres de participations ne donnant pas le contrôle	7,0	-	-		7,0
Dettes fournisseurs et autres dettes	1 161,6	717,3	(70,4)	12	1 808,5
Part courante des emprunts et dettes financières	2 301,9	4,6	(47,3)	10	2 259,2
Part courante des emprunts liés à des contrats de location financement	2,0	0,5	-		2,5
Dettes fiscales et sociales	210,5	34,8	-		245,3
Provisions court terme	13,2	38,9	-		52,1
TOTAL CAPITAUX PROPRES ET PASSIFS	43 241,0	17 722,3	3 235,8		64 199,0

(1) La ligne « Membres de Newco » reflète la part de 49,55 % de WEA détenue par les porteurs d'Actions Jumelées par le biais de leur participation de 60 % dans Newco, qui détient une participation de 82,59 % dans WEA. La ligne « Membres d'Unibail-Rodamco » reflète la participation de 50,45 % au capital de WEA détenue par Unibail-Rodamco. Cette participation résulte de la participation de 17,41 % d'Unibail-Rodamco dans WEA détenue par des filiales de WCL, et de sa participation de 40 % dans Newco qui détient une participation de 82,59 % dans WEA.

État consolidé pro forma non audité des résultats pour l'exercice clos le 31 décembre 2017, conformément aux normes IFRS

	Historique Unibail-Rodamco	Historique ajusté Westfield (Note 1)	les retraitements pro forma		Résumé consolidé pro forma
Devise: M€	31 déc. 2017	31 déc. 2017	31 déc. 2017	Notes	31 déc. 2017
Revenus locatifs	1 822,3	557,8	-		2 380,1
Charges nettes d'exploitation	(239,6)	(250,6)			(490,2)
Revenus locatifs nets	1 582,6	307,2	-		1 889,8
Revenus du développement immobilier et de gestion de projet	-	649,0	(2,1)	2,7	646,9
Coûts du développement immobilier et de gestion de projet	-	(557,5)	20,3	2,7	(537,2)
Résultat net des activités de promotion immobilière et de gestion de projets	-	91,5	18,1		109,7
Revenus des autres activités	256,1	49,8	-		305,9
Autres dépenses	(176,3)	(19,1)	-		(195,4)
Résultat des autres activités	79,8	30,7	-		110,5
Quote-part de résultat de sociétés mises en équivalence	-	594,5	91,6	2	686,2
Intérêts sur créances	-	-	27,0	2	27,0
« Contributions des sociétés mises en équivalence »	-	594,5	118,6		713,1
Frais de fonctionnement	(123,1)	(106,1)	-		(229,2)
Coûts d'acquisition et coûts liés	(62,4)	(9,1)	(188,9)	5	(260,4)
Revenus des cessions d'actifs de placement	592,5	243,4	-		835,9
Valeur comptable des actifs cédés	(518,7)	(255,1)	6,4	7	(767,5)
Résultat des cessions d'actifs	73,8	(11,8)	6,4		68,4
Revenus des cessions de sociétés	27,3	-	-		27,3
Valeur comptable des titres cédés	(27,3)	-	-		(27,3)
Résultat des cessions de sociétés	0,0	-	-		0,0
Ajustement des valeurs des actifs	1 364,4	482,7	20,3	7	1 867,4
Dépréciation d'écart d'acquisition/Ecart d'acquisition négatif	(9,2)	-	-		(9,2)
RÉSULTAT OPÉRATIONNEL NET	2 906,0	1 379,7	(25,5)		4 260,2
Résultat des sociétés non consolidées	0,9	-	-		0,9
<i>Produits financiers</i>	<i>119,5</i>	<i>11,7</i>	<i>-</i>		<i>131,2</i>
<i>Charges financières</i>	<i>(347,5)</i>	<i>(87,7)</i>	<i>(22,8)</i>		<i>(458,1)</i>
Coût de l'endettement financier net	(228,0)	(76,0)	(22,8)	6	(326,9)
Ajustement de valeur des Obligations à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes (ORNANes) et des actions de préférence convertibles et remboursables	21,1	3,5	-		24,6
Ajustement de valeur des instruments dérivés et dettes	(21,3)	(38,2)	(11,7)	10	(71,1)
Actualisation des dettes	(0,7)	-	-		(0,7)
Quote-part de résultat de sociétés mises en équivalence	91,6	-	(91,6)	2	-
Intérêts sur créances	27,0	-	(27,0)	2	-
RÉSULTAT NET AVANT IMPOTS	2 796,7	1 269,0	(178,7)		3 887,0
Impôt sur les sociétés	(74,2)	104,2	(10,5)	7	19,5

	RESULTAT NET DE LA PERIODE	2 722,5	1 373,2	(189,2)	3 906,5
	Résultat net des Participations ne donnant pas le contrôle	283,0			
	RESULTAT NET DE LA PERIODE- Part des actionnaires de la société mère	2 439,5			
	Résultat net de la période attribuable aux :				
	- Détenteurs d'Actions Jumelées				3 623,5
	- Participations externes ne donnant pas le contrôle				283,0
	Bénéfice de l'exercice				3 906,5
	Résultat net de la période attribuable aux titulaires d'Actions Jumelées analysé par montant attribuable aux :				
	- Membres d'Unibail-Rodamco ⁽¹⁾				3 184,3
	- Membre de Newco ⁽¹⁾				439,3
	Résultat net de la période attribuable aux titulaires d'Actions Jumelées				3 623,5
	<p>La ligne « Membres de Newco » reflète la part de 49,55 % de WEA détenue par les porteurs d'Actions Jumelées par le biais de leur participation de 60 % dans Newco, qui détient une participation de 82,59 % dans WEA. La ligne « Membres d'Unibail-Rodamco » reflète la participation de 50,45 % au capital de WEA détenue par Unibail-Rodamco. Cette participation résulte de la participation de 17,41 % d'Unibail-Rodamco dans WEA détenue par des filiales de WCL, et de sa participation de 40 % dans Newco qui détient une participation de 82,59 % dans WEA.</p>				

5. CALENDRIER RELATIF À L'APPORT

12 décembre 2017	Signature de l'Implementation Agreement
1 ^{er} février 2018	Nomination des commissaires aux apports
28 mars 2018	Rapport des commissaires aux apports
17 mai 2018	Assemblée générale des actionnaires d'Unibail-Rodamco approuvant l'Apport
24 mai 2018	Assemblée des actionnaires Westfield approuvant les Schemes
	Pour plus de détails sur le calendrier indicatif de l'Opération, voir Section 3.13 « — <i>Calendrier Indicatif</i> » du Prospectus d'Admission qui a été approuvé par l'AMF le 28 mars 2018 sous le numéro 18-102, incorporé par référence dans ce Document.

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1. PERSONS RESPONSIBLE FOR THE DOCUMENT

1.1. ON BEHALF OF UNIBAIL-RODAMCO

1.1.1. Persons responsible for the Document

Mr. Christophe Cuvillier
Chairman of the Management Board, Chief Executive Officer

Mr. Jaap Tonckens
Member of the Management Board, Chief Financial Officer

1.1.2. Statement by the persons responsible for the Document

“We, Christophe Cuvillier and Jaap Tonckens, hereby declare, after having taken all reasonable care to ensure that such is the case, that the information contained in this Document, other than the information contained in section 5 of this Document (including Appendix 3) and relating to WCL, WFDT and the Westfield Group, is, to the best of our knowledge, in accordance with the facts and contains no omission that is likely to affect its import.

We have received from the statutory auditors a completion letter (lettre de fin de travaux) (as set out in section 1.1.3.1), in which they indicate that they have verified the information relating to the financial position and the financial statements of Unibail-Rodamco and the New Group Pro Forma Information presented in this Document, and have read this Document in its entirety.”

March 28, 2018,

Mr. Christophe Cuvillier
Chairman of the Management Board, Chief Executive Officer

Mr. Jaap Tonckens
Member of the Management Board, Chief Financial Officer

1.1.3. Statutory Auditors

1.1.3.1. Statutory Auditors

Ernst & Young Audit
1-2, place des Saisons Paris la Défense 1
92400 Courbevoie, France

Deloitte & Associés
185, avenue Charles De Gaulle,
92200 Neuilly-sur-Seine, France

1.1.3.2. Alternate Statutory Auditors

Not applicable.

1.2. ON BEHALF OF WESTFIELD CORPORATION LIMITED AND WFDT, WHOSE SECURITIES ARE TO BE CONTRIBUTED

1.2.1. Westfield Corporation Limited

1.2.1.1. Person responsible for the Document and the financial information

Mr. Elliott Rusanow
Chief Financial Officer
Westfield Corporation Limited

1.2.1.2. Statement by the person responsible for the Document

“I declare, having taken all reasonable care to ensure that such is the case, that the information contained in section 5 of this Document (including Appendix 3) and relating to WCL and the Westfield Group is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I have obtained an audit completion letter from the statutory auditors of WCL (as set out in section 1.2.1.3), in which they state that they have verified the information concerning the financial position and the accounts of WCL presented in the Document, and have read the entire Document. The completion letter contains no observations.”

March 28, 2018,

Mr. Elliott Rusanow, Chief Financial Officer

1.2.1.3. Statutory Auditors

a) Statutory Auditors

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

b) Alternate Statutory Auditors

Not applicable.

1.2.2. WFDT

1.2.2.1. Person responsible for the Document

Mr. Elliot Rusanow
Chief Financial Officer WFDT

1.2.2.2. Statement by the person responsible for the Document

“I declare, having taken all reasonable care to ensure that such is the case, that the information contained in section 5 of this Document (including Appendix 3) and relating to WFDT and the Westfield Group is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I have obtained an audit completion letter from the statutory auditors of WFDT (as set out in section 1.2.2.3), in which they state that they have verified the information concerning the financial position and the accounts of WFDT presented in the Document, and have read the entire Document. The completion letter contains no observations.

The statutory auditors of WFDT have issued audit reports dated March 16, 2016, March 13, 2017 and March 13, 2018, in respect of the consolidated financial statements for the years ended December 31, 2015, December 31, 2016 and December 31, 2017 respectively. They are attached at Appendix 3 of this Document.”

March 28, 2018,

Mr. Elliott Rusanow, Chief Financial Officer

1.2.2.3. Statutory Auditors

a) Statutory Auditors

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

b) Alternate Statutory Auditors

Not applicable.

1.2.2.4. Person responsible for the financial information

Mr. Elliott Rusanow
Chief Financial Officer
WFDT

2. INFORMATION REGARDING THE CONTRIBUTION AND ITS CONSEQUENCES

2.1. ECONOMIC ASPECTS OF THE CONTRIBUTION

2.1.1. Pre-existing ties between the companies concerned

2.1.1.1. Capital ties

At the date of this Document, Unibail-Rodamco does not hold either directly or indirectly any Westfield Securities and there are no capital ties between (i) Unibail-Rodamco and (ii) the Westfield Group.

Prior to the Transaction Date, Unibail-Rodamco will constitute and hold 100% of the share capital TH Newco. In the context of the Transaction, the Westfield Securityholders will contribute their WFDT units to TH Newco and receive in exchange TH Newco shares, via the WFDT Trust Scheme.

2.1.1.2. Other ties

a) *Guarantees*

Not applicable.

b) *Common management personnel*

Not applicable.

c) *Common subsidiaries or subsidiaries depending on the same group*

Not applicable.

d) *Technical or trade agreements*

Not applicable.

e) *Other ties*

Considering the quality of Westfield's portfolio and how complementary the respective portfolios are, Unibail-Rodamco decided it desirable to gain a limited economic exposure to Westfield by entering into a cash-settled equity swap on the share capital of Westfield. Such instrument provides Unibail-Rodamco with an economic exposure to Westfield by replicating the economic benefits of owning the underlying Westfield Securities (share price performance and dividends).

On December 15, 2016, Eroica B.V., a wholly owned subsidiary of Unibail-Rodamco entered into a cash-settled equity swap with Deutsche Bank AG (acting through its Sydney branch), which as at the date of this Document relates to a notional 101,826,395 Westfield Securities, representing a 4.90% economic interest in Westfield Securities (the "**Swap**").

The Swap is still outstanding for the full quantum. It being a cash-settled instrument, it does not provide Unibail-Rodamco with the right to require physical settlement. As of the date of this Document, Unibail-Rodamco has not entered into any agreement, arrangement or understanding with the Swap counterparty or any other person in relation to physical settlement of the Swap. Prior to

completion of the Transaction, Unibail-Rodamco may seek to terminate or settle the Swap. In connection with the termination or settlement of the Swap Unibail-Rodamco, or another member of the Unibail-Rodamco Group, may acquire Westfield Securities, but no decision has been made as at the date of this Document. However, Unibail-Rodamco has not taken any decision in connection with the termination of the Swap. See note 10 of Section 4.2.2 ” “— *Notes to the unaudited pro forma condensed consolidated financial information*” of this Document.

2.1.2. Purpose and objectives of the Contribution

On December 12, 2017, Unibail-Rodamco and Westfield announced that they had reached agreement on the acquisition by Unibail-Rodamco of the Westfield Group.

It has been decided that the Transaction will take place through company and trust schemes of arrangements, which require to be approved by Westfield Securityholders and the Federal Court of Australia, Sydney Registry (the “**Scheme Court**”). The company and trust schemes of arrangements are comprised of the WCL Share Scheme and the trust scheme pursuant to which Westfield Securityholders will transfer their WAT units to a newly formed corporation incorporated in the United States under the laws of the State of Delaware, USA (“**U.S. Newco**”) controlled by Unibail-Rodamco (the “**WAT Trust Scheme**”), as described in Section 3.6 “— *Key Transaction steps*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No. 18-102, incorporated by reference into this Document.

In the context of the Contribution, Westfield Securityholders will transfer their WFDT units to TH Newco pursuant to the WFDT Trust Scheme; Westfield Securityholders will transfer their WCL shares and the Transfer Nominee will transfer the TH Newco shares to Unibail-Rodamco pursuant to the WCL Share Scheme.

The Contribution forms part of the Transaction and the consideration offered pursuant to the WCL Share Scheme forms part of the consideration received by Westfield Securityholders in accordance with the terms of the Transaction.

The key steps of the Transaction, which includes the Contribution (step 16 below), detailed in the Section 3.6 “—*Key Transaction steps*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No. 18-102, incorporated by reference into this Document are summarized in the table below:

Step 1	Unibail-Rodamco Shareholder vote
Step 2	Westfield Securityholders vote
Step 3	Application for approval by the Scheme Court
Step 4	Schemes becomes Effective
Step 5	Suspension of trading of Westfield Securities
Step 6	Commencement of deferred settlement trading of CDIs on ASX
Step 7	Record Date to identify the persons recorded on the register of Westfield Securities who will be entitled to receive the Scheme Consideration
Step 8	Cessation of trading of Unibail-Rodamco Shares from Euronext Paris and Euronext Amsterdam
Step 9	Commencement of trading of the Stapled Shares on Euronext Paris and Euronext Amsterdam
Step 10	Deposit of cash consideration by Unibail-Rodamco
Step 11	Destapling

Step 12	WAT Trust Scheme
Step 13	Contribution of U.S. Newco shares to Newco
Step 14	Distribution of Newco Class A Shares to Unibail-Rodamco Shareholders
Step 15	WFDT Trust Scheme
Step 16	WCL Share Scheme
Step 17	Commencement of normal settlement trading of CDIs on ASX
Step 18	Delisting of Westfield

2.1.2.1. Interest of the Contribution and the Transaction for Unibail-Rodamco and its shareholders⁸

The Contribution is an indivisible step of the Transaction. The interest of the Contribution for Unibail-Rodamco and its shareholders is aligned with the interest of the Transaction for Unibail-Rodamco and its shareholders as described in this Section and in Section 3.2 “— *Rationale of the Transaction*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

Unibail-Rodamco and Westfield will form one of the world’s premier⁹ developers and operators of Flagship shopping destinations in wealthy capital cities.

Post Transaction, the New Group will own and operate one of the world’s leading high quality commercial property portfolios with a total proportionate gross market value (“**GMV**”) of over €62.0 billion (US\$74.4 billion)¹⁰ and a pro forma proportionate net rental income of €2.3 billion (US\$2.8 billion)¹¹ for the 12 months to December 31, 2017, an increase of 42% and 41% respectively, compared to Unibail-Rodamco on a standalone basis.

The New Group will be predominantly retail focused, with retail assets accounting for 88% of its total portfolio proportionate GMV. The New Group’s office assets (7% of the proportionate portfolio GMV), primarily located in the Paris region, and the Convention & Exhibition activities (6% of the proportionate portfolio GMV)¹² are expected to further support the value creation potential of the New Group.

⁸ Information disclosed in this section is based on December 31, 2017 figures, unless otherwise mentioned, and may differ from the announcement presentation published on December 12, 2017, which was based on June 30, 2017 figures.

⁹ In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of shopping centres for US peers Simon Property Group and GGP (Source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

¹⁰ Proportionate GMV (Unibail-Rodamco definition) as at December 31, 2017. Westfield proportionate GMV based on Westfield data and restated based on Westfield disclosures to be comparable to Unibail-Rodamco. €43.6 billion (US\$52.3 billion) for Unibail-Rodamco and €18.4 billion (US\$22.1 billion) for Westfield, respectively. Proportionate GMV (Unibail-Rodamco definition) as at June 30, 2017 was €61.1 billion (US\$69.7 billion): €43.0 billion (US\$49.1 billion) for Unibail-Rodamco and €18.1 billion (US\$20.6 billion) for Westfield, respectively.

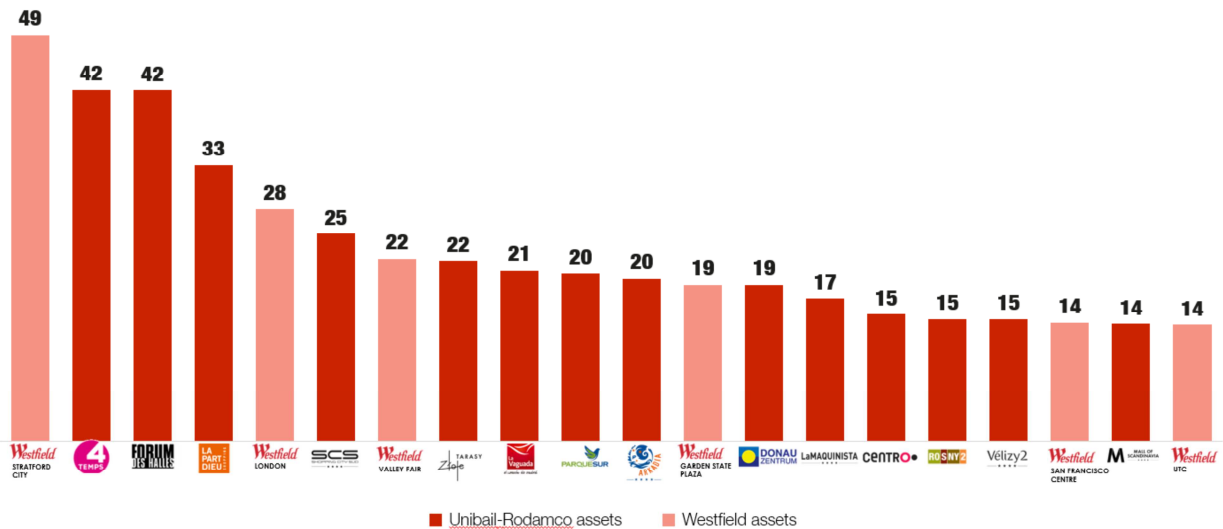
¹¹ Proportionate net rental income (Unibail-Rodamco definition, *i.e.* net of lease incentive amortisation) as at 31 December, 2017. €1.6 billion (US\$2.0 billion) for Unibail-Rodamco and €0.7 billion (US\$0.8 billion) for Westfield, respectively. Proportionate net rental income (Unibail-Rodamco definition, *i.e.* net of lease incentive amortisation) as at 30 June, 2017 was €23 billion (US\$2.7 billion): €1.6 billion (US\$1.8 billion) for Unibail-Rodamco and €0.7 billion (US\$0.8 billion) for Westfield, respectively.

¹² Including services.

With 17 Flagship assets in nine gateway cities representing 86% of its proportionate GMV, Westfield's high quality portfolio is a perfect strategic fit for Unibail-Rodamco. The combination with Westfield's platform will add highly attractive markets: London and the wealthiest catchment areas in the United States. The Transaction will create one of the world's premier¹³ developers and operators of Flagship shopping destinations, with strong business fundamentals including:

- A high quality portfolio of 102 prime assets across 13 countries attracting over 1.2 billion visits annually;

Footfall of Top 20 Assets (Mn)¹⁴



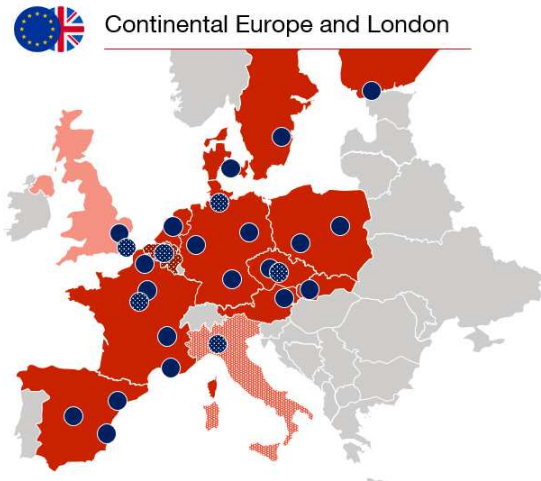
- Some of the best shopping destinations¹⁵ in the world's wealthiest cities such as London, Los Angeles, Munich, New York, Paris, San Francisco, San Jose, Stockholm, Vienna, Madrid and Warsaw;
- An unparalleled¹⁶ collection of 56 high quality Flagship destinations, representing 85% of the proportionate retail GMV, with an average footfall of 15.2 million per annum, such as Westfield London, Stratford City, Les Quatre Temps, Century City, Le Forum des Halles, Westfield World Trade Center, La Maquinista, Shopping City Süd, Mall of Scandinavia, Centrum Chodov and Arkadia;

¹³ In terms of GMV per shopping centre at 100% as at December 31, 2017; among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (Source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

¹⁴ Based on Top 20 A++ and A+ rated malls as per Green Street Advisors with highest footfalls.

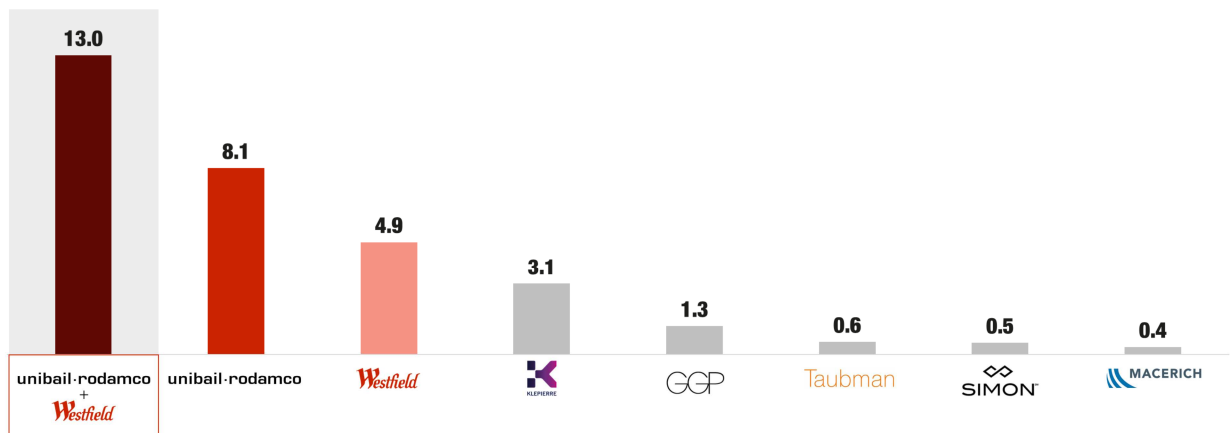
¹⁵ Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

¹⁶ Based on number of A++ assets as per Green Street Advisors grades among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.



- An average GMV at 100% per shopping centre of €647million (€1,003 million for the Flagship portfolio)¹⁷, significantly ahead of other large shopping centre REITs;
- A combination of two development pipelines for a total amount of €13.0 billion¹⁸ as shown in the chart below¹⁹, with iconic developments²⁰ in London, Milan, Hamburg, Brussels, Paris, San Jose, Lyon and other major cities. In addition to benefiting from the strong embedded organic growth potential, Unibail-Rodamco expects to capitalise on Westfield’s strong track record and know-how in development and investment;

Proportionate pipeline in € Bn



¹⁷ Based on 100% GMV for each shopping centre as at December 31, 2017; among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (Source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

¹⁸ Please refer to Section 7 “— Definitions” of this Document for the definition of development pipeline.

¹⁹ As at December 31, 2017; figures for peers as disclosed, not aligned with Unibail-Rodamco methodology.

²⁰ Designed by Pritzker award-winning architects; such as Tour Triangle located in Paris and designed by architects Herzog & de Meuron, Sisters Towers, located in the Paris region and designed by Christian de Portzamparc and Überseequartier, located in Hamburg and notably designed by Christian de Portzamparc and UN Studio. Other projects include World Trade Centre, located in New York and designed by Spanish architect Santiago Calatrava and Majunga located in the Paris region and designed by Jean-Paul Viguier.

- The creation of the world’s leading platform²¹ for global retailers and brands, positioning the New Group as a must-have partner for all global brands across the most attractive markets in the United States, the United Kingdom and Europe;
- A best-in-class management team²², capitalising on each of Unibail-Rodamco’s and Westfield’s strengths, with the support of approximately 3,700 employees²³.
- A robust balance sheet: expected credit rating in the “A” category post Transaction and expected consolidated pro-forma Loan-To-Value (“LTV”) based on adjusted pro-forma accounts of 37%²⁴ as at December 31, 2017, well within Unibail-Rodamco’s historical objective of between 35% and 45%;
- Attractive dividend distribution policies: Unibail-Rodamco and Newco both expecting to distribute 85% to 95% of their respective recurring net earnings;
- An efficient tax structure: New Group operating as a REIT in France, The Netherlands, the United Kingdom, Spain and the United States.

The combination of Unibail-Rodamco and Westfield is a natural extension of Unibail-Rodamco’s strategy of concentration, differentiation and innovation and is consistent with its objective to focus on high quality large shopping destinations in wealthy capital cities, the most prestigious office buildings and major convention and exhibition venues, vertically integrating the entire real estate value creation chain. With this Transaction, Unibail-Rodamco will incorporate a leading portfolio and an extensive development pipeline managed by an outstanding team of experienced professionals.

In addition, Unibail-Rodamco will acquire an iconic brand: the Westfield brand, one of the strongest in the industry, will gradually be deployed across Unibail-Rodamco’s Flagship assets.

The New Group will accelerate its digital innovation strategy to strengthen connections with visitors and retailers. The use of innovative apps and services (Smart map, Find my car, Connect, Click & Services) and social media (10 million Facebook and Instagram fans) will enhance the visitor experience and foster communities, with whom the New Group’s shopping centres can engage.

Unibail-Rodamco expects the Transaction to be accretive to its earnings per share²⁵ and NAV per share²⁶ for Unibail-Rodamco Shareholders from the first full financial year following implementation

²¹ Based on number of A++ assets as per Green Street Advisors grades among U.S. and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017.

²² Member of FTSE4Good and STOXX ESG Leaders Indices and awarded EPRA BPR Gold for financial reporting, EPRA SBPR Gold for sustainability reporting and CAC 40 Governance, among other international awards.

²³ Excluding approximately 160 current Westfield employees that will move into OneMarket after implementation of the OneMarket demerger.

²⁴ Consolidated pro-forma LTV including transfer taxes: net financial debt / total consolidated portfolio valuation including transfer taxes, taking into account pro forma adjustments. Financial liabilities include the Bridge Loan for an amount of €3 billion, after taking into account the impact of the Hybrid Securities of €2 billion. This pro-forma LTV calculation is made based on the current amount of goodwill of €3.6 billion. Should these even have to be an impairment of goodwill the LTV would be impacted. For example, a €1 billion impairment would increase the LTV by approximately 1%. Please refer to Section 5.3.2 of the EU Listing Prospectus for detailed calculation. Proportionate pro-forma LTV including transfer taxes: 39%.

²⁵ Recurring net result for the period attributable to the holders of the Stapled Shares.

of the Transaction. Assumptions taken into account for the accretion calculation on an EPS basis were the amount of run-rate synergies, cost of debt, amount of debt and number of shares to be issued to Westfield Securityholders. Regarding NAV accretion, assumptions were taken regarding NPV of synergies, cost of debt and absence of goodwill impairment.²⁷

Moreover, total Recurring Net Result (“**RNR**”) will increase and Recurring Earnings per Share (“**REPS**”), calculated as RNR divided by number of shares outstanding, will increase.

Unibail-Rodamco has identified a total of €100 million of expected annual cost and revenue run-rate synergies²⁸, which, if achieved, are expected to create value for holders of Stapled Shares and deliver stronger returns than Unibail-Rodamco or Westfield could achieve on a standalone basis.

Estimates of potential synergies available through the implementation of the Schemes are preliminary and are expected to become more certain following ongoing analysis and refinement. Following implementation of the Transaction, the New Group will commence putting in place arrangements to seek to achieve these synergies. Further details on the key areas of expected synergies are set out below.

a) Estimated revenue synergies

Unibail-Rodamco has identified approximately €40 million of expected annual run rate revenue synergies²⁹, which are expected to be driven by the incremental rental income derived from anticipated synergies described in the table below:

Marketing synergies	Marketing synergies are expected to be created through: <ul style="list-style-type: none"> – deploying a “one brand” platform with the Westfield brand being deployed across the New Group’s Flagship assets currently owned by Unibail-Rodamco; and – leveraging specialty & advertising income expertise across the New Group.
Leasing synergies	Leasing synergies are expected to be created through: <ul style="list-style-type: none"> – strengthening retailer relationships, as the New Group will be a key partner of, and have increased relevance and strategic importance to, domestic and international retailers; – the cross-fertilization of retailer relationships between Unibail-Rodamco and Westfield;

²⁶ Assuming no goodwill impairment.

²⁷ The calculations are based on the following assumptions:

- Run-rate synergies: €100 million per annum (of which, €40 million anticipated from incremental revenues and €60 million from costs reduction);
- Debt: €5.1 billion (cash component of the Transaction as well as transaction costs);
- Cost of debt: hypothesis in line with current market standards;
- Scrip Consideration: approximately 38.3 million Unibail-Rodamco shares to be issued to Westfield Securityholders.

²⁸ Full quantum of annual synergies.

²⁹ This figure is on a run-rate basis and is exclusive of one-off transaction and integration costs.

	<ul style="list-style-type: none"> – targeting the best performing retailers; – rolling out Westfield’s best practices in terms of specialty leasing and media platform onto Unibail-Rodamco’s assets; and – rolling out Unibail-Rodamco best practices in terms of asset management across the combined portfolio.
Other synergies	Following implementation of the Schemes, there may be the potential for synergies to be realized beyond those identified above. This may include, but is not limited to the rolling-out of the best practices in data and in digital innovation of each group across the enlarged portfolio to strengthen connections with visitors and retailers and create further value.

b) Estimated cost synergies

Unibail-Rodamco has identified approximately €60 million of annual run rate cost synergies³⁰. These cost savings are expected to be driven by the synergies described in the table below:

Overhead synergies	<p>Overhead synergies are expected to be achieved through</p> <ul style="list-style-type: none"> – the retirement of Westfield’s senior leadership team; – closing Westfield’s Sydney headquarters and consolidating corporate costs across the corporate structure; – reduced listing, statutory and regulatory costs; – integrating reporting and IT systems; and – savings on overheads due to the demerger of OneMarket.
Other synergies	<p>Following implementation of the Schemes, there may be the potential for synergies to be realized beyond those identified above. This may include, but is not limited to:</p> <ul style="list-style-type: none"> – the combination of high quality operation best practices; and – procurement efficiencies.

c) Timing to achieve synergies

Unibail-Rodamco estimates that almost all of the expected annual run rate cost synergies will be achieved in the first 18 months following implementation of the Transaction. Annual run rate revenue synergies are expected to take longer to fully realize.

Importantly, while Unibail-Rodamco has experience of integrating assets and businesses, the achievement of synergies is not certain. There is a risk that synergies may not be realized at all or not realized to their full extent, or that they may be realized over a longer period of time, or involve greater costs to implement, than anticipated. See Section 1.2 “— *Risks related to the Transaction and the Stapled Shares*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document for further details of these risks.

³⁰ This figure is on a run-rate basis and is exclusive of one-off transaction and integration costs.

2.1.2.2. Interest of the Contribution and the Transaction for WCL's and WFDT's securityholders

The Westfield Board has unanimously recommended the Transaction to Westfield Securityholders in the absence of a superior offer and subject to an independent expert concluding that the Transaction is in the best interests of Westfield Securityholders. As the Contribution is a necessary step for the consummation of the Transaction, Unibail-Rodamco believes that it is in the best interests of WCL's and WFDT's securityholders to complete the Contribution.

Unibail-Rodamco believes that the main interests of the Transaction for Westfield Securityholders (which includes WCL's and WFDT's securityholders) are the following:

a) Opportunity to participate in the New Group

Eligible Westfield Securityholders will be able to participate in the New Group, including the Westfield business, through the receipt of Stapled Shares of New Group received in the context of the WCL Share Scheme (for the Unibail-Rodamco shares component) and the WAT Trust Scheme (for Newco Class A Shares component) (the "**Scrip Consideration**").

Following the Transaction, Westfield Securityholders will hold approximately 28% of the Stapled Shares.

Former Westfield Securityholders who receive Scrip Consideration will be able to trade their Stapled Shares on the Euronext exchange in Paris and Amsterdam or their CDIs on the ASX. See Section 11.1 "*— Description of Stapled Shares*" of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document

As further described in Section 2.1.2.1 "*— Interest of the Contribution and the Transaction for Unibail-Rodamco and its shareholders*" of this Document, the Transaction will create one of the world's premier shopping centre owner, manager and developer³¹. The New Group is predominately focused on flagship shopping destinations. Unibail-Rodamco believes that this strategy, together with the New Group's global scale will ensure that the New Group is strongly positioned to compete in an evolving retail landscape where retailers are focused on maintaining a physical presence in premium, retail destinations and shoppers are focused on retail experiences and access to the best global retailers.

b) Opportunity to realize value at an attractive price point and at a significant premium to recent historical trading prices

The total cash and scrip payable to Westfield Securityholders if the Transaction becomes Effective represents a substantial premium to recent trading prices. Based on Unibail-Rodamco's closing price of €224.10, and relevant exchange rates, on December 11, 2017 (the day prior to the announcement of the Transaction), the Transaction (excluding the value of OneMarket) implied a total value of US\$7.55 (or A\$10.01) per Westfield Security representing:

³¹ In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (Source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

- a 17.8%³² premium based on Westfield’s closing security price of US\$6.41 (A\$8.50) on December 11, 2017; and
- a 22.7%³³ premium based on Westfield’s volume weighted average closing security price over the three months ending December 11, 2017 of US\$6.15 (A\$8.16).

Since Westfield Securities were issued in 2014 as part of the restructuring that occurred at that time, Westfield Securities have traded in the range of A\$6.70 to A\$11.14. Westfield’s security price declined in the 12 months prior to the announcement of the Transaction in-line with other publicly listed retail real estate entities. It should be noted that publicly listed retail real estate entities have experienced a general de-rating since mid-2016 as a result of a number of factors including perceived concerns regarding the future of “bricks and mortar” retailing, the decline of U.S. department store businesses and broader macroeconomic trends. The chart below sets out the security / share price performance of Westfield in the sector from August 1, 2016 to December 11, 2017 (the day prior to the announcement of the Transaction).



The Transaction therefore represents an opportunity to realize value at an attractive price point.

c) Unibail-Rodamco’s expectation of material value creation through the realization of revenue and cost synergies

As described in Section 2.1.2.1 “— *Interest of the Contribution and the Transaction for Unibail-Rodamco and its shareholders*” of this Document”, Unibail-Rodamco has identified significant synergies as a result of the Transaction which provides a unique opportunity to create value for both

³² This premium excludes the value of OneMarket, as disclosed in the press release announcing the acquisition. Including the fair market value of OneMarket that should be distributed prior to the transaction, the Transaction implied a total value of US\$7.63 (or A\$10.12) per Westfield Security and a premium to spot of 19.1%.

³³ This premium excludes the value of OneMarket, as disclosed in the press release announcing the acquisition. Including the fair market value of OneMarket that should be distributed prior to the transaction, the Transaction implied a total value of US\$7.63 (or A\$10.12) per Westfield Security and a premium to three months VWAP of 24.1%.

Westfield Securityholders and Unibail-Rodamco shareholders and deliver stronger returns than either Westfield or Unibail-Rodamco could achieve on a standalone basis.

2.2. LEGAL ASPECTS OF THE CONTRIBUTION

2.2.1. General description of the Contribution

In the context of the Contribution, Westfield Securityholders will transfer their WFDT units to TH Newco pursuant to the WFDT Trust Scheme. TH Newco, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), the sole purpose of which is to hold 100% of WFDT units, will be incorporated in The Netherlands prior to the Transaction Date. Westfield Securityholders will transfer their WCL shares and the Transfer Nominee will transfer the TH Newco shares to Unibail-Rodamco pursuant to the WCL Share Scheme. See Section 2.1.2 “— *Purpose and objectives of the Contribution*” of this Document.

The Contribution forms part of the Transaction and the consideration offered pursuant to the WCL Share Scheme forms part of the consideration received by Westfield Securityholders in accordance with the terms of the Transaction. For more details on the Transaction, see Section 3.6.1 “— *Key Transaction Steps for purposes of completing the Transaction*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

For Unibail-Rodamco, the WCL Share Schemes will represent:

- the contribution in kind of 2,078,089,686 WCL shares representing 100% of the issued share capital of WCL and 1,827,597,167 TH Newco shares representing 87.95% of the issued share capital of TH Newco; and
- the acquisition in cash of 250,492,519 TH Newco shares representing 12.05% of the issued share capital of TH Newco.

Under French law, the Contribution is a contribution in kind within the meaning of article L.225-147 of the French Commercial Code (*Code de commerce*).

The purpose of the WCL Share Scheme is to enable Unibail-Rodamco to become the direct holder of WCL and TH Newco.

Fractional entitlements and rounding

Where the calculation of the aggregate number of new Unibail-Rodamco shares to which a Scheme Participant would be entitled results in the issue of a fraction of a new Unibail-Rodamco shares, the aggregate number to which the Scheme Participant is entitled will be rounded down to the nearest whole number of new Unibail-Rodamco shares or, if the fractional entitlement is less than 1, rounded down to nil.

Fractions of new Unibail-Rodamco shares resulting from such rounding will be aggregated for all Scheme Participants and that aggregated number will be rounded up to the nearest whole number of new Unibail-Rodamco shares and subsequently issued to the Sale Agent in the form of new Unibail-Rodamco CDIs and/or Stapled Shares and sold under the Sale Facility.

The net proceeds of sale of those new Unibail-Rodamco CDIs and/or Stapled Shares will be paid by the Sale Agent to Scheme Participants who were not provided with their full Scrip Consideration because of the operation of rounding on a pro-rata basis in the proportion that each such Scheme Participant's fractional entitlement bears to the aggregate fractional entitlements of all such Scheme Participants. The relevant amount will be paid to each such Scheme Participant in the same currency in which the Scheme Participant was paid its Cash Consideration.

The following table illustrates the number of new Unibail-Rodamco CDIs and/or Stapled Shares that Westfield Securityholder holding certain parcels of Westfield Securities will receive if the Transaction is implemented and following the rounding of fractional entitlements:

Number of Westfield Securities	Number of Stapled Shares (received if elected)	Number of New Unibail-Rodamco CDIs (received by default)
1,000	18	360
1,500	27	540
2,000	36	720
5,000	92	1,840
7,500	138	2,760
10,000	184	3,680

A calculator which allows you to calculate the amount of cash and new Unibail-Rodamco CDIs which Westfield Securityholders will receive if the Transaction is implemented will be available at www.westfieldcorp.com/investors/transaction-information.

2.2.1.1. Closing date of the financial statements used in determining the value of the contributed assets

The contribution appraisers drew up their reports on the value of the Contribution and on the fairness of the Transaction's exchange ratio based on Unibail-Rodamco's company financial statements and consolidated financial statements prepared under IFRS at December 31, 2017 and of WCL's summary financial information (see Section 5.4.1 "*WCL financial information*" of this Document) and WFDT's company financial statements and consolidated financial (see Appendix 3 of this Document) prepared in accordance with International Financial Reporting Standards issued by the IASB at December 31, 2017.

2.2.1.2. Implementation date of the Contribution

The Contribution is subject to a number of conditions precedent and will be carried out on the date on which the last condition precedent is met (the "**Transaction Date**"). These conditions precedent are described in Section 3.7.2 "*Conditions precedent to the Schemes*" of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

2.2.1.3. Date of Unibail-Rodamco Supervisory Board meetings approving the Transaction

Unibail-Rodamco's Supervisory Board approved the Transaction on December 7, 2017 and unanimously recommended that Unibail-Rodamco Shareholders vote in favour of the proposals to be considered and voted upon at the Unibail-Rodamco's meeting of shareholders.

2.2.1.4. Date on which the contribution appraisers' reports are filed

The contribution appraisers' reports on the estimated value of the Contribution will be filed with the office of the clerk of the Paris Commercial Court at the latest eight days before the date of Unibail-Rodamco's ordinary and extraordinary meeting of shareholders.

2.2.1.5. Legal regime of the Contribution

The Contribution is subject to the standard legal provisions in France concerning contributed assets as provided for in article L.225-147 of the French Commercial Code (*Code de commerce*).

2.2.1.6. Tax regime - French tax consequences

The Contribution will qualify as a contribution in kind within the meaning of article L. 225-147 of the French Commercial Code.

a) Registration fees

Pursuant to article 810 I of the French tax code (*code général des impôts*), a fixed amount of €500 in registration fees will be payable in respect of the Contribution.

b) Financial transaction tax

Receiving new Unibail-Rodamco shares as consideration for the Contribution will be exempt from the French financial transactions tax provided for under article 235 ter ZD of the French tax code in accordance with article 235 ter ZD-II-1 applicable to issuance of new shares.

The above does not constitute an exhaustive description of all tax consequences that may apply with respect to the Contribution. Westfield Securityholders are invited to consult their usual tax advisers with respect to the provisions applicable to their specific situations in relation to the Contribution.

2.2.2. Verification of the Contribution

2.2.2.1. Date of the general meeting of shareholders called to approve the Contribution

Unibail-Rodamco's ordinary and extraordinary meeting of shareholders called to approve the share capital increase in consideration for the contribution in kind of 2,078,089,686 WCL shares and 1,827,597,167 TH Newco shares is scheduled for May 17, 2018 on first call.

Westfield Securityholders' meeting called to approve the Schemes is scheduled for May 24, 2018 on first call.

For more details on Unibail-Rodamco and Westfield shareholders' meeting, see steps 1 and 2 of Section 3.6.1 “— *Key Transaction Steps for purposes of completing the Transaction*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

2.2.2.2. Contribution appraisers

Jean-Jacques Dedouit, Dominique Mahias and Olivier Peronnet were appointed as contribution appraisers on Unibail-Rodamco's application by order of the President of the Paris Commercial Court on February 1, 2018.

No incompatibility was identified regarding the appointment of Jean-Jacques Dedouit, Dominique Mahias and Olivier Peronnet as contribution appraisers.

The reports of the contribution appraisers dated March 28, 2018 are included in Appendix 1 and Appendix 2 of this Document.

2.2.2.3. Independent experts appointed by the Commercial Court

Not applicable.

2.2.2.4. Special mandate given to the contribution appraisers by the AMF

No special mandate was given to the aforementioned contribution appraisers by the AMF.

However, in accordance with AMF recommendation No. 2011-11 of July 21, 2011, the mandate of the contribution appraisers was extended to include the consideration for the Transaction to allow the fairness of the share exchange ratio to be assessed.

2.2.2.5. Unibail-Rodamco Deed Poll

In accordance with the Implementation Agreement, shortly prior to the first Court hearing for the Schemes (expected to occur on April 12, 2018), Unibail-Rodamco will execute a Deed Poll under which Unibail-Rodamco agrees, subject to the Schemes becoming effective and subject to and in accordance with the terms of the Schemes, to:

- provide, or procure the provision of, the Scheme Consideration to each Scheme Participant, in accordance with the terms of the Schemes; and
- procure that TH Newco, Newco, U.S. Newco and the Transfer Nominee undertake all actions attributed to them under the Schemes.

2.2.2.6. Court decisions

The Schemes are subject to the approval of Westfield Securityholders. If the Schemes are approved by Westfield Securityholders, Westfield will apply for the requisite Scheme Court approvals of the Schemes.

If the requisite Scheme Court approvals of the Schemes are given, and all other conditions precedent to the Transaction have been satisfied or waived, Westfield will lodge the Scheme Court orders with ASIC at which time the Schemes will become effective (the "**Effective Date**"). It is expected that the Effective Date will occur on May 30, 2018.

Once the Schemes have become effective, the transfer of the Westfield Securities that they purport to effect will be binding on all Westfield Securityholders taking part in the Schemes, whether or not they voted in favour of the Schemes.

Consequently, all Westfield Securityholders will have the obligation to contribute all their WCL and TH Newco shares to Unibail-Rodamco in exchange for the Scheme Consideration provided by Unibail-Rodamco in accordance with the undertaking set forth in the Deed Poll described in Section 2.2.2.6 “— *Court decisions*” of this Document.

2.2.3. Consideration for the Contribution and for the Transaction

2.2.3.1. Capital increase – Cash Consideration – Newco Class A Shares

In the context of the Transaction the Westfield Securityholders will received both 0.01844 Unibail-Rodamco and 0.01844 Newco Class A Share stapled together to form the Stapled Shares and US\$2.67 in cash for each Westfield Security.

Capital increase of Unibail-Rodamco

The consideration for the Contribution will consist of the issuance by Unibail-Rodamco to the Contributors of 38,319,974 new Unibail-Rodamco shares, each with a par value of €5.

As a result of the Contribution, the total par value of Unibail-Rodamco’s share capital increase will be €191,599,870. Unibail-Rodamco’s share capital will therefore be increased from €499,283,380³⁴ to €690,883,250, divided into 138,176,650 shares each with a par value of €5.

Cash consideration

Unibail-Rodamco will acquire in cash 250,492,519 TH Newco shares, representing 12.05% of the WFDT units held by the Westfield Securityholders for an amount of €733,639,401.

In exchange for their WAT units, the Westfield Securityholders will receive a cash consideration of US\$4,682,731,604 (equivalent to €3,968,080,336 based on the exchange rate of €1 = US\$1.18 as of December 11, 2017).

Newco Class A Shares

In exchange for their WAT units, the Westfield Securityholders will also receive 38,319,974 Newco Class A Shares.

2.2.3.2. Dividend eligibility date

The new shares issued by Unibail-Rodamco in consideration for the Contribution will carry dividend and voting rights as from the date of their issuance, will rank *pari passu* with the existing shares comprising Unibail-Rodamco’s share capital, will carry the same rights and privileges and will be subject to all of the provisions set out in Unibail-Rodamco’s bylaws.

It is specified that the 2017 dividend is expected to be paid before the Contribution. To this extent, Westfield Securityholders will not be entitled to any dividend from Unibail-Rodamco for fiscal year ending December 31, 2017.

³⁴ As of December 31, 2017.

2.2.3.3. Tradability date – Listing date

The new shares will be stapled with class A shares issued by Newco immediately after their issuance to form the Stapled Shares and are expected to be traded on the regulated markets of Euronext Amsterdam and Euronext Paris, under ISIN code FR0013326246 and trading symbols AMS: URW (Euronext Amsterdam) and EPA: URW (Euronext Paris), as described in Section 11.1 “— *Description of Stapled Shares*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

2.3. ACCOUNTING OF THE CONTRIBUTION

2.3.1. Designation and value of the transferred assets and liabilities

In accordance with ANC standard No. 2014-03 issued by the French accounting standards authority on June 5, 2014 (as amended), the Contribution is to be carried out between two independent parties and therefore based on the fair value of the shares contributed.

2.3.1.1. Assets transferred

The Contributors will contribute to Unibail-Rodamco, in accordance with the conditions set out in the WCL Share Scheme which will be made publicly available the day it is lodged with ASIC and released to the ASX (which may be the day of the first court hearing or the following):

- 2,078,089,686 WCL shares representing 100% of WCL’s share capital, and
- 1,827,597,167 TH Newco shares representing 87.95% of TH Newco’s share capital,

for a total amount of €8,197,172,977.

Unibail-Rodamco will acquire in cash 250,492,519 TH Newco shares for an amount of €733,639,401.

The valuation of 2,078,089,686 WCL shares representing 100% of WCL’s share capital and 2,078,089,686 TH Newco shares representing 100% of TH Newco’s share capital therefore amounts to €8,930,812,378 as set out in Section 2.4.4.3 “— *Summary of the valuations*” of this Document.

2.3.1.2. Liabilities transferred

Not applicable.

2.3.2. Assessment of the contribution appraisers

The contribution appraisers drew up reports on their assessment of the value of the Contribution and on the fairness of the consideration for the Contribution. These reports are included in [Appendix 1](#) and [Appendix 2](#) of this Document.

2.3.3. Details of the calculation of the share premium

The difference between the par value of the capital increase (*i.e.* €191,599,870)³⁵ and the value of the Contribution (*i.e.*, €8,197,172,977³⁶) will represent a share premium of €8,005,573,107³⁷. This premium will be credited to additional paid-in capital in Unibail-Rodamco's statement of financial position to which all new and existing Unibail-Rodamco shareholders will have rights.

2.4. VALUATION

This Section details the following valuations:

- the implied equity value of WCL and WFDT, which is comprised of 2,078,089,686 WCL shares and 2,078,089,686 TH Newco shares, representing 100% of the share capital of TH Newco;
- the implied equity value of the Contribution, which is comprised of 2,078,089,686 WCL shares, representing 100% of the share capital of WCL, and 1,827,597,167 TH Newco shares, representing 87.95% of the share capital of TH Newco;
- the equity value of the Consideration for 2,078,089,686 WCL shares and 2,078,089,686 TH Newco shares, representing 100% of the share capital of TH Newco; and
- the equity value of the Total Consideration for 2,078,089,686 WCL shares, 2,078,089,686 TH Newco shares and 2,078,089,686 WAT units, representing 100% of the share capital of WAT.

2.4.1. Offer terms and structure

2.4.1.1. The Contribution

The implied equity value of the Contribution, which is comprised of 2,078,089,686 WCL shares and 1,827,597,167 TH Newco shares³⁸, has been assessed by performing a multi-criteria analysis on the entire perimeter (*i.e.* including WAT) and allocating the Westfield Group's value between the three component entities according to the breakdown of the Westfield Group's equity on December 31, 2017, as reported by Westfield in its financial statements, as set out in the table and illustrated in the chart below:

Relative Equity attributable to the three entities of Westfield Corporation	%³⁹
WCL	21.40%
WFDT	45.80%
WAT	32.79%

Sources: Westfield Annual Financial Report 2017.

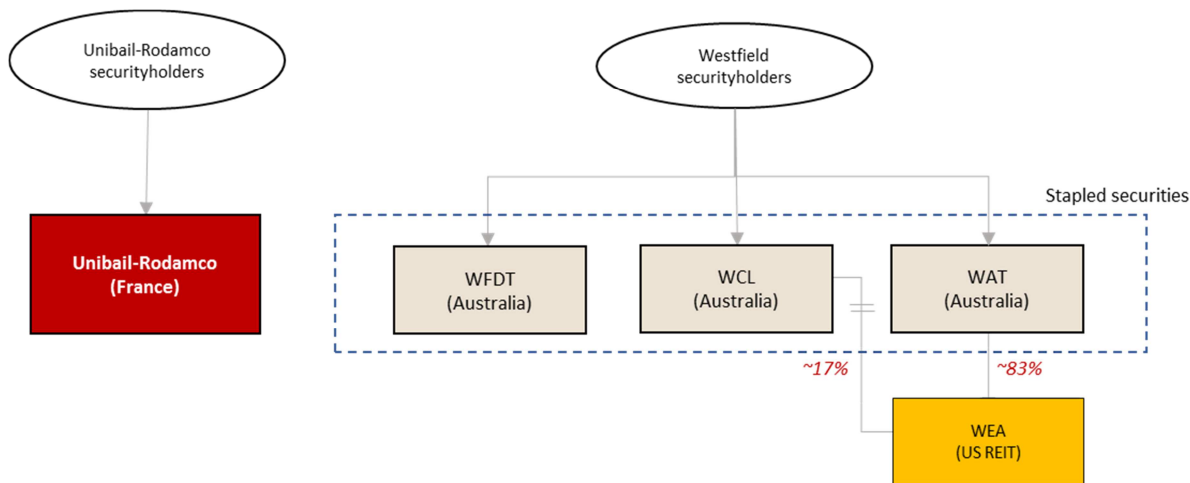
³⁵ 38,319,974 issued shares with a nominal value of €5 (38,319,974*€5=€191,599,870).

³⁶ Based on the exchange rate of €1 = US\$1.18 as of December 11, 2017.

³⁷ Based on the exchange rate of €1 = US\$1.18 as of December 11, 2017.

³⁸ As described in Section 2.2.1 “— *General description of the Contribution*” of this Document, 100% of WFDT units will be contributed to TH Newco in the context of the Transaction.

³⁹ Figures may not add up due to rounding.



Therefore, the assessment of the value of the WCL and WFDT has been derived by applying a fixed **67.21%** (corresponding to the sum of the percentages allocated to WCL and WFDT by Westfield Group) of the equity value of the Westfield Group as derived from each methodology in our multi-criteria analysis. In addition, this allocation was agreed among the parties and is consistent with the way Westfield has historically prepared its financial information.

2.4.1.2. The Consideration

a) Overall consideration

Unibail-Rodamco and Westfield agreed upon the following total consideration for the entire perimeter of the Westfield Group, composed of WAT, WCL and WFDT (the “**Total Consideration**”):

- 0.01844 Unibail-Rodamco shares issued to Westfield Securityholders, representing a total of 38,319,974 shares of Unibail-Rodamco (composed of one newly issued share of Unibail-Rodamco, each stapled together with one share of a Newco); and
- US\$2.67 in cash per Westfield Securities, representing a total amount of US\$5,548,499,462 in cash (equivalent to €4,701,719,737 based on the exchange rate of €1 = US\$1.18 as of December 11, 2017).

As of December 11, 2017, the value of the Total Consideration, equals to US\$15,682,615,497. (Share price of Unibail-Rodamco in US\$ as of December 11, 2017 * number of Unibail-Rodamco shares issued to Westfield Securityholders + Cash portion of the offer *i.e.* 224.1 * 1.18 * 38,319,974 + 5,548,499,462).

b) Allocation of the overall consideration

As part of the overall negotiation of the Transaction between Westfield and Unibail-Rodamco, and as a result of various legal, structuring, financing and tax considerations, it has been agreed between the two companies that this Total Consideration will be allocated, including the allocation of the two component of the cash consideration, as follows between WAT, on the one hand, and WCL and WFDT, on the other hand:

- In exchange for their units in WAT, the Westfield Securityholders will receive:

- a cash consideration of **US\$4,682,731,604** (equivalent to €3,968,080,336 based on the exchange rate of €1 = US\$1.18 as of December 11, 2017); and
 - **38,319,974** Newco Class A Shares;
- In exchange for their shares in WCL and WFDT, the Westfield Securityholders will receive:
- a cash consideration of **US\$865,767,858** (corresponding to €733,639,401 based on the exchange rate of €1 = US\$1.18 as of December 11, 2017); and
 - **38,319,974** newly issued shares of Unibail-Rodamco;

The portion of the Total Consideration payable for their shares in WCL and units in WFDT is referred to as the “**Consideration**” further below.

c) Methodology

The Consideration has been valued by performing a multi-criteria analysis on Unibail-Rodamco, deriving the implied value of the share portion of the Consideration, and adding the nominal value of the cash portion of the Consideration.

For reference, and in order to allow Unibail-Rodamco shareholders to analyze the Transaction as a whole, the value of the Total Consideration payable for the entire Westfield Group (including WAT) has also been computed based on each of these methodologies.

For each methodology, the value of the Total Consideration is derived by adding:

- the value of the Consideration;
- the value of the consideration payable to Westfield Securityholders in exchange for WAT, *i.e.* US\$4,682,731,604 in cash and 38,319,974 Newco Class A Shares, which have a value of US\$0 prior to the Transaction, given Newco is a newly created vehicle with no assets nor liabilities prior to the Transaction.

2.4.2. Financial assumptions

2.4.2.1. Financial metrics

The financial metrics used to analyze the value of the WCL and WFDT, and the Consideration are taken from the financial statements of:

- Unibail-Rodamco, prepared in accordance with IFRS rules as adopted in the European Union for consolidated annual financial statements at December 31, 2016, and June 30, 2017;
- Westfield, prepared in compliance with applicable Australian Accounting standards and the Australian Corporations Act at December 31, 2016, and June 30, 2017.

2.4.2.2. Research analysts' projections

The financial assumptions used to perform the multi-criteria analysis described below are based on research analysts' projections⁴⁰ for the 2018-2019 period and an extrapolation of these projections for the 2020-2023 period.

- Brokers that were not providing financial projections in their reports have been excluded;
- The financial projections not in line with the respective reporting of Unibail-Rodamco and Westfield have been excluded;
- Brokers' reports that were outdated, *i.e.* before H1 2017 results publication of Westfield and Unibail-Rodamco have been excluded.

This leads to a selection of five brokers for Unibail-Rodamco and three brokers for Westfield.

The financial estimates contained in these analysts' reports are not endorsed by either Unibail-Rodamco or Westfield, their inclusion in this document is not intended as a profit forecast or estimate for any period, and any reference to such financial estimates should not be interpreted as meaning that the earnings or earnings per share of Unibail-Rodamco or Westfield for any period would necessarily match or exceed the projected financial estimates detailed below.

Unibail-Rodamco's shares are listed on Euronext Amsterdam and Euronext Paris while Westfield's shares are listed on the Australian Securities Exchange. Both Unibail-Rodamco's and Westfield's shares are also traded on the U.S. over-the-counter market through American Depositary Receipts. Unibail-Rodamco and Westfield regularly communicate on their earnings and are tracked by leading equity research analysts.

2.4.2.3. Bridges between enterprise value to the equity value

The elements used to derive the equity value of each of Unibail-Rodamco and Westfield for their respective enterprise values are based on their respective financial statements as at June 30, 2017.

a) Unibail-Rodamco

The below table summarizes the amount to be deducted from the enterprise value to arrive at the equity value of Unibail-Rodamco.

Unibail-Rodamco	€m
Reported total financial liabilities	15,575
Cash and liquid instruments on hand	(1,379)
Shares and investments in the companies under the equity method	(1,773)
Non-controlling interests	3,780
Fair market value of "in-the-money" ORNANEs	(2)

⁴⁰ The projections are derived from the following equity research analyst' reports in relation to Unibail-Rodamco and Westfield: Unibail-Rodamco: HSBC (Dec-2017), JP Morgan (Oct-2017), Natixis (Oct-2017), Jefferies (Jul-2017), Morgan Stanley (Jul-2017); Westfield: JP Morgan (Dec-2017), Macquarie (Nov-2017), Credit Suisse (Aug-2017).

Bridge from equity value to enterprise value	16,202
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Sources: Unibail-Rodamco's annual financial report and financial communications

NB: All items as at June 30, 2017

b) Westfield Group

Prior to implementation of the Transaction (and subject to the Transaction proceeding and certain other conditions, including approval by Westfield Securityholders, being satisfied or waived), a 90% interest in the OneMarket business (formerly Westfield Retail Solutions), Westfield's retail technology platform, is expected to be spun-off from the Westfield Group into a newly incorporated ASX listed entity. The Westfield Group will retain the remaining 10% interest in OneMarket. OneMarket will receive a net contribution of US\$197m (net of US\$47m representing the fair market value of OneMarket Network LLC (US) paid to WCL Holdings), such that the net cash position as at December 31, 2017 is US\$197m.

As a result, the equity value to enterprise value bridge summarized in the table below has been adjusted to reflect the 90% interest of the Westfield Group in OneMarket representing US\$180m (*i.e.* US\$200m*90%). Based on Westfield's diluted number of securities (*i.e.* 2,078,089,686), the adjustment for OneMarket on a per share basis is US\$0.09.

Potential awards scheme security options will be settled in cash and, hence, will not dilute the total share count. The equity value to enterprise value bridge summarized in the table below has been adjusted to reflect such cash settlement representing US\$180m (Assumed potential issue of shares * announced offer price per share = 24m * US\$7.55 = US\$180m). Based on Westfield's diluted number of securities (*i.e.* 2,078,089,686), the adjustment on a per share basis is US\$0.09.

The below table summarizes the amount to be deducted from the enterprise value to arrive at the equity value of Westfield Group.

Westfield Group	US\$m
Reported interest bearing liabilities	9,005
Convertible/redeemable preference shares and finance leases	265
Cash	(488)
Non-controlling interests	65
<u>Cash retained at OneMarket</u>	<u>180</u>
<u>Cash-settled awards scheme security options</u>	<u>180</u>
Bridge from Equity value to Enterprise value	9,208

Sources: Westfield's annual financial report and financial communications. Proportionate figures including 100% of the assets and liabilities fully consolidated and share of assets and liabilities accounted for under the equity method

NB: All items as at June 30, 2017

2.4.2.4. Diluted shares outstanding

The number of shares for Unibail-Rodamco and Westfield shown in the table below takes into account the maximum potential dilutive effect from "in-the-money" stock options, performance shares and convertible securities.

Unibail-Rodamco	Million shares
Number of shares comprising the share capital	99.9
Dilution from "in-the-money" stock options, performance shares, ORNANEs, ORAs and capital increase ⁴¹	0.7
Diluted shares outstanding	100.6

Sources: Projected maximum number of Unibail-Rodamco shares on issue as at the Transaction Date, as provided by Unibail-Rodamco.

Westfield	Million securities
Number of securities comprising the share capital	2,078.1
Dilution from potential awards scheme security options ⁴²	-
Diluted shares outstanding	2,078.1

Sources: Westfield's annual financial report and financial communications

2.4.3. Description of the criteria used in determining the value of WCL and WFDT

2.4.3.1. Considerations on the valuation methods used and rejected

The Westfield Group, composed of WAT, WCL and WFDT, was valued using a multi-criteria approach, after which the allocation rule outlined in Section 2.4.1.1 “— *The Contribution*” of this Document has been applied to derive the value of WCL and WFDT.

The multi-criteria analysis of the Westfield group was based on the following methodologies:

- **Net asset value:** The NAV valuation involves valuing each business units separately, *i.e.*, the investment properties, the development pipeline, the property management business, and the development management business. The method used to value the investment properties is based on the fair value of investment properties disclosed in June 30, 2017 semi-annual accounts, which are derived from independent appraisals from real estate valuation experts on an asset-by-asset level. The method used to value the development pipeline, the property management business and the project management business is based on fundamental valuation. The NAV valuation reflects the full scope of a real estate company's activities (*i.e.* not just the investment property portfolio) and combines both historical valuation appraisals and market inputs
- **Discounted cash flow:** This valuation approach is based on the notion that the value of an entity depends on its capacity to generate future cash flows. The method therefore involves estimating these cash flows over the medium term and extrapolating them to infinity (using a terminal value). The cash flows are then discounted to present value. The cash flows are defined as "free" cash flows, *i.e.*, after tax, changes in working capital and investment spending, but excluding

⁴¹ Anticipated 2018 employee share capital increase program with respect to a maximum issuance of 100,000 shares.

⁴² The awards scheme security options have been considered cash settled and the impact is taken into consideration in the Bridge from Equity value to Enterprise value (see Section 2.4.2.3 “— *Bridges between enterprise value to the equity value*” of this Document)

financial income and expenses. Future cash flows therefore represent the cash flows available for remunerating invested capital (equity and financial debt). It is the most fundamental approach and tends to deliver company's intrinsic value, independent of short term market volatility and peers trading. Cashflows in the real estate sector can be estimated with reliability, and this makes this methodology particularly effective;

- Reference share price: The analysis of different volume-weighted average closing prices reflects the market's historical view on Unibail-Rodamco and Westfield's recent valuation. This methodology thus allows to assess the fair value of both Unibail-Rodamco and Westfield in light of the market's recent perception of both companies, and incorporating all publicly available information;
- Research analysts' target prices: Public shares prices are regularly tracked by research departments of financial institutions. It is an independent valuation view which incorporates all publicly available information, and reflects the research analyst communities view on the fair value of both Unibail-Rodamco and Westfield.

The following valuation methods have not been taken into account:

- Comparable trading multiples: this approach aims at estimating a company's value by applying relevant multiples observed for a selection of listed companies operating in similar businesses with comparable financial profile. In the real estate sector, trading multiples are usually based on the observed premium or discount to net asset value or a multiple of recurring earnings/funds from operations. This methodology was not used because of the limitations of premium to net asset value and recurring earnings/funds from operations in measuring Westfield's value. Net asset value has two main limiting factors, namely the absence of appraisal value disclosure for Westfield's core U.S. peers, and the absence of value ascribed in Westfield's appraisals to the future profits embedded in Westfield's development pipeline and the value of Westfield's property management and development management businesses. Recurring earnings/funds from operations understates Westfield's value due to the large size of the development pipeline, which generates significant operating and financial costs while not generating immediate income but is expected to be a significant source of value creation upon completion.
- Comparable transaction multiples: this approach aims at estimating a company's value by applying relevant multiples observed for a selection of transactions involving companies operating in similar businesses. In the real estate sector, comparable transaction multiples are usually based on the observed premium or discount to net asset value or a multiple of recurring earnings/funds from operations. This methodology was not used because of the limitations of net asset value and recurring earnings/funds from operations in measuring Westfield's value, and also the lack of comparable transactions involving companies with a similar business profile to Westfield (involving both a large portfolio of premium flagship investment properties, significant development pipeline and operating businesses generating significant streams of fee income).

2.4.3.2. Valuation of WCL and WFDT, and the Contribution

a) Net asset value

The IFRS net tangible asset value in Westfield accounts does not fully reflect the value of Westfield, which has a substantial pipeline of future developments, as well as airports, property management and project management fee businesses currently not recorded on Westfield's balance sheet. The

EPRA net asset value⁴³ of Westfield has been estimated. This estimate was reported by Unibail-Rodamco in its investor presentation dated December 12, 2017.

The adjusted EPRA NAV per share, as estimated by Unibail-Rodamco, amounted to €6.00 or US\$7.08⁴⁴ for Westfield, using a €/US\$ exchange ratio of 1.180 as of December 11, 2017. This adjusted EPRA NAV is the sum of the standard EPRA NAV per share derived from Westfield’s financial statements, to which was added (i) the revaluation of the long term pipeline, (ii) the revaluation of the long term residential projects, (iii) the fee businesses, and to which was deducted (iv) an unjustified goodwill corresponding to the write-off of the UK business which arose from the split of the former Westfield Group and a small write off on Westfield standing portfolio. This figure was computed as reported Net Asset Value (as of H1-2017) adjusted for:

- EPRA adjustments: deferred tax liabilities and derivative liabilities add-back, net of deferred tax assets and derivative assets;
- Valuation of intangibles: capitalised value of fee businesses and net present value of future pipeline revaluations (including residential properties);
- Other adjustments: unjustified goodwill, write-off of standing assets and fiscal adjustments

This represents US\$6.99 per Westfield Security including the adjustment for OneMarket of US\$0.09 per share as described in Section 2.4.2.3(b) “— *Bridges between enterprise value to the equity value*” above (€6.00 is already adjusted for potential awards scheme security options). This implies a value of US\$9,768m for WCL and WFDT and a value for the Contribution of **US\$8,902m** as outlined below:

	Net asset value
EPRA net asset value (per Westfield Security) (EUR)	6.00
€/US\$	1.18
EPRA net asset value (per Westfield Security) (US\$)	7.08
OneMarket impact (per Westfield Security) (US\$) ⁴⁵	(0.09)
EPRA net asset value (per Westfield Security) post OneMarket adj. (US\$)	6.99
Diluted NOSH (m)	2,078.1
Equity value of the Westfield Group (US\$m)	14,534
<i>Equity value of WCL and WFDT</i>	67.21%

⁴³ Computed by Unibail-Rodamco applying its own accounting policies and estimates, based on financial information provided by Westfield.

⁴⁴ The figure reported by Unibail-Rodamco in its investor presentation was €5.97/US\$7.05. The two figures differ due to the different treatment of potential awards scheme security options; in the investor presentation, Unibail-Rodamco assumed a settlement in shares of such instruments, which had a dilutive effect. Furthermore, the €/US\$ exchange rate used in the investor presentation had a different reference date (December 1, 2017).

⁴⁵ Adjusted for the value of OneMarket, taking into account a US\$0.09 impact per share of the contemplated spin-off of OneMarket as described in Section 2.4.2.3b).

Implied equity value of WCL and WFDT (US\$m) ⁴⁶	9,768
Cash consideration for 12.05% of TH Newco (US\$m)	(866)
Implied equity value of the Contribution (US\$m)	8,902

b) Discounted Cash Flow

The Discounted Cash Flow method is based on cash flow⁴⁷ estimates until 2023 and a terminal value thereafter. Cash flows and terminal value are discounted at a weighted average cost of capital (“WACC”), estimated with the unlevered betas of the peer group⁴⁸, risk free rate and equity risk premia of the jurisdictions where the Westfield Group operates, its target capital structure and average cost of debt.

The enterprise value is obtained by discounting expected available cash flows against the WACC at June 30, 2017. The business plans used are based on the selected equity research analysts (2017-2019), derived from the equity research analysts’ reports, extrapolated to 2023.

The selected brokers’ notes were JP Morgan (Dec-17), Macquarie (Dec-17) and Credit Suisse (Aug-17). UBS’s note (Nov-17) was excluded, due to the insufficient level of details provided in the forecasts.

Main assumptions of the business plan of the Westfield Group for the 2020-2023 period

Selected equity research analysts until 2019, then extrapolated over the period 2020-2023 with:

- A compounded annual growth rate (CAGR) of 8.8% of the company’s EBIT over the 2020-2023 period, in line with 8.8% EBIT growth rate in 2019E based on equity research analysts;
- A normative tax rate of 3% based on the average of equity research analysts’ forecasted tax;
- Capital expenditures p.a. in 2020 and 2021 in line with brokers’ average capital expenditures in 2019 of c.US\$0.9 billion, gradually decreasing in 2022 and 2023 to maintenance capex level at 3.7% of EBIT in terminal year in line with equity research analysts’ forecasts;
- Working capital requirements flat over the period 2018-2023.

WACC assumptions

For Westfield, it is 6.4% on the basis of the following assumptions:

- Risk-free rate of 2.2% (weighted average risk free rate of countries where Westfield operates)⁴⁹;

⁴⁶ The equity value of WCL and WFDT is equal to the equity value of the Westfield Group multiplied by 67.21%, based on the breakdown of Westfield’s equity value on December 31, 2017 outlined in Section 2.4.1.1 “— *The Contribution*” above.

⁴⁷ Defined as the operating profit or loss after tax plus depreciation and amortization (which have no effect on cash) minus net capital expenditure and changes in working capital requirements.

⁴⁸ The peer set includes Simon Properties, General Growth Properties, Taubman and Macerich for Westfield and Intu Properties, Hammerson and Klepierre for Unibail-Rodamco.

⁴⁹ Source: Bloomberg (as of December 11, 2017).

- Weighted average market-risk premium of 7.5%⁵⁰;
- Levered beta of 0.82, calculated as the median unlevered beta of peers (Simon Property Group, GGP, Macerich, Taubman, Intu, Hammerson and Klepierre), re-levered with Westfield's capital structure⁵¹.

Terminal value

The terminal value is calculated on the basis of a normative cash flow, in line with the final extrapolations of the business plan, and takes into account a perpetuity growth rate of 2.0%, based on forecasted inflation and GDP deflator and a WACC of 6.4%.

Business plan

Below a summary of the resulting BP based on brokers' assumptions:

Income statement metrics (US\$m)	Brokers' assumptions			Extrapolation assumptions	
	2017E	2018E	2019E	2020-2023	2024 to perpetuity
EBIT	877	1,033	1,124	+8.8% p.a.	+2.0% p.a.
Recurring PBT	696	743	812	-	-
Tax ⁵²	(23)	(24)	(24)	-	-
Implied tax rate	3.3%	3.3%	2.9%	2.9% of PBT	2.9% of PBT

Cashflow statement metrics (US\$m)	2017E	2018E	2019E	2020-2023	2024 - Perpetuity
	Maintenance capex	(38)	(40)	(41)	3.7% of EBIT
Investing activities	(1,216)	(765)	(871)	-21.6% p.a. (average rate)	3.7% of EBIT

As detailed below, the Discounted Cash Flow approach implies an enterprise value for Westfield of US\$25.866 billion and a resulting equity value of US\$16.658 billion, implying a value of **US\$11.195 billion** for WCL and WFDT and a value for the Contribution of **US\$10,330m**:

	US\$m (unless otherwise stated)
Sum of 2017 – 2023 cash flow (discounted to June 30, 2017)	2,247
Terminal value (discounted to June 30, 2017)	23,619
Enterprise value	25,866
Enterprise value to equity value bridge (as laid out in section 2.4.2.3b)	(9,208)

⁵⁰ Source: Bloomberg (as of December 11, 2017).

⁵¹ Source: Company Reporting and Barra (as of December 11, 2017).

⁵² This is the tax expense forecasted by brokers; it differs from the cash tax in the DCF, which is calculated as implied tax rate * EBIT.

Equity value of the Westfield group (US\$m)	16,658
<i>Equity value of WCL and WFDT</i>	<i>67.21%</i>
Implied equity value of WCL and WFDT ⁵³	11,195
Cash consideration for 12.05% of TH Newco (US\$m)	(866)
Implied equity value of the Contribution (US\$m)	10,330

The below table shows a sensitivity of the equity value of WCL and WFDT (US\$m) to the WACC and the terminal growth rate:

		Terminal growth rate (%)				
		1.6%	1.8%	2.0%	2.2%	2.4%
WACC (%)	6.0%	11,522	12,328	13,214	14,195	15,285
	6.2%	10,629	11,358	12,156	13,034	14,006
	6.4%	9,812	10,473	11,195	11,986	12,856
	6.6%	9,061	9,664	10,320	11,035	11,818
	6.8%	8,370	8,921	9,518	10,168	10,876

c) Valuation based on closing prices

The analysis was conducted on Westfield's volume-weighted average closing prices ("VWAP") over selected periods ranging from one to six months, ending as of December 11, 2017, which is the last undisturbed closing price before the transaction announcement.

Westfield's closing prices have been adjusted for the expected spin-off of OneMarket, in which the Westfield Group is expected to retain a 90% interest. This adjustment is of US\$0.09 on a per share basis. The closing prices were not adjusted for the cash settlement of awards scheme security options, as the market already prices in the dilutive effect of such instruments.

The below table shows the value of the Contribution implied by various closing prices of the Westfield Group.

	Dec. 11, 2017	1-month VWAP	2-month VWAP	3-month VWAP	6-month VWAP
Westfield security price (AU\$)	8.50	8.35	8.09	7.94	7.94
US\$/AU\$ exchange rate	1.327	1.318	1.305	1.291	1.287
Westfield security price (US\$)	6.41	6.34	6.20	6.15	6.17
OneMarket impact (per Westfield Security) (US\$) ⁵⁴	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)

⁵³ See footnote 46 p. 61.

Westfield security price adj. for OneMarket (US\$)	6.32	6.25	6.11	6.06	6.09
Diluted NOSH (m)	2,078.1	2,078.1	2,078.1	2,078.1	2,078.1
Equity value of the Westfield group (US\$m)	13,135	12,987	12,704	12,600	12,648
<i>Equity value of WCL and WFDT</i>	<i>67.21%</i>	<i>67.21%</i>	<i>67.21%</i>	<i>67.21%</i>	<i>67.21%</i>
Implied equity value of WCL and WFDT (US\$m)⁵⁵	8,828	8,728	8,538	8,468	8,500
Cash consideration for 12.05% of TH Newco (US\$m)	(866)	(866)	(866)	(866)	(866)
Implied equity value of the Contribution (US\$m)	7,962	7,862	7,672	7,602	7,634

Source: Factset, Bloomberg

d) Equity research analysts' target prices

The following tables show equity research analysts' latest target prices for Westfield published prior to December 11, 2017. Only research reports published before the announcement of the proposed transaction have been considered in order to exclude any potential impact of the announcement.

Equity research analysts' target prices show an average value of **US\$9,607m** for WCL and WFDT and a value for the Contribution of **US\$8,742m**. The minimum and maximum target prices have been released by Morgan Stanley (US\$5.75, October 6, 2017) and J.P. Morgan (US\$7.99, December 11, 2017), respectively, implying a value for the Contribution of US\$7,040m to US\$10,173m.

Target prices have been adjusted for the expected spin-off of OneMarket, in which the Westfield Group is expected to retain a 90% interest. This adjustment is of US\$0.09 on a per share basis. The target prices were not adjusted for the cash settlement of awards scheme security options, as the market already prices in the dilutive effect of such instruments.

⁵⁴ See footnote 45 p. 60.

⁵⁵ See footnote 46 p. 61.

	J.P. Morgan	Macquarie	UBS	Goldman Sachs	Morgan Stanley	Credit Suisse	Average
Last review	11-Dec-17	14-Nov-17	09-Nov-17	27-Oct-17	06-Oct-17	16-Aug-17	-
Recommendation	Buy	Buy	Buy	Hold	Sell	Buy	-
Target price (AU\$)	10.60	9.59	9.35	8.42	7.40	8.95	9.05
US\$/AU\$ exchange rate	1.327	1.310	1.302	1.303	1.287	1.262	-
Target price (US\$)	<u>7.99</u>	7.32	7.18	6.46	<u>5.75</u>	7.09	6.97
OneMarket impact (per Westfield Security) (US\$) ⁵⁶	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Target price adj. for OneMarket (US\$)	7.90	7.23	7.09	6.38	5.66	7.01	6.88
Diluted NOSH (m)	2,078.1	2,078.1	2,078.1	2,078.1	2,078.1	2,078.1	2,078.1
Equity value of the Westfield group (US\$m) ⁵⁷	16,425	15,028	14,742	13,253	11,764	14,560	14,295
Equity value of WCL and WFDT	67.21%	67.21%	67.21%	67.21%	67.21%	67.21%	67.21%
Implied equity value of WCL and WFDT ⁵⁸ (US\$m)	<u>11,038</u>	10,100	9,908	8,907	<u>7,906</u>	9,785	9,607
Cash consideration for 12.05% of TH Newco (US\$m)	(866)	(866)	(866)	(866)	(866)	(866)	(866)
Implied equity value of the Contribution	<u>10,173</u>	9,234	9,042	8,041	<u>7,040</u>	8,919	8,742

Source: Bloomberg

2.4.4. Description of the criteria used in determining the value of the Consideration

2.4.4.1. Considerations on the valuation methods used and rejected

The Consideration and the Total Consideration have been valued using a multi-criteria analysis for the portion of the consideration denominated in Unibail-Rodamco stock, as outlined in Section 2.4.1.2 “— *The Consideration*” of this Document.

⁵⁶ See footnote 45 p. 60.

⁵⁷ Value of the Westfield group perimeter = Implied Westfield share price adjusted for OneMarket (US\$) * Westfield diluted shares of 2,078m * 100%.

⁵⁸ See footnote 46 p. 61.

In line with the rationale outlined for the valuation of Westfield and the Contribution, we have retained the following methods for the multi-criteria valuation of Unibail-Rodamco and the Consideration:

- Net asset value;
- Discounted cash flow;
- Reference share price;
- Research analysts' target prices.

The comparable trading multiples and comparable transaction multiples methods have not been taken into account, for comparability purposes.

2.4.4.2. Valuation of the Consideration

a) *Net asset value*

The EPRA net asset value per share value disclosed in Unibail-Rodamco accounts as at June 30, 2017 is €206.2 or US\$243.3 for Unibail-Rodamco, using a €/US\$ exchange ratio of 1.180 as of December 11, 2017.

The implied value of the Consideration based on Unibail-Rodamco's EPRA net asset value is **US\$10,190m** as outlined below.

	Net asset value
EPRA net asset value (per Unibail-Rodamco share) (€)	206.20
€/US\$	1.18
EPRA net asset value (per Unibail-Rodamco share) (US\$)	243.34
NOSH offered in consideration ⁵⁹ (m)	38.3
Implied Value of Stock Consideration (US\$m)	9,325
Value of cash consideration (US\$m) ⁶⁰	866
Equity Value of the Consideration (US\$m)	10,190
Cash offered in exchange for WAT (US\$m)	4,683
Equity value of the Total Consideration (US\$m) ⁶¹	14,873

⁵⁹ The Consideration is composed of 38,319,974 newly issued shares of Unibail-Rodamco and €733,639,401 in cash, corresponding to US\$865,767,858 based on the exchange rate of €1 = US\$1.18 as of December 11, 2017.

⁶⁰ See footnote 59 p. 66.

⁶¹ Assuming the 38.3m new shares of Newco offered as part of the consideration for WAT have a value of US\$0, as explained in Section 2.4.1.2c).

b) Discounted Cash Flow

The Discounted Cash Flow method is based on cash flow⁶² estimates until 2023 and a terminal value thereafter. Cash flows and terminal value are discounted at a WACC, estimated with the unlevered betas of the peer group⁶³, risk free rate and equity risk premia of the jurisdictions where Unibail-Rodamco operates, its target capital structure and average cost of debt.

The enterprise value was obtained by discounting expected available cash flows against the WACC at June 30, 2017. The business plan used is based on the equity research analysts' consensus (2017-2019), derived from the derived from the equity research analysts' reports, extrapolated to 2023.

The brokers' notes selected were HSBC (Dec-17), JP Morgan (Oct-17), Natixis (Oct-17), Jefferies (Jul-17) and Morgan Stanley (Jul-17).

Credit Suisse (Feb-17) was excluded, as it was published before the release of H1-2017 results. Deutsche Bank (Jul-17) and Société Générale (Oct-17) were excluded, as they do not provide financial projections. Kepler Cheuvreux (Oct-17) and UBS (Nov-17) were excluded, due to the insufficient level of details provided in their forecasts.

Main assumptions underlying the projections for Unibail-Rodamco for the 2020-2023 period

Equity research analysts' consensus until 2019, then extrapolation over the period 2020-2023 which yields:

- A compounded annual growth rate (CAGR) of 5.7% of the company's EBIT over the 2020 – 2023 period, in line with 5.7% EBIT growth rate in 2019E based on equity research analysts;
- A normative tax rate of 1% based on the average of Equity research analysts' forecasted tax;
- Capital expenditures p.a. in 2020 to 2023 in line with brokers' average capital expenditures in 2019 of c.€0.8 billion, gradually decreasing in 2022 and 2023 to maintenance capex level at 3.7% of EBIT in terminal year in line with Westfield;
- Working capital requirements flat over the period 2018-2023.

WACC assumptions

For Unibail-Rodamco, it is 6.0% on the basis of the following assumptions:

- Risk-free rate of 0.9% (weighted average risk free rate of countries where Unibail-Rodamco operates)⁶⁴;
- Weighted average market-risk premium of 8.5%⁶⁵;

⁶² See footnote 47 p. 61.

⁶³ See footnote 48 p. 61.

⁶⁴ Source: Bloomberg, as of December 11, 2017.

⁶⁵ Source: Bloomberg, as of December 11, 2017.

- Levered beta of 0.93, calculated as the median unlevered beta of peers (Intu, Hammerson and Klepierre), re-levered with Unibail-Rodamco's capital structure⁶⁶.

Terminal value

The terminal value is calculated on the basis of a normative cash flow, in line with the final extrapolations of the business plan, and takes into account a perpetuity growth rate of 1.7%, based on forecasted inflation and Growth domestic product (“GDP”) deflator and a WACC of 6.0%.

Business plan

Below a summary of the resulting BP based on brokers' assumptions:

Income statement metrics (US\$m)	Brokers' assumptions			Extrapolation assumptions	
	2017E	2018E	2019E	2020-2023	2024 to perpetuity
EBIT	1,571	1,661	1,755	+5.7% p.a.	+1.7% p.a.
Recurring PBT	1,306	1,388	1,472	-	-
Tax	(15)	(16)	(17)	-	-
Implied tax rate⁶⁷	1.1%	1.1%	1.2%	1.1% of PBT	1.1% of PBT

Cashflow statement metrics (US\$m)	2017E	2018E	2019E	2020-2023	2024 - Perpetuity
Investing activities	(503)	(556)	(809)	-20.5% p.a. (average rate)	3.7% of EBIT

The implied value of the Consideration based on the Discounted Cash Flow approach is **US\$12,576m** as outlined below:

	€m (unless otherwise stated)
Sum of 2017 – 2023 cash flow (discounted to 30-Jun-2017)	6,568
Terminal value (discounted to 30-Jun-2017)	35,685
Enterprise value	42,253
Enterprise value to equity value bridge (as laid out in Section 2.4.2.3a)	(16,202)
Equity value	26,051
Diluted number of shares outstanding pre issuance	100.6
Implied equity value per Unibail-Rodamco share (€)	258.95
€/US\$ exchange rate (as of 11-Dec-2017)	1.180

⁶⁶ Source: Company Reporting and Barra, as of December 11, 2017.

⁶⁷ This is the tax expense forecasted by brokers; it differs from the cash tax in the DCF, which is calculated as implied tax rate * EBIT

Implied equity value per Unibail-Rodamco share (US\$)	305.59
Number of Unibail-Rodamco shares offered in Consideration (m)	38.3
Implied value of the stock Consideration (US\$m)	11,710
Total cash offered for WCL and WFDT (US\$m)	866
Implied value of the Consideration (US\$m)	12,576
Cash offered to WAT (US\$m)	4,683
Equity value of the Total Consideration (US\$m) ⁶⁸	17,259

The below table shows a sensitivity of Unibail-Rodamco the Consideration value (US\$m) to the WACC and the terminal growth rate:

		Terminal growth rate (%)				
		1.3%	1.5%	1.7%	1.9%	2.1%
WACC (%)	5.6%	12,918	13,767	14,704	15,745	16,908
	5.8%	11,982	12,746	13,586	14,515	15,546
	6.0%	11,128	11,819	12,576	13,408	14,328
	6.2%	10,345	10,973	11,658	12,408	13,232
	6.4%	9,626	10,198	10,820	11,499	12,241

c) Valuation based on closing prices

The analysis was conducted on Unibail-Rodamco's VWAP over selected periods ranging from one to six months, ending as of December 11, 2017, which is the last undisturbed closing price before the transaction announcement.

The below table shows the value of the Consideration implied by various closing prices:

	Dec. 11, 2017	1-month VWAP	2-month VWAP	3-month VWAP	6-month VWAP
Unibail-Rodamco share price (€)	224.10	218.74	215.4	212.77	215.47
US\$/€ exchange rate	1.180	1.181	1.175	1.178	1.166
Unibail-Rodamco share price (US\$)	264.5	258.4	253.2	250.7	251.3
NOSH offered in consideration ⁶⁹ (m)	38.3	38.3	38.3	38.3	38.3

⁶⁸ See footnote 61 p. 66.

⁶⁹ See footnote 59 p. 66.

Implied value of Stock Consideration (US\$m) ⁷⁰	10,134	9,902	9,701	9,606	9,631
Value of cash consideration (US\$m) ⁷⁰	866	866	866	866	866
Equity Value of the Consideration(US\$m)	11,000	10,768	10,567	10,471	10,496
Cash offered to WAT (US\$m)	4,683	4,683	4,683	4,683	4,683
Equity value of the Total Consideration (US\$m) ⁷¹	15,683	15,451	15,249	15,154	15,179

⁷⁰ See footnote 59 p. 66.

⁷¹ See footnote 61 p. 66.

d) *Equity research analysts' target prices*

Equity research analysts' target prices show an average Consideration value of **US\$11,774m**. The minimum and maximum target prices have been published by Kepler Cheuvreux (€220, October 27, 2017) and JP Morgan (€270, October 26, 2017), respectively, implying a Consideration value of US\$10,652m to US\$12,920m.

	Jefferies	Barclays	Exane BNP Paribas	Societe Generale	Kempen & Co	HSBC	ING Bank	Kepler Cheuvreux	Bank Degroof Petercam	J.P. Morgan	Credit Suisse	Average
Last review	11-Dec-17	11-Dec-17	30-Nov-17	27-Oct-17	27-Oct-17	27-Oct-17	27-Oct-17	27-Oct-17	27-Oct-17	26-Oct-17	23-Oct-17	-
Recommendation	Hold	Hold	Buy	Buy	Buy	Buy	Buy	Hold	Buy	Buy	Hold	-
Target price (€)	224.00	240.00	240.00	260.00	245.00	270.00	255.00	<u>220.00</u>	235.00	<u>270.00</u>	222.30	243.75
US\$/€ exchange rate	1.177	1.177	1.190	1.161	1.161	1.161	1.161	1.161	1.161	1.165	1.175	-
Target price (US\$)	263.63	282.46	285.70	301.81	284.40	313.42	296.00	255.38	272.79	314.58	261.18	284.67
Implied Value of Stock Consideration (US\$m) ⁷⁰	10,102	10,824	10,948	11,565	10,898	12,010	11,343	9,786	10,453	12,055	10,008	-
Value of cash consideration (US\$m) ⁷⁰	866	866	866	866	866	866	866	866	866	866	866	866
Equity Value of the Consideration (US\$m)	10,968	11,689	11,814	12,431	11,764	12,876	12,209	<u>10,652</u>	11,319	<u>12,920</u>	10,874	11,774
Cash offered to WAT (US\$m)	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683	4,683
Equity value of the Total Consideration (US\$m)	15,651	16,372	16,496	17,114	16,447	17,559	16,891	15,335	16,002	17,603	15,557	16,457

Source: Bloomberg

2.4.4.3. Summary of the valuations

As detailed in Section 2.3.1.1 “— *Assets transferred*”, the overall equity value of 2,078,089,686 WCL shares representing 100% of WCL’s share capital and 2,078,089,686 TH Newco shares representing 100% of TH Newco’s share capital is set at €8,930,812,378, representing a total amount of **US\$10,539,251,688** (based on the exchange rate of €1 = US\$1.18 as of December 11, 2017), the value of Contribution is set at **€8,197,172,977**, representing a total amount of **US\$9,673,483,830** (based on the exchange rate of €1 = US\$1.18 as of December 11, 2017), and fall within the range of values obtained using a multi-criteria approach,

Given that Unibail-Rodamco is predominantly a real estate company, it is essentially the net asset value measure which was retained to determine the value of WCL and WFDT, as well as the Discounted Cash Flow without synergies. Moreover, the different valuation methods used do not take into account any control premium, neither the value of the expected synergies, nor the valuation of the Westfield brand. Therefore, the value of WCL and WFDT used falls within the range of the net asset value and the value of the Discounted Cash Flow without synergies.

The table below provides a summary of the comparison of the value of WCL and WFDT, the value of the Contribution and the value of the Consideration using the various methodologies outlined above.

Based on intrinsic valuation methodologies (EPRA NAV and discounted cash flow), the value of the Consideration represents a premium to the value of the Contribution. This is a reflection of the value creation expected from the combination and the realization of synergies between the two groups, which have not been taken into consideration in the valuation of Westfield Group. The premium is significantly higher when looking at references to the respective share prices, which reflects the discount at which Westfield traded compared to its intrinsic valuation prior to the Transaction.

	Equity Value of the Contribution as computed in Section 2.4.3.2	Equity Value of WCL and WFDT⁷² (US\$m) as computed in Section 2.4.3.2	Equity Value of the Consideration (US\$m)⁷³ as computed in Section 2.4.4.2	Implied Premium (%)
Net asset value				
EPRA NAV	8,902	9,768	10,190	4.33%
Discounted cash flow				
DCF central value	10,330	11,195	12,576	12.33%
Reference share price				
December 11, 2017	7,962	8,828	11,000	24.61%
1-month VWAP	7,862	8,728	10,768	23.37%

⁷² Value of WCL and WFDT = Implied Westfield share price adjusted for OneMarket (US\$) * diluted Westfield NOSH * 67.21%.

⁷³ Value of the Consideration = Implied Unibail-Rodamco share price * Number of new Unibail-Rodamco shares offered in Consideration (38.3m) + Cash offered in consideration (US\$866m)

2-month VWAP	7,672	8,538	10,567	23.76%
3-month VWAP	7,602	8,468	10,471	23.66%
6-month VWAP	7,634	8,500	10,496	23.48%
Equity research analysts' target price				
Average target prices	8,742	9,607	11,774	22.55%

2.4.4.4. Additional Valuation Considerations on the overall Transaction

The acquisition of the Westfield Group (consisting of both WCL and WFDT as well as WAT) has been negotiated as a whole, and accordingly, the price has been agreed between the two parties on the basis of the entire perimeter of the Westfield Group.

For reference, and in order to allow Unibail-Rodamco shareholders to analyze the Transaction as a whole, the valuation analysis has also been performed on the entire perimeter of the Westfield Group (see Section 2.4.3.2 “— *Valuation of WCL and WFDT, and the Contribution*”) and on the overall transaction Total Consideration (including the cash consideration of US\$4,682,731,604 and the 38,319,974 Newco Class A Shares (with a pre-transaction worth of \$0) paid to Westfield Securityholders in exchange for their shares in WAT. See Section 2.4.4.2 “— *Valuation of the Consideration*” of this Document).

The implied premium of the Total Consideration over the value of the Westfield Group is lower than on the WCL and WFDT perimeter only, which reflects the larger cash component included in the Total Consideration versus the Consideration.

	Equity value of the entire Westfield Group (US\$m) as computed in Section 2.4.3.2	Equity Value of the Total Consideration (US\$m) as computed in Section 2.4.4.2	Implied Premium (%)
Net asset value			
EPRA NAV	14,534	14,873	2.33%
Discounted cash flow			
DCF central value	16,658	17,259	3.61%
Reference share price			
December 11, 2017	13,135	15,683	19.40%
1-month VWAP	12,987	15,451	18.97%
2-month VWAP	12,704	15,249	20.04%
3-month VWAP	12,600	15,154	20.27%
6-month VWAP	12,648	15,179	20.01%

Equity research analysts' target price			
Average target prices	14,295	16,457	15.12%

2.5. CONSEQUENCES OF THE CONTRIBUTION AND THE TRANSACTION

2.5.1. Consequences for Unibail-Rodamco and its shareholders

Consequences for Unibail-Rodamco and its shareholders are described upon completion of the Transaction to the extent that the Contribution is the only step impacting the ownership structure of Unibail-Rodamco.

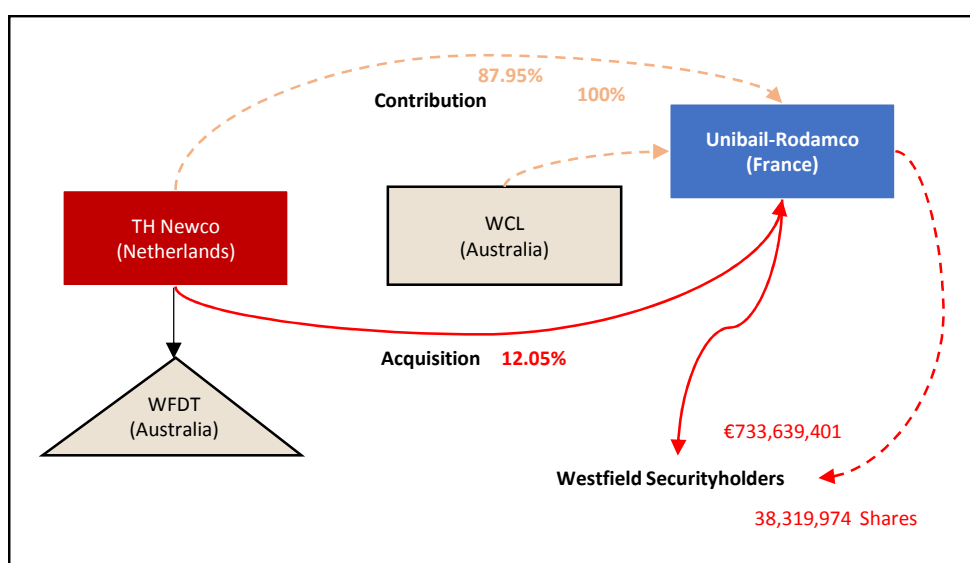
2.5.1.1. Table showing the impact of the Contribution on Unibail-Rodamco capital

	Number of shares	Share capital (€)	Premium (€)
Situation prior to the Contribution⁽¹⁾	99,856,676	499,283,380	6,470,719,712
Impact of the total number of shares created	38,319,974	191,599,870	8,005,573,107
Situation after the Contribution	138,176,650	690,883,250	14,474,746,500

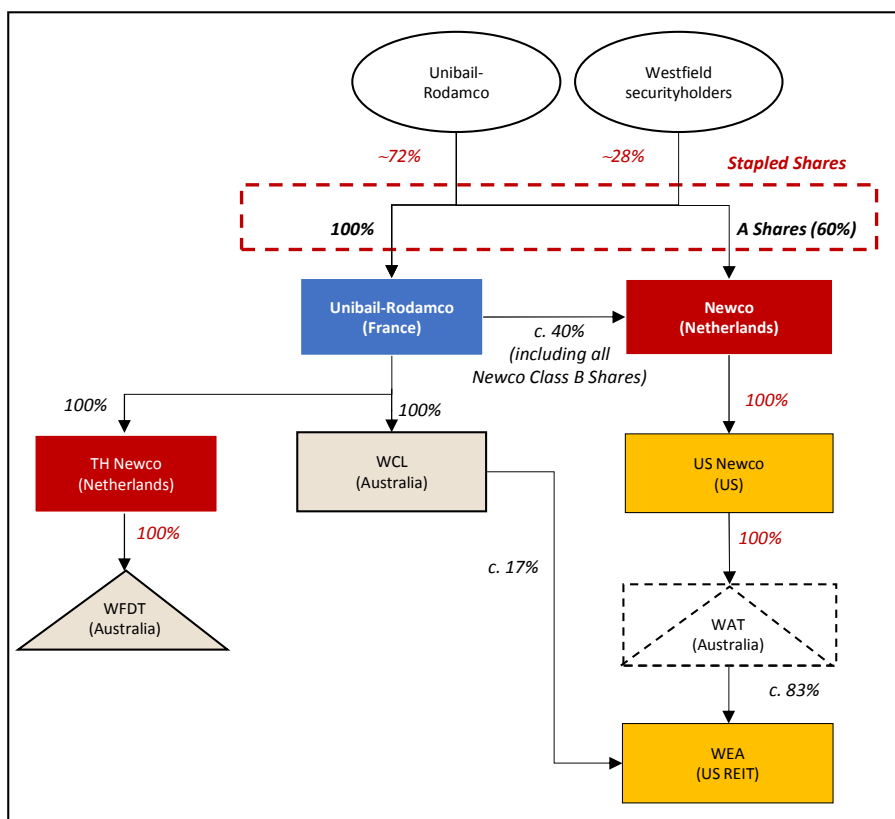
⁽¹⁾ Based on the number of shares issued by Unibail-Rodamco at December 31, 2017.

2.5.1.2. Unibail-Rodamco ownership structure after the Contribution and the Transaction

The Contribution, as an indivisible step of the Transaction, is set out in simplified form in the chart below.



The structure of the New Group⁷⁴ following implementation of the Transaction is set out in simplified form in the chart below. The figures show the holding of the share capital as well as the breakdown of the voting rights.



2.5.1.3. Planned changes in the composition of the Supervisory Board and Management Board

For information about Unibail-Rodamco’s current management structure, please refer to section 3 and 7.6 of the 2017 Registration Document.

Following completion of the Transaction, Unibail-Rodamco will maintain its two-tier board structure which consists of the Unibail-Rodamco Supervisory Board and the Unibail-Rodamco Management Board.

Unibail-Rodamco Supervisory Board

For information about Unibail-Rodamco Supervisory Board practices, absence of conflicts of interests and shareholding of Unibail-Rodamco Supervisory Board Members, please refer to sections 3.1 and 3.2 of the Registration Document.

Following completion of the Transaction, the Unibail-Rodamco Supervisory Board will remain chaired by Colin Dyer. Upon completion of the Transaction, two former Westfield Board members, Mr. Peter Lowy and Mr. John McFarlane, will be appointed to the Unibail-Rodamco Supervisory Board, subject to the approval of the Unibail-Rodamco General Meeting.

⁷⁴ The percentages in the chart above reflect both percentages of capital interest and voting rights.

Upon completion of the Transaction, Mr. Alec Pelmore and Mr. Jean Louis Laurens will have resigned from the Unibail-Rodamco Supervisory Board and have been appointed as Newco Supervisory Board Members.

Then at completion of the Transaction, the Unibail-Rodamco Supervisory Board will be composed as follow:

- Mr. Colin Dyer (*Chairman / independent*)
- Mr. Philippe Collombel (*independent*)
- Ms. Jill Granoff (*independent*)
- Ms. Mary Harris (*independent*)
- Ms. Dagmar Kollmann (*independent*)
- Mr. Peter Lowy (*non independent*)
- Mr. John McFarlane (*independent*)
- Mr. Roderick Munsters (*independent*)
- Ms. Sophie Stabile (*independent*)
- Mr. Jacques Stern (*independent*)
- Ms. Jacqueline Tammenoms Bakker (*independent*)

Set out below are the business experience and principal business activities outside Unibail-Rodamco by the prospective members of the Unibail-Rodamco Supervisory Board.

Peter Lowy is an executive director of Westfield and serves as Co-Chief Executive Officer. He holds a Bachelor of Commerce from the University of New South Wales. Prior to joining Westfield in 1983, Mr. Lowy worked in investment banking both in London and New York. Mr. Lowy serves as Chairman of the Homeland Security Advisory Council for Los Angeles county and he is an inaugural member of the U.S. 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, Mr. Lowy was the Joint Managing Director of the Westfield Group from 1997.

John McFarlane is a non-executive director of Westfield. 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.

For more details on Peter Lowy and John McFarlane and more generally on the New Group contemplated governance, see Section 10.1 “— *Management Board, Supervisory Board and Employees*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

Unibail-Rodamco Management Board

Following completion of the Transaction, the Unibail-Rodamco Management Board will consist of Mr. Christophe Cuvillier, Group Chief Executive Officer, and Mr. Jaap Tonckens, Group Chief Financial Officer. Their mandates will be renewed by anticipation for a new 4-year period upon completion of the Transaction. The four other current Unibail-Rodamco Management Board Members, Mr. Olivier Bossard, Mr. Fabrice Mouchel, Ms. Astrid Panosyan and Mr. Jean-Marie Tritant, will step down as Unibail-Rodamco Management Board Members upon completion of the Transaction.

Notwithstanding anything to the contrary set forth in the articles of association of Unibail-Rodamco, should the Unibail-Rodamco Management Board comprise two members only, the meetings of the Unibail-Rodamco Management Board will be validly held where both members are present and approval of its decisions will require unanimous vote, except for certain decisions set out in the Unibail-Rodamco Management Board's charter which may be approved by majority vote, with the Chairman of the Unibail-Rodamco Management Board having a casting vote.

In accordance with the recommendations of the AMF and the Afep-Medef Code, Unibail-Rodamco will disclose information pertaining to the conditions relating to their departure from their current mandate as Unibail-Rodamco Management Board Members:

- No monetary termination benefits will apply;
- Their total 2018 short-term incentive amount including the part linked to their Management Board mandate will be calculated based on year-end results and will be paid in 2019 after shareholders meeting approval (ex-post vote);
- The total valuation of their remuneration components due or granted as Management Board Members but not yet paid will be performed and disclosed in due time;

They will become members of the Senior Management Team in the New Group and play key roles in the successful integration process. They will be offered an employment contract, taking into consideration their seniority in the Unibail-Rodamco Group since their initial entry date. As any Unibail-Rodamco Group employee, they will be submitted to local labour law requirements and applicable collective agreements.

They will remain eligible for the following:

- A fixed salary which will be determined taking into consideration, level and complexity of tasks, their profile and experience, in line with market benchmarks;
- An STI as a percentage of their fixed salary;
- The same LTI scheme as all other Group beneficiaries. Their non-vested stock-options and performance shares will remain in place, with the exact same terms and conditions as all other Group beneficiaries.

- Unibail-Rodamco Group health insurance, life insurance, collective retirement plans, profit sharing schemes and savings plans (without the benefit of the top-up contribution offered to other employee participants);
- The supplementary contribution scheme paid into a blocked savings account. As per all Management Board and all employees, there will be no additional pension scheme (“*retraite chapeau*”/defined benefits).

It should also be noted that:

- There will be no contractual severance package, nor intra-group board fees.
- The unemployment insurance (GSC type) will no longer apply.

For conditions applicable before the completion of the Transaction, refer to the Registration Document (Section 3.2.1).

2.5.1.4. Trends in market capitalization

a) Unibail-Rodamco

	As at December 11, 2017	As at March 16, 2018
Number of shares	99,843,087	99,856,676
Share price (€)	224.1	191.6
Capitalization (€m)	22,374.84	19,132.54

	Before Contribution	After Contribution (pro forma)
Number of shares	99,856,676	138,176,650
Reference value (€)⁽¹⁾	201.98	201.98
Capitalization (€m)	20,169.09	27,908.97

⁽¹⁾ Average Unibail-Rodamco share price between December 12, 2017 (date the transaction was announced) and March 5, 2018).

b) Westfield

	As at December 11, 2017	As at March 16, 2018
Number of shares	2,078,089,686	2,078,089,686
Share price (A\$)	8.50	8.57
Capitalization (A\$)	17,663,762,331	17,809,228,609.02

2.5.1.5. Impact of the Transaction on the calculation of earnings per share (or per Stapled Share after the Transaction Date) based on the last financial year

The table below shows the impact of the Transaction on Unibail-Rodamco's net profit. The evolution of the consolidated net profit reflects, on a pro forma basis, the impact of the Transaction (see Section 4.2 “— *Pro Forma Financial Information at December 31, 2017*” of this Document). In addition, in the context of the Contribution, the number of shares of Unibail-Rodamco will be increased which will directly impact the earnings per share (or per Stapled Share after the Transaction Date).

	Before Transaction	After Transaction (pro forma and taking into account the number of shares issued for consideration of the Contribution)
Consolidated net profit for the year ended December 31, 2017 (€m)	2,439.50	3,623.50 ⁽¹⁾
Unibail-Rodamco shares outstanding as at December 31, 2017	99,856,676	138,176,650
Earnings per share (€)	24.43	26.22⁽²⁾
Fully diluted Unibail-Rodamco shares outstanding as at December 31, 2017	102,127,379	140,447,353
Fully diluted Earnings per share (€)	23.89	25.80⁽²⁾

⁽¹⁾ Net profit for year ended December 31, 2017 attributable to the holders of the Stapled Shares.

⁽²⁾ Earning per Stapled Share.

2.5.1.6. Planned new strategic focuses

Planned new strategic focuses are presented in Section 2.1.2.1 “— *Interest of the Contribution and the Transaction for Unibail-Rodamco and its shareholders*” of this Document.

2.5.1.7. Short and medium-term forecasts for the business, restructuring operations, results and dividend policy

Please refer to Sections 4 “— *Dividend Policy*” and 9 “— *Unibail-Rodamco Profit Forecast*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

2.5.2. Consequences for WCL's and WFDT's securityholders

Upon completion of the Contribution, WCL's and WFDT's securityholders will hold approximately 38,319,974 shares in Unibail-Rodamco (*i.e.*, approximately 28% of Unibail-Rodamco's share capital and voting rights). This estimate is based on 2,078,089,686 Westfield Securities being on issue at the date of this Document and the scrip consideration of 0.01844 Unibail-Rodamco shares per Westfield Security. The actual number of Unibail-Rodamco shares issued will depend on rounding of individual Westfield Securityholder entitlements as at the record date under the WCL Share Scheme.

No WCL's and WFDT's securityholders will hold, individually, more than 10% of the share capital of Unibail-Rodamco.

The Lowy family will hold, upon completion of the Contribution, approximately 3,667,464 shares in Unibail-Rodamco, representing approximately 2.65% of Unibail-Rodamco's share capital and voting rights. As indicated above, the actual number of Unibail-Rodamco shares will depend on the rounding of individual Westfield Securityholder entitlements as at the record date of the WCL Share Scheme.

The Lowy family has entered into a voting agreement under which it has agreed, subject to an independent expert concluding that the Transaction is in the best interests of Westfield Securityholders and in the absence of the Westfield Board recommending a superior proposal, not to sell its interest in Westfield until the completion of the Transaction (including the Contribution), and to vote in favour of the Transaction. Following the Transaction, the Lowy family is committed to the success of the New Group and intends to maintain a substantial investment in the New Group.

3. PRESENTATION OF UNIBAIL-RODAMCO

3.1. GENERAL INFORMATION

General information about Unibail-Rodamco can be found in the Registration Document filed with the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document. The Registration Document includes the parent company and consolidated financial statements of the Unibail-Rodamco group for the year ended December 31, 2017, as well as the corresponding Statutory Auditors' reports.

Unibail-Rodamco's consolidated financial statements for the years ended December 31, 2015 and December 31, 2016, as well as the corresponding Statutory Auditors' reports, are presented respectively in the Registration Document filed with the AMF on March 18, 2016 under No D16-0170 and in the Registration Document filed on March 21, 2017 under No D17-0198.

The Registration Document is available free of charge at Unibail-Rodamco's registered office (7 place du Chancelier Adenauer, 75016 Paris, France) and on the websites of Unibail-Rodamco (<http://www.unibail-rodamco.com>) and the AMF (<http://www.amf-france.org>).

3.2. MAIN RISK FACTORS REGARDING THE CONTRIBUTION AND THE TRANSACTION

The following risk factors are based on assumptions of the risk factors that the New Group could face upon completion of the Contribution, as an indivisible of the Transaction.

The pro forma financial information may not be representative of Unibail-Rodamco's and Westfield's future performance as part of the New Group.

Adjustments were made to Westfield's 2017 financial statements and to Unibail-Rodamco's 2017 financial statements in the pro forma financial information included in this Document, based upon currently available information and upon assumptions that Unibail-Rodamco management believes are reasonable in order to reflect, on a pro forma basis, the impact of the Transaction. See Section 4.2 “— Pro Forma Financial Information at December 31, 2017” of this Document for a description of the adjustments and assumptions made in the preparation of such pro forma financial information. The estimates and assumptions used to compile the pro forma financial information in this Document may be materially different from the New Group's actual experience. Accordingly, the pro forma financial information included in the Prospectus is illustrative only and does not purport to indicate any results that could have actually been achieved by the New Group had the above transactions been completed on the assumed dates or for the periods presented or which may be realized by the New Group in the future.

The trading of the Stapled Shares after completion of the Transaction may cause the market price of the Stapled Shares to fall.

Following completion of the Transaction and thus the Contribution, the Stapled Shares will be publicly traded on Euronext Paris, Euronext Amsterdam, and on ASX in the form of CDIs, enabling former Unibail-Rodamco shareholders and former Westfield Securityholders to sell the Stapled Shares. Such sales of Stapled Shares may take place promptly following the Transaction and could have the effect of decreasing the market price for Stapled Shares owned by former Unibail-Rodamco shareholders below the market price of the Unibail-Rodamco shares owned by such Unibail-Rodamco shareholders prior to completion of the Transaction.

After completion of the Transaction, former Unibail-Rodamco shareholders will have a reduced ownership and voting interest in the New Group in percentage terms than they currently have in Unibail-Rodamco.

Immediately following completion of the Transaction and thus the Contribution, it is expected that former Unibail-Rodamco shareholders will own approximately 72% of the Stapled Shares, on a fully diluted basis as of the date of this Document (*i.e.*, taking into account the effect of all the dilutive instruments, being ORA, ORNANE, performance shares and restricted stock options for Unibail-Rodamco and restricted stock units for Westfield, using the treasury method).

Consequently, each former Unibail-Rodamco shareholder will have a reduced ownership and voting interest in percentage terms in the New Group vis-à-vis their current ownership and voting interests in Unibail-Rodamco. This will mean the votes they can cast at general meetings of Unibail-Rodamco after implementation of the Transaction will, as a percentage of all votes that can be cast, be lower than is the currently the case with respect to general meetings of Unibail-Rodamco, and therefore less influence is potentially exercisable over the management and policies of the New Group vis-à-vis Unibail-Rodamco currently.

For more details, see Section 3.4 “— *Dilution*” of this Document.

Specific risk factors for the Contribution related to WCL’s and WFDT’s business

Please refer to Section 5.3.5 “— *Indication of any disputes or non-recurring events that are likely to have, or have recently had, a material impact on the financial position of WCL, WFDT or their respective consolidated subsidiaries and specific risk factors*” of this Document.

Risk factors for the Transaction

The Contribution being an indivisible step of the Transaction (see Section 3.6.1 “— *Key Transaction Steps for purposes of completing the Transaction*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document), the risk factors for the Transaction could also affect the Contribution. For more details on the risk factors for the Transaction, see Section 1 “— *Risk factors*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

Since Westfield Securities were issued in 2014 as part of the restructuring that occurred at that time, Westfield Securities have traded in the range of A\$6.70 to A\$11.14. WCL’s security price declined in the 12 months prior to the announcement of the Transaction in-line with other publicly listed retail real estate entities. It should be noted that publicly listed retail real estate entities have experienced a general de-rating since mid-2016 as a result of a number of factors including perceived concerns regarding the future of “bricks and mortar” retailing, the decline of U.S. department store businesses and broader macroeconomic trends. The chart below sets out the security / share price performance of Westfield in the sector from August 1, 2016 to December 11, 2017 (the day prior to the announcement of the Transaction).



3.3. CORE INFORMATION

3.3.1. Statement on net working capital

Unibail-Rodamco is of the opinion that the working capital available to the New Group is sufficient to meet its present requirements for at least a period of 12 months from the date of this Document.

3.3.2. Equity and net debt⁷⁵

The information presented below is derived from the consolidated financial statements of Unibail-Rodamco as of and for the year ended December 31, 2017 included in the Registration Document filed with the AMF on March 28, 2018 under No. D.18-0194, incorporated by reference into this Document.

In accordance with the recommendations of the European Securities Market Authority (ESMA) of March 20, 2013 (ESMA/2013/319, paragraph 127), the following table sets out the unaudited historical consolidated capitalization and net indebtedness of Unibail-Rodamco as of December 31, 2017.

⁷⁵ This table does not reflect the Transaction. See Section 5.3 “— *Pro Forma Unibail-Rodamco and Westfield Capitalization and Indebtedness as at December 31, 2017*” of the EU Listing Prospectus.

(In millions)	Unibail-Rodamco
Guaranteed	0.0
Secured ⁽¹⁾	17.2
Unguaranteed/Unsecured	2,286.7
Total Current Financial Debt	€2,303.9
Guaranteed	0.0
Secured ⁽¹⁾	920.0
Unguaranteed/Unsecured	13,343.3
Total Non-Current Financial Debt	€14,263.3
Share capital	499.3
Additional paid-in capital	6,470.7
Bonds redeemable for shares	1.1
Consolidated reserves and result	12,155.4
Hedging and foreign currency translation reserves	(210.3)
Shareholders' equity (Owners of the parents)	€18,916.2
TOTAL	€35,483.4

⁽¹⁾ Mortgages and first lien lenders (excluding guarantees for the Unibail-Rodamco Group subsidiaries)

(In millions)	Unibail-Rodamco
A. Cash	276.8
B. Cash Equivalents	0.0
C. Trading Securities	297.9
D. Liquidity A+B+C	€574.7
E. Current Financial Receivable	€0.0
F. Current Bonds	1,016.5
G. Current Portion of Non-Current Debt	1,278.4
H. Current Bank Debts	9.0
I. Current Financial Debt F+G+H	€2,303.9
J. Net Current Financial Indebtedness I-E-D	€1,729.2
K. Non-Current Private Placements	1,248.4
L. Non-Current Bonds	11,441.7
M. Non-Current Bank Loans	1,573.2
N. Non-Current Financial Indebtedness K+L+M⁽²⁾	€14,263.3
O. Net Financial Indebtedness J+N	15,992.5⁽²⁾

⁽²⁾ Includes "Current accounts with non-controlling interests", "Financial leases" and "Impacts of Derivatives instruments on debt raised in foreign currency at fair value" for a total amount of €1,703.2 million.

Unibail-Rodamco has no indirect or contingent liabilities, except those which are reported in note 12 "off-balance sheet commitments and contingent liabilities" in Chapter 5 "Consolidated financial statements as at December 31, 2017" of the Unibail-Rodamco 2017 Consolidated Financial Statements of the 2017 Registration Document.

3.3.3. Interests of natural persons and legal entities involved in the Contribution

This information is presented in Section 2.1.2 “— Purpose and objectives of the Contribution” of this Document.

3.3.4. Expenses related to the Contribution

The amount of the fees and expenses of financial advisors, lawyers, accountants, and communication consultants incurred by Unibail-Rodamco in connection with the Transaction, is estimated at approximately €86 million (US\$103 million).

3.4. DILUTION

3.4.1. Impact of the Transaction on the share of consolidated equity, group share, for the holder of one Unibail-Rodamco share prior to the Transaction

The table below shows the impact of the Transaction on share of consolidated equity. The evolution of the consolidated equity reflects on a pro forma basis, the impact of the Transaction (see Section 4.2 “— Pro Forma Financial Information at December 31, 2017” of this Document). In addition, in the context of the Contribution, the number of shares of Unibail-Rodamco will be increased which will directly impact the share of consolidated equity.

	Before Transaction	After Transaction ⁽³⁾ (pro forma and taking into account the number of shares issued for consideration of the Contribution)
Consolidated equity, group share (€)	18,916	26,204
Number of shares as at December 31, 2017	99,856,676	138,176,650
Share of consolidated equity, group share (€)	189.43	189.64
Number of shares ⁽¹⁾	102,127,379	140,447,353
Share of consolidated equity, group share (€), on a fully diluted basis	185.22	186.57
Number of shares ⁽²⁾	99,938,667	138,258,641
Share of consolidated equity, group share (€), on a diluted basis	189.28	189.53

⁽¹⁾ Fully diluted as at December 31, 2017.

⁽²⁾ Taking into account dilution from "in-the-money" stock options, performance shares, ORNANEs, ORAs and capital increase, as at December 31, 2017.

⁽³⁾ Per Stapled Shares

3.4.2. Impact of the Contribution on the interest of a shareholder holding 1% of Unibail-Rodamco's share capital prior to the Contribution

	Shareholder interest (% of share capital)
Before Contribution ⁽¹⁾	1%
After Contribution	0.72%

⁽¹⁾ Based on the number of shares comprising the share capital at December 31, 2017, i.e., 99,856,676 shares.

3.4.3. Impact of the Contribution on the interest of a shareholder holding 1% of Unibail-Rodamco's voting rights prior to the Contribution

	Shareholder interest (% of voting rights)
Before Contribution ⁽¹⁾	1%
After Contribution	0.72%

⁽¹⁾ Based on the number of shares comprising the share capital at December 31, 2017, i.e., 99,856,676 shares.

4. PRO FORMA FINANCIAL INFORMATION

4.1. BASIS OF PRESENTATION

On December 12, 2017, Unibail-Rodamco entered into an Implementation Agreement to acquire Westfield through a combination of cash and issuance of shares. As further described in Section 3.6.1 “— *Key Transaction Steps for purposes of completing the Transaction*” of the EU Listing Prospectus, the Transaction will be implemented by means of the Schemes which are inter-conditional. Unibail-Rodamco did not intend to acquire WCL and WFDT without WAT which will be acquired by Newco. As a consequence, the following unaudited pro forma condensed consolidated financial information contains an unaudited pro forma consolidated statement of income of the New Group for the year ended December 31, 2017, and an unaudited pro forma consolidated statement of financial position of the New Group as of December 31, 2017, with the related explanatory notes (together the “**New Group Pro Forma Financial Information**”) and has been prepared to represent the pro forma effects of the Transaction, to which the Contribution is an indivisible step.

Westfield comprises WCL, WFDT and WAT. Unibail-Rodamco will take control of WCL and WFDT through transfers of cash and Unibail-Rodamco shares. As such, Unibail-Rodamco will be the accounting acquirer of WCL and WFDT as defined in IFRS 3.

With respect to WAT and the stapling of Unibail-Rodamco shares and Newco Class A Shares, Unibail-Rodamco will also be the accounting acquirer based on IFRS 3 and the Decision of the Interpretation Committee of the IASB dated May 13-14, 2014, that specifically scopes stapling arrangements.

On completion of the Transaction, Unibail-Rodamco will hold directly or indirectly 100% of WCL and WFDT, and 40% of Newco, which will own 100% of WAT. In turn, WAT owns approximately 83% of WEA and the remaining 17% of WEA is held by WCL. As a result of the Stapled Share Principle, the same shareholders will together hold 100% of Unibail-Rodamco and of Newco, of which 60% directly (Newco Class A Shares) and 40% indirectly through Unibail-Rodamco.

As a result of the characteristics of the Transaction, Unibail-Rodamco is deemed to be the accounting acquirer under IFRS. Consequently, WCL, WFDT and, consistent with the legal set up of the Transaction and governance of Newco, WAT, are to be fully consolidated by Unibail-Rodamco. Since the holders of the Stapled Shares will be entitled to the same rights and obligations with respect to Unibail-Rodamco and Newco, respectively, the 60% economic interest in Newco directly held by such holders will be reflected under the caption “Net result attributable to the holders of Stapled Shares” and “Net equity attributable to holders of Stapled Shares” on the face of the consolidated statement of income and statement of financial position, respectively.

The New Group Pro Forma Financial Information has been derived from and should be read in conjunction with:

- The 2017 Unibail-Rodamco Consolidated Financial Statements;
- The Westfield Consolidated Financial Statements 2017.

The consolidated statement of financial position as at December 31, 2017, and consolidated statement of income for the year ended December 31, 2017, of Unibail-Rodamco have been

extracted from the 2017 Unibail-Rodamco Consolidated Financial Statements. The 2017 Unibail-Rodamco Consolidated Financial Statements were prepared in accordance with IFRS and were jointly audited by Ernst & Young Audit and Deloitte & Associés, statutory auditors of Unibail-Rodamco, as stated in their statutory auditors' report on the consolidated financial statements of Unibail-Rodamco issued on March 27, 2018.

The consolidated statement of financial position as at December 31, 2017, and the consolidated income statement for the year ended December 31, 2017, of Westfield have been derived from the Westfield Consolidated Financial Statements 2017. The Westfield Consolidated Financial Statements 2017 were prepared in accordance with International Financial Reporting Standards issued by the IASB, and were audited by Ernst & Young, independent auditor, as stated in their independent auditor's report on the consolidated financial statements of Westfield dated February 22, 2018.

The unaudited pro forma condensed consolidated statement of income has been prepared to give effect to the Transaction as if it had been completed on January 1, 2017. The unaudited pro forma condensed consolidated statement of financial position has been prepared to give effect to the Transaction as if it had been completed on December 31, 2017.

The New Group Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not necessarily indicative of the results of operations or financial position that would have been achieved had either transaction been consummated on the dates indicated above, or the future consolidated results of operations or financial position of the consolidated New Group.

The pro forma adjustments are based on available information to date, certain assumptions and estimates that Unibail-Rodamco considers as reasonable, and the above-mentioned information provided by Westfield. These adjustments are directly attributable to the business combination, factually supportable, and can be estimated reliably.

The New Group Pro Forma Financial Information does not reflect any revenue enhancements, anticipated synergies or dis-synergies, operating efficiencies or cost savings that may be achieved nor the disposals the New Group has announced it expects to make, nor such additional disposals the New Group may make following implementation of the Transaction. It also does not include the impact of the €2.5 billion of senior debt securities and the €2 billion of deeply subordinated Hybrid Securities it expects to issue to finance part the Transaction.

With respect to Westfield financial information, no difference has been identified between the International Financial Reporting Standards issued by the IASB and IFRS as of and for the year ended December 31, 2017.

Except as set out in Section 4.2.2 “— *Notes to the unaudited pro forma condensed consolidated financial information*” of this Document, the preliminary analysis of Westfield accounting policies and presentation in comparison to Unibail-Rodamco's was performed based on publicly available information and, subject to further detailed analysis after completion of the Transaction, did not evidence significant differences which would have to be reflected as pro forma adjustments to Westfield's historical financial data used for the purpose of preparing the New Group Pro Forma Financial Information.

The New Group Pro Forma Financial Information is presented in millions of Euros and prepared on a basis that is consistent with the accounting policies used in the preparation of the 2017 Unibail-Rodamco Consolidated Financial Statements, except for, because of the significance on Westfield's side, the inclusion on the face of the statement of income of:

- The "Contribution of companies accounted for under the equity method" in the "Net operating results" of such equity accounted entities;
- The separate presentation of "Net property development and project management income".

Unibail-Rodamco intends to adopt this presentation in its 2018 financial statements following the completion of the Transaction.

The tax impact resulting from the pro forma adjustments has been computed based on the 2017 effective tax rate of the corresponding legal entity or country for each of Unibail-Rodamco and Westfield.

The New Group Pro Forma Financial Information has been prepared in accordance with Annex II to the Commission Regulation (EC) n°809/2004 dated April 29, 2004 (as amended) (the "**Prospectus Regulation**") and related ESMA recommendations on the consistent implementation of the Prospectus Regulation and Australian guidance.

Westfield data in U.S. dollars have been translated into Euro using the following exchange rates:

- Average rate: 1 US\$ = €0.8853 for the statement of income for the year ended December 31, 2017;
- Closing rate: 1 US\$ = €0.8338 for the statement of financial position as at December 31, 2017.

The New Group Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not intended to represent or be indicative of the consolidated results of operations or financial position that would have been reported had the Transaction been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of the New Group following the Transaction. The actual financial position and results of operations of the New Group following the Transaction may significantly differ from the New Group Pro Forma Financial Information reflected herein, due to a variety of factors.

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

4.2. PRO FORMA FINANCIAL INFORMATION AT DECEMBER 31, 2017

4.2.1. Unaudited pro forma condensed consolidated financial information

1. Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Notes	Dec. 31, 2017
<i>Currency: € Mn</i>					
Gross rental income	1 822,3	557,8	-		2 380,1
Operating expenses and net service charges	(239,6)	(250,6)			(490,2)
Net rental income	1 582,6	307,2	-		1 889,8
Property development and project management revenue	-	649,0	(2,1)	2,7	646,9
Property development and project management costs	-	(557,5)	20,3	2,7	(537,2)
Net Property development and project management income	-	91,5	18,1		109,7
Revenues from other activities	256,1	49,8	-		305,9
Other expenses	(176,3)	(19,1)	-		(195,4)
Net other income	79,8	30,7	-		110,5
Share of the result of companies accounted for under the equity method	-	594,5	91,6	2	686,2
Income on financial assets	-	-	27,0	2	27,0
Contribution of companies accounted for under the equity method	-	594,5	118,6		713,1
Administrative expenses	(123,1)	(106,1)	-		(229,2)
Acquisition and related costs	(62,4)	(9,1)	(188,9)	5	(260,4)
Proceeds from disposal of investment properties	592,5	243,4	-		835,9
Carrying value of investment properties sold	(518,7)	(255,1)	6,4	7	(767,5)
Result on disposal of investment properties	73,8	(11,8)	6,4		68,4
Proceeds from disposal of shares	27,3	-	-		27,3
Carrying value of disposed shares	(27,3)	-	-		(27,3)
Result on disposal of shares	0,0	-	-		0,0
Valuation movements on assets	1 364,4	482,7	20,3	7	1 867,4
Impairment of goodwill/Negative goodwill	(9,2)	-	-		(9,2)
NET OPERATING RESULT	2 906,0	1 379,7	(25,5)		4 260,2
Result from non-consolidated companies	0,9	-	-		0,9
<i>Financial income</i>	<i>119,5</i>	<i>11,7</i>	<i>-</i>		<i>131,2</i>
<i>Financial expenses</i>	<i>(347,5)</i>	<i>(87,7)</i>	<i>(22,8)</i>		<i>(458,1)</i>
Net financing costs	(228,0)	(76,0)	(22,8)	6	(326,9)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	21,1	3,5	-		24,6
Fair value adjustments of derivatives and debt	(21,3)	(38,2)	(11,7)	10	(71,1)
Debt discounting	(0,7)	-	-		(0,7)
Share of the result of companies under the equity method	91,6	-	(91,6)	2	-
Income on financial assets	27,0	-	(27,0)	2	-
RESULT BEFORE TAX	2 796,7	1 269,0	(178,7)		3 887,0
Income tax expenses	(74,2)	104,2	(10,5)	7	19,5
NET RESULT FOR THE PERIOD	2 722,5	1 373,2	(189,2)		3 906,5
Non-controlling interests	283,0				
NET RESULT (Owners of the parent)	2 439,5				
Net result for the period attributable to:					
- The holders of the Stapled Shares					3 623,5
- External Non-controlling interests					283,0
Net result for the period					3 906,5
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:					
- Unibail-Rodamco members ⁽¹⁾					3 184,3
- Newco members ⁽¹⁾					439,3

⁽¹⁾ The “Newco members” line reflects the 49.55% share of WEA that is held by holders of Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The “Unibail-Rodamco members” line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco’s 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA. (see Section 4.1 “— *Basis of Presentation*” of this Document).

2. Unaudited Pro Forma condensed statement of financial position as of December 31, 2017, under IFRS

	Historical Unibail Rodamco	Adjusted Historical Westfield (Note 1)	Pro Forma adjustments		Pro Forma Condensed Consolidated
	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Notes	Dec. 31, 2017
<i>Currency: € Mn</i>					
NON CURRENT ASSETS	41 650,8	17 122,0	3 633,2		62 405,9
Investment properties	38 524,3	8 671,7	-		47 196,0
Investment properties at fair value	37 181,5	8 320,1	-		45 501,6
Investment properties at cost	1 342,8	351,6	-		1 694,4
Other tangible assets	216,3	124,4	-		340,7
Goodwill	522,4	47,8	3 649,0	4,7	4 219,1
Intangible assets	172,2	103,5	(35,4)	7	240,3
Loans and receivables	76,8	178,9	-		255,7
Financial assets	30,8	239,8	19,6	7	290,2
Deferred tax assets	21,9	16,2	-		38,1
Derivatives at fair value	172,8	77,3	-		250,1
Shares and investments in companies accounted for under the equity method	1 913,3	7 637,4	-		9 550,7
Other	-	25,1	-		25,1
CURRENT ASSETS	1 590,2	600,3	(397,4)		1 793,1
Loans and receivables	-	22,7	-		22,7
Trade receivables from activity	416,5	29,7	-		446,2
Other receivables	541,1	130,0	-		671,1
Derivatives at fair value	57,9	-	(57,9)	10	-
Cash and cash equivalents	574,7	417,9	(339,5)	11	653,1
TOTAL ASSETS	43 241,0	17 722,3	3 235,8		64 199,0
- Equity attributable to the holders of the Stapled Shares					26 203,8
- Unibail-Rodamco members ⁽¹⁾					24 431,0
- Newco members ⁽¹⁾					1 772,8
- External non-controlling interests					3 838,3
TOTAL EQUITY	22 693,2	9 071,1	(1 722,3)	9	30 042,1
NON CURRENT LIABILITIES	16 851,6	7 855,1	5 075,8		29 782,4
Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	1 020,5	59,3	-		1 079,8
Long term bonds and borrowings	12 889,6	6 149,4	5 075,8	6	24 114,8
Long term financial leases	353,2	32,1	-		385,3
Derivatives at fair value	315,8	18,3	-		334,1
Deferred tax liabilities	1 752,5	1 530,7	-		3 283,2
Long term provisions	30,5	-	-		30,5
Employee benefits	9,3	3,8	-		13,1
Guarantee deposits	223,9	-	-		223,9
Tax liabilities	0,1	-	-		0,1
Amounts due on investments	256,2	61,4	-		317,6
CURRENT LIABILITIES	3 696,2	796,0	(117,7)		4 374,6
Current commitment to purchase non-controlling interests	7,0	-	-		7,0
Amounts due to suppliers and other current debt	1 161,6	717,3	(70,4)	12	1 808,5

Current borrowings and amounts due to credit institutions	2 301,9	4,6	(47,3)	10	2 259,2
Current financial leases	2,0	0,5	-		2,5
Tax and social security liabilities	210,5	34,8	-		245,3
Short term provisions	13,2	38,9	-		52,1
TOTAL LIABILITIES AND EQUITY	43 241,0	17 722,3	3 235,8		64 199,0

⁽¹⁾ The "Newco members" line reflects the 49.55% share of WEA that is held by holders Stapled Shares through their 60% stake in Newco, which owns a 82.59% stake in WEA. The "Unibail-Rodamco members" line reflects the 50.45% stake in WEA equity held by Unibail-Rodamco. This stake results from Unibail-Rodamco's 17.41% stake in WEA held through WCL subsidiaries; and its 40% stake in Newco, which holds a 82.59% stake in WEA. (see Section 4.1 "— Basis of Presentation" of this Document).

4.2.2. Notes to the unaudited pro forma condensed consolidated financial information

1. Westfield historical financial information reclassification and translation into Euros

The New Group Pro Forma Financial Information is presented in Euros, which will be the presentation currency of the New Group. The historical financial information of Westfield is reported pursuant to International Financial Reporting Standards issued by IASB and presented in U.S. dollars. It has been translated from U.S. dollars to Euro by applying the exchange rate of 0.8338 as at December 31, 2017 to all statement of financial position items, and the average exchange rate of 0.8853 for the year ended December 31, 2017 to all income statement items.

The historical financial information of Westfield has been reclassified to conform to Unibail-Rodamco's presentation. The reconciliation between both formats is presented below.

1.1 Income Statement for the year ended December 31, 2017

	Historical Westfield in US\$ million	Included in the following lines of "Adjusted Historical Westfield in US\$ million":
Property revenue	630,1	Gross rental income
Property development and project management revenue	733,1	Property development and project management revenue
Property management income	56,3	Revenues from other activities
Revenue	1 419,5	
Property revenue	685,6	
Property revaluations	279,2	
Property expenses, outgoings and other costs	(229,9)	
Net interest expense	(62,7)	
Tax expense	(0,6)	
Share of after tax profits of equity accounted entities	671,6	Contribution of companies accounted for under the equity method
Property expenses, outgoings and other costs	(283,1)	Operating expenses and net service charges
Property development and project management costs	(629,7)	Property development and project management costs
Property management costs	(21,6)	Other expenses
Overheads	(119,9)	Administrative expenses
Expenses	(1 054,3)	
Interest income	13,2	Net financing costs
Currency gain/(loss)	(2,2)	Fair value adjustments of derivatives and debt

Financing costs	(136,0)	A. Net financing costs for (99.1) US\$ million (Note 6 of Westfield 2017 Financial report) B. Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares for 4.0 US\$ million (Note 6 of Westfield 2017 Financial report) C. Fair value adjustments of derivatives and debt for (40.9) US\$ million (Note 6 of Westfield 2017 Financial report)
Gain/(loss) in respect of capital transactions	(23,6)	A. Result on disposal of investment properties for (13.3) US\$ million (Note 7 of Westfield 2017 Financial report) B. Acquisition and related costs for (10.3) US\$ million (Note 7 of Westfield 2017 Financial report)
Property revaluations	568,2	Valuation movements on assets
Intangible amortisation and impairment	(22,9)	Valuation movements on assets
Profit before tax for the period	1 433,5	
Tax credit/(expense)	117,7	Income tax expenses
Profit after tax for the period	1 551,2	

	Adjusted Historical Westfield in US\$ million	Adjusted Historical Westfield in € million
	Dec. 31, 2017	Dec. 31, 2017
Gross rental income	630,1	557,8
Operating expenses and net service charges	(283,1)	(250,6)
Net rental income	347,0	307,2
Property development and project management revenue	733,1	649,0
Property development and project management costs	(629,7)	(557,5)
Net Property development and project management income	103,4	91,5
Revenues from other activities	56,3	49,8
Other expenses	(21,6)	(19,1)
Net other income	34,7	30,7
Contribution of companies accounted for under the equity method	671,6	594,5
Administrative expenses	(119,9)	(106,1)
Acquisition and related costs	(10,3)	(9,1)
Proceeds from disposal of investment properties	274,9	243,4
Carrying value of investment properties sold	(288,2)	(255,1)
Result on disposal of investment properties	(13,3)	(11,8)
Valuation movements on assets	545,3	482,7
NET OPERATING RESULT	1 558,5	1 379,7
Result from non-consolidated companies	-	-
<i>Financial income</i>	<i>13,2</i>	<i>11,7</i>
<i>Financial expenses</i>	<i>(99,1)</i>	<i>(87,7)</i>
Net financing costs	(85,9)	(76,0)

Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	4,0	3,5
Fair value adjustments of derivatives and debt	(43,1)	(38,2)
RESULT BEFORE TAX	1 433,5	1 269,0
Income tax expenses	117,7	104,2
NET RESULT FOR THE PERIOD	1 551,2	1 373,2
Net result for the period attributable to:		
– Members of Westfield Corporation	1 551,2	1 373,2
– External Non-controlling interests	-	-
Net result for the period	1 551,2	1 373,2

1.2 Balance sheet as at December 31, 2017

	Historical Westfield in US\$ million	Included in the following lines of "Adjusted Historical Westfield in US\$ million":
Cash and cash equivalents	501,2	Cash and cash equivalents
Trade debtors	35,6	Trade receivables from activity
Derivative assets	-	
Receivables	135,2	Other receivables
Inventories and development projects	69,0	Investment properties at cost
Other	47,9	A. Other receivables for 20.7 US\$million (Note 12 of Westfield 2017 Financial report)
		B. Loans and receivables for 27.2 US\$million (Note 12 of Westfield 2017 Financial report)
Total current assets	788,9	
Investment properties	9 978,3	Investment properties at fair value
Equity accounted investments	9 159,5	Shares and investments in companies accounted for under the equity method
Other property investments	287,6	Financial assets
Inventories and development projects	352,7	Investment properties at cost
Derivative assets	92,7	Derivatives at fair value
Receivables	214,5	Loans and receivables
Plant and equipment	149,2	Other tangible assets
Deferred tax assets	19,4	Deferred tax assets
		A. Goodwill for 57.3 US\$million (Note 12 of Westfield 2017 Financial report)
Other	211,5	B. Intangible assets for 124.1 US\$million (Note 12 Westfield of Westfield 2017 Financial report)
		C. Other for 30.1 US\$million (Note 12 of Westfield 2017 Financial report)
Total non current assets	20 465,4	
Total assets	21 254,3	
Trade creditors	44,6	Amounts due to suppliers and other current debt
Payables and other creditors	862,3	A. Short term provisions for 46.7 US\$million (Note 18 of Westfield 2017 Financial report)
		B. Amounts due to suppliers and other current debt for 815.6 US\$million (Note 18 of Westfield 2017 Financial report)
Interest bearing liabilities	3,5	Current borrowings and amounts due to credit institutions
Other financial liabilities	2,6	A. Finance leases for 0.6 US\$million (Note 20 of Westfield 2017 Financial report)
		B. Current borrowings and amounts due to credit institutions for 2.0 US\$million (Note 20 of Westfield 2017 Financial report)
Tax payable	41,7	Tax and social security liabilities
Total current liabilities	954,7	
Payables and other creditors	78,2	A. Sundry creditors and accruals for 73.6 US\$million (Note 18 of Westfield 2017 Financial report)
		B. Employee benefits for 4.6 US\$million (Note 18 of Westfield 2017 Financial report)
Interest bearing liabilities	7 225,6	Long term bonds and borrowings
		A. Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares for 71.1 US\$million (Note 20 of Westfield 2017 Financial report)
Other financial liabilities	259,0	B. Long term bonds and borrowings for 149.4 US\$million (Note 20 of Westfield 2017 Financial report)
		C. Finance leases for 38.5 US\$million (Note 20 of Westfield 2017 Financial report)
Deferred tax liabilities	1 835,8	Deferred tax liabilities
Derivative liabilities	22,0	Derivatives at fair value
Total non current liabilities	9 420,6	
Total liabilities	10 375,3	
Net assets	10 879,0	
Equity attributable to members of WCL		
Contributed equity	843,7	
Reserves	(120,4)	
Retained profits	1 589,5	

	Historical Westfield in US\$ million	Included in the following lines of "Adjusted Historical Westfield in US\$ million":
Total equity attributable to members of WCL	2 312,8	- Equity attributable to members of Westfield Corporation
Equity attributable to WFDT members		
Contributed equity	5 613,5	
Reserves	(1 224,3)	
Retained profits	560,0	
Total equity attributable to WFDT members	4 949,2	- Equity attributable to members of Westfield Corporation
Equity attributable to WAT members		
Contributed equity	4 957,5	
Reserves	639,9	
Retained profits	(2 053,9)	
Total equity attributable to WAT members	3 543,5	- Equity attributable to members of Westfield Corporation
Equity attributable to external non controlling interests		
Contributed equity	60,2	
Reserves	13,3	
Retained profits	-	
Total equity attributable to external non controlling interests	73,5	- External non-controlling interests
Total equity	10 879,0	

	Adjusted Historical Westfield in US\$ million	Adjusted Historical Westfield in € million
	Dec. 31, 2017	Dec. 31, 2017
NON CURRENT ASSETS	20 534,4	17 122,0
Investment properties	10 400,0	8 671,7
<i>Investment properties at fair value</i>	9 978,3	8 320,1
<i>Investment properties at cost</i>	421,7	351,6
Other tangible assets	149,2	124,4
Goodwill	57,3	47,8
Intangible assets	124,1	103,5
Loans and receivables	214,5	178,9
Financial assets	287,6	239,8
Deferred tax assets	19,4	16,2
Derivatives at fair value	92,7	77,3
Shares and investments in companies accounted for under the equity method	9 159,5	7 637,4
Other	30,1	25,1
CURRENT ASSETS	719,9	600,3
Loans and receivables	27,2	22,7
Trade receivables from activity	35,6	29,7
Other receivables	155,9	130,0
Cash and cash equivalents	501,2	417,9
TOTAL ASSETS	21 254,3	17 722,3
- Equity attributable to members of Westfield Corporation	10 805,5	9 009,8
- External non-controlling interests	73,5	61,3
TOTAL EQUITY	10 879,0	9 071,1
NON CURRENT LIABILITIES	9 420,6	7 855,1
Net share settled bonds convertible into new and/or existing shares (ORNANE) and convertible redeemable preference shares	71,1	59,3
Long term bonds and borrowings	7 375,0	6 149,4

Long term financial leases	38,5	32,1
Derivatives at fair value	22,0	18,3
Deferred tax liabilities	1 835,8	1 530,7
Employee benefits	4,6	3,8
Amounts due on investments	73,6	61,4
CURRENT LIABILITIES	954,7	796,0
Amounts due to suppliers and other current debt	860,2	717,3
Current borrowings and amounts due to credit institutions	5,5	4,6
Current financial leases	0,6	0,5
Tax and social security liabilities	41,7	34,8
Short term provisions	46,7	38,9
TOTAL LIABILITIES AND EQUITY	21 254,3	17 722,3

2. Reclassifications of specific line items in the historical financial information of Westfield under IFRS as issued by the IASB

A preliminary analysis of Unibail-Rodamco and Westfield's respective accounting policies as disclosed in their 2017 consolidated financial statements has identified some differences described below.

a. *Operating overheads*

Westfield's adjusted historical income statement presented in the New Group Pro Forma Financial Information has been derived from the audited consolidated income statement of Westfield for the year ended December 31, 2017, presented by function.

Reclassifications related to Westfield's operating overheads by nature have not been reflected in the pro forma adjustments, as the information was not available.

b. *Net property development and project management income*

Westfield operates development projects and construction for the current and future redevelopment and expansion of new and existing shopping centre investments. Revenue and expenses related to this activity are presented on separate line items of the Westfield consolidated income statement. Considering the materiality of these lines in the future consolidated financial statements of the New Group after the completion of the Transaction, they have been presented on separate line items in the pro forma statement of income.

c. *"Contribution of companies accounted for under the equity method"*

"Share of the result of companies under the equity method" and "Income on financial assets" are presented below the "Net operating result" in Unibail-Rodamco's consolidated statement of income. Considering the materiality of these lines in the future consolidated financial statements of the New Group after the completion of the Transaction, and as they are directly related to the operations of the New Group and taking into account the fact that the main part of the net contribution is related to operating revenues, they have been reclassified above "Net operating result" in the pro forma statement of income.

The final analysis of Westfield's accounting policies, which will be performed after the completion of the Transaction, may lead to differences not identified in the New Group Pro Forma Financial Information.

3. Preliminary Purchase Accounting

The acquisition will be accounted for as a business combination in accordance with IFRS 3 Revised "*Business Combinations*", which requires that identifiable assets acquired and liabilities assumed be measured at their fair values as of the acquisition date. This valuation will be based on a detailed asset by asset (for the standing assets) and project by project (for the pipeline) review, which is not possible at this stage based on Westfield's publically available financial information.

Purchase accounting requires the acquirer to identify by nature all assets acquired and liabilities assumed of the acquiree and to measure each at fair value.

Unibail-Rodamco did not have full access to the detailed information of Westfield. As a result, Unibail-Rodamco was not able to assess the fair value of the assets acquired and liabilities assumed to be reflected in the New Group Pro Forma Financial Information.

After the completion of the Transaction, Unibail-Rodamco will appoint independent appraisers to perform the valuation of Westfield's assets and liabilities. The excess of the consideration transferred, over the fair value of the identifiable assets acquired and the liabilities assumed will be recognized as goodwill. In accordance with IFRS 3 Revised, the measurement period shall not exceed one year from the acquisition date.

At this stage, no preliminary purchase accounting has been reflected in the New Group Pro Forma Financial Information since Unibail-Rodamco does not have sufficient detailed information that would allow properly

recognizing and measuring at fair value, separately from goodwill, the identifiable assets acquired and the liabilities assumed, as required by IFRS 3 Revised.

However Unibail-Rodamco expects that the purchase accounting will result in recognizing certain assets acquired and liabilities assumed which, by nature, have already been identified and will be recorded at fair value, including, without limitation: projects included in the pipeline, the Westfield trademark, the property management business, the project development and project management business, the Airport business and Westfield's financial debt. Thus, the final purchase accounting, which will be performed in the future consolidated financial statements of the New Group after the completion of the Transaction, may significantly differ from the New Group Pro Forma Financial Information.

The New Group does not anticipate significant impacts in term of depreciation when this purchase accounting is finalized. No depreciation is expected with respect to investment properties (whether consolidated or held through equity method investments) since investment properties are accounted for at fair value under IAS 40 by Westfield and will continue to be under the New Group accounting policies. Further, the Westfield trademark is expected to be accounted for as an intangible asset with indefinite useful life and as such to be tested for impairment at least annually rather than depreciated. Last, only the estimated fair value of the contract portfolio of the fee business (property management and project and construction management mainly) is expected to be amortized over the duration of the contracts existing on the date of acquisition.

4. Goodwill

Under the Transaction terms, Unibail-Rodamco will acquire Westfield through a combination of cash and issuance of shares. The consideration offered to Westfield Securityholders comprises 0.01844 Stapled Shares (Scrip Consideration) plus US\$2.67 in cash for each Westfield Security (Cash Consideration). Approximately 38.3 million Unibail-Rodamco shares will be issued to Westfield Securityholders to fund the Scrip Consideration and a total of approximately US\$5.5 billion will be paid as the Cash Consideration.

In January 2018, the Unibail-Rodamco Group entered into a currency option to hedge the €/US\$ foreign exchange risk at 1 US\$ = €0.828 for which the hedge accounting is applied. The cash consideration in Euro is calculated based on this exchange rate. In accordance with IFRS 9, that Unibail-Rodamco intends to apply to this hedging transaction in 2018, the €47.4 million premium related to this currency option has been included in the cash consideration.

The Scrip Consideration to be received by Westfield Securityholders will be measured at the fair value of the equity issued at the completion date of the Transaction, *i.e.*, on the date of acquisition, which is expected to be the date on which all conditions precedent are met and after the Unibail-Rodamco Shareholder and the Westfield Securityholders approve the Transaction.

For the purpose of the New Group Pro Forma Financial Information, the preliminary purchase consideration below reflects the estimated fair value of equity issued based on February 5, 2018, closing price of €195.65 per Unibail-Rodamco Share, and the number of outstanding Westfield Securities as of December 31, 2017. The amount of total purchase consideration disclosed below is not necessarily indicative of the actual consideration that will be transferred at the completion date of the Transaction.

The preliminary estimated purchase consideration and Westfield's net assets acquired as if the Transaction had closed on December 31, 2017, are presented as follows:

	Dec. 31, 2017
Number of Westfield Securities as of December 31, 2017	2,078,089,686
Exchange ratio into Unibail-Rodamco Shares	0.01844
Number of Unibail-Rodamco Shares to be issued	38,319,974
Unibail-Rodamco Share price as at February 5, 2018 (in €)	195.65
Market value of the Unibail-Rodamco Shares to be issued in exchange of Westfield Securities (in € million) (1)	7,497.3
Number of Westfield Securities as of December 31, 2017	2,078,089,686
Cash per Westfield Security (in US\$)	2.67
Cash consideration (in US\$ million)	5,548.5
Cash consideration (in € million) (2)	4,593.1
Cost of the hedging (3)	47.4
Estimated purchase consideration (in € million) (1) + (2) + (3)	12,137.8

The following table summarizes the goodwill calculation:

<i>Currency: € Mn</i>	Dec. 31, 2017
Estimated purchase consideration	12,137.8
Book value of net assets acquired (equity attributable to parent company owners)	9,009.8
Final dividend paid on February 28, 2018, by Westfield	(221.0)
Transaction costs to be incurred after December 31, 2017 by Westfield (estimated by Westfield) (see Note 5)	(80.3)
Employee share plan benefits reserve (deducted from cash) (see Note 5)	(41.6)
OneMarket demerger (see Note 7)	(225.9)
Adjusted net book value of assets acquired	8,441.1
Goodwill as per IFRS 3 Revised	3,696.8
Less: pre-existing Westfield goodwill related to OneMarket	(47.8)
Net Pro Forma adjustment to the goodwill line item	3,649.0

At this stage, Unibail-Rodamco is not able to estimate the amount of the goodwill, if any, after the purchase price allocation.

The final goodwill calculation will be affected by the result of Westfield between January 1, 2018 and the acquisition date. The final goodwill calculation will be affected by the result of Westfield between January 1, 2018 and the acquisition date, by the Unibail-Rodamco Share price, and by the fair value of the assets and liabilities at acquisition date (see note 3, Section 4.2.2 “— Notes to the unaudited pro forma condensed consolidated financial information” of this Document”)

The following table provides a sensitivity analysis to changes in the Unibail-Rodamco Share price and the impact on the computation of the pro forma purchase consideration and the preliminary goodwill before purchase price allocation:

	Unibail-Rodamco Share price (in €)	Estimated purchase consideration (in € million)	Preliminary goodwill (in € million)
Base case Unibail-Rodamco Share price at February 5, 2018	195.65	12,137.8	3,696.8
Unibail-Rodamco Share price +10% compared to base case	215.22	12,887.6	4,446.5
Unibail-Rodamco Share price -10% compared to base case	176.09	11,388.1	2,947.0

5. Transaction costs and other related costs

Transaction costs included in the New Group Pro Forma Financial Information are directly attributable to the Transaction. These costs mainly include banking, legal and consulting fees.

They are not expected to have a continuing impact on the consolidated New Group.

The pro forma adjustments related to these transaction costs are as follow:

- The full amount of Unibail-Rodamco’s estimated transaction costs are accounted for in the pro forma consolidated statement of income for the year ended December 31, 2017, as if they had all been incurred on January 1, 2017, and as at December 31, 2017, for the pro forma statement of financial position. Unibail-Rodamco’s transaction costs incurred during the year ended December 31, 2017, have been included in its historical financial information for a total amount of €58.9 million. The estimated future transaction costs to be incurred by Unibail-Rodamco after December 31, 2017, €66.1 million, have been reflected in the pro forma adjustment columns of the pro forma statement of income and of the pro forma statement of financial position;
- Westfield’s transaction costs incurred during the year ended December 31, 2017, have been included in its historical financial information for a total amount of US\$10.0 million. These transaction costs have been eliminated in the pro forma adjustment column of the pro forma consolidated statement of income for €9.1 million, as they will not impact the New Group’s net result. The future transaction costs to be incurred by Westfield in 2018 have been recorded as an adjustment for €80.3 million in the pro forma statement of financial position and are reflected in the preliminary purchase accounting as a reduction of the net assets of Westfield acquired by Unibail-Rodamco.

In addition, a total of other related costs of €1319 million was booked as an adjustment in the pro forma statement of income. It includes:

- The cost of accelerating the employee share plan benefits of Westfield (€100.0 million) provided for in the Implementation Agreement and reflected as a compensation expense (with an expected cash settlement) assumed by Unibail-Rodamco, based on the estimated market value of such share based payment at the acquisition date. The total cash settlement of the employee share plan is expected to be €141.6 million, also including €41.6 million already recorded in equity by Westfield, which will be reversed;
- Redundancy and other employee related costs (€31.9million).

The total transaction costs and other related costs (representing the amount of transaction costs and other related costs incurred in 2017 or to be incurred in 2018) have been estimated to €346.3 million, with €256.9 million allocated to the statement of income and €89.4 million allocated directly to equity.

6. Financing of the transaction

For the purpose of the New Group Pro Forma Financial Information, an amount of €5,075 million was considered as drawn (out of the €6.1 billion total amount available under the Bridge Loan) for the cash consideration of the Transaction as well as the transaction costs and other related costs funded under the Bridge Loan, as follows:

- Cash consideration (see note 4, Section 4.2.2 “— *Notes to the unaudited pro forma condensed consolidated financial information*” of this Document) for €4,593.1 million,
- Cost of hedging the Cash consideration for the portion accounted for under hedge accounting and included in the purchase accounting for €47.4 million (see note 4, Section 4.2.2 of this Document) and for the prior compound option hedging transaction settled for €47.3 million recorded through income (see note 10, Section 4.2.2 of this Document),
- 2017 Transaction costs and other related costs for a total €68.0 million consisting of €58.9 million for Unibail-Rodamco and €9.1 million for Westfield (see note 5, Section 4.2.2 of this Document),
- 2018 Transaction and other related costs for a total €319.9 million for a total €319.9 million consisting of €66.1 million transaction costs for Unibail-Rodamco, €80.3 million transaction costs for Westfield, €141.6 million for Westfield cash-settled accelerated share plan benefits and €31.9 million for Westfield redundancy and other employee related costs (see note 5, Section 4.2.2 of this Document).

The interest expenses related to the €5.1 billion of Bridge Loan borrowings amount to €22.8 million, and are included in the pro forma adjustments. Unibail-Rodamco intends to replace, repay or refinance the Bridge Loan through one or more capital markets offerings and asset disposal proceeds. Any debt securities would be issued by Unibail-Rodamco or Newco either under their EMTN programme and/or by way of a standalone issuance. Such securities may be either senior or subordinated securities.

In addition, Unibail-Rodamco intends to issue Hybrid Securities, subject to market conditions, for a total amount of €2.0 billion. The Hybrid Securities will be accounted for as an equity instrument under IAS 32 and upon issuance will reduce or repay, as the case may be, the commitments under the Bridge Loan. Since no term sheet has been signed, the New Group considers that reflecting the proceeds from the Hybrid Securities as a pro forma adjustment was not “factually supportable”. Consequently, the Hybrid Securities have not been reflected in the New Group Pro Forma Financial Information.

The outstanding ORNANES have been kept as non-current in the pro forma statement of financial position, because, even if there were to be a partial or total reimbursement as a consequence of the stapling of the Unibail-Rodamco shares with Newco Class A Shares, Unibail-Rodamco expects that the refinancing will be made through the Bridge Loan.

7. OneMarket demerger

As provided for in the Implementation Agreement, a 90% interest in OneMarket business will be demerged from Westfield into a newly formed ASX listed entity held by Westfield Securityholders, and Westfield retaining a 10% interest (see Section 3.8 “— *OneMarket Demerger*” of the EU Listing Prospectus). Thus the demerger is reflected in the pro forma adjustments based on the consolidated carrying value of the OneMarket business as at December 31, 2017.

Unibail-Rodamco plans to keep a 10% participation in this business unit, and intends to continue benefitting from what it has to offer in the future. Unibail-Rodamco already has strong digital innovation capacities in-house, and will fully leverage both companies’ knowledge of consumer expectations to deliver best-in-class retail experience. The success of the business model of OneMarket depends on it being independent from any one retail landlord.

The net loss of the OneMarket business was disclosed in the Westfield Consolidated Financial Statements 2017, and was reversed in the pro forma consolidated income statement for the year ended December 31, 2017, and resulted in an increase of the net result of €34.3 million.

The impact of the demerger has been adjusted in the pro forma statement of financial position as of December 31, 2017. The net asset value of the OneMarket business, as reported by Westfield in the Westfield Consolidated Financial Statements 2017, is €251.0 million, with the following breakdown:

- Goodwill: €47.8 million;
- Intangible assets: €35.4 million;
- Financial assets: €5.5 million;
- Cash and cash equivalents: €164.7 million, funded by Westfield in 2017; and
- Amounts due to suppliers and other current debt: -€2.4 million.

These amounts have been adjusted in the pro forma statement of financial position in order to reflect the demerger of 90% of the OneMarket business, with an increase of €25.1 million of the “Financial assets”, corresponding to 10% of the net asset value of OneMarket (non-consolidated shares), and a decrease of €225.9 million of the total equity, corresponding to the attribution of OneMarket shares resulting from the demerger.

8. Net result and equity attributable to holders of Stapled Shares

The calculation of the net result and equity attributable to holders of Stapled Shares is based on the information available in the financial statements of Westfield as at December 31, 2017.

The percentage of ownership of Newco in WEA is expected to be approximately 83%. Therefore, the holders of Stapled Shares will directly (via Newco and WAT) own 49.55% of the net result of WEA and 49.55% of the equity. See Section 4.1 “— *Basis of Presentation*” of this Document.

9. Detail of pro forma adjustments on total equity

The effects of the pro forma adjustments on total equity are described as follows:

Currency: € Mn

Unibail-Rodamco increase of share capital	7,497.3
Westfield's equity	(9,009.8)
Unibail-Rodamco's transaction costs in 2018	(66.1)
Employee share plan and redundancy costs	(131.9)
Fair value of derivatives	(11.7)
Total	(1,722.3)

10. Derivatives at fair value

The adjustment of -€57.9 million relates to:

- The Swap owned by Unibail-Rodamco, which was deemed settled at completion of the Transaction for an amount of -€46.2 million, with the corresponding impact on cash and cash equivalents;
- The fair value of the compound option implemented by Unibail-Rodamco at the announcement date to cover the EUR/US\$ foreign exchange risk of the Transaction, has been reversed by an amount of -€11.7 million. The €47.3 million premium relating to the compound option was booked in “Current borrowings and amounts due to credit institutions” as at December 31, 2017, and has been reversed against cash in the pro forma adjustment column of the pro forma statement of financial position.

11. Cash and cash equivalents

The adjustment of -€339.5 million relates to:

Currency: € Mn

Bridge Loan financing (see note 6, Section 4.2.2 of this Document)	5,075.7
Cash consideration (see note 4, Section 4.2.2 of this Document)	(4,593.1)
Transaction costs and other related costs (see note 5, Section 4.2.2 of this Document)	(387.9)
Cost of hedging the Cash consideration (see note 6, Section 4.2.2 of this Document)	(94.7)
Impact of OneMarket demerger	(164.7)
Restatement of final dividend paid on February 28, 2018 by Westfield	(221.0)
Settlement of the Total Return Swaps (see note 10, Section 4.2.2 of this Document)	46.2
Total	(339.5)

12. Amounts due to suppliers and other current debt

The adjustment of -€70.4 million relates to:

Currency: € Mn

OneMarket demerger (see note 7, Section 4.2.2 of this Document)	(2.4)
Acquisition and related costs incurred during the year ended December 31, 2017 recorded as a proforma adjustment against cash and cash equivalents (see notes 5 and 11, Section 4.2.2 of this Document)	(68.0)
Total	(70.4)

4.3. STATUTORY AUDITORS' REPORT ON PRO FORMA FINANCIAL INFORMATION

To Mr. Christophe Cuvillier, Chairman of the Unibail-Rodamco Management Board, and Unibail-Rodamco Chief Executive Officer and Mr. Jaap Tonckens, Member of the Unibail-Rodamco Management Board, and Unibail-Rodamco Chief Financial Officer,

In our capacity as statutory auditors of your company and in accordance with AMF instruction n°2016-04 and Commission Regulation (EC) n°809/2004, we hereby report to you on the pro forma financial information of Unibail-Rodamco SE for the period from January 1, to December 31, 2017 set out in section 8.2 of the prospectus of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. made available to the public in the context of the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco SE and the class A shares of WFD Unibail-Rodamco N.V., stapled together to form the stapled shares to be filed with the French financial markets authority (“Autorité des marchés financiers” – “AMF”) and the Dutch authority for the financial markets (“De Autoriteit Financiële Markten” – “AFM”) and in section 4 of the document E of Unibail-Rodamco SE made available to the public in connection with the share capital increase of Unibail-Rodamco SE through the issue of new ordinary shares of Unibail-Rodamco SE shares in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares to be filed with the AMF.

The pro forma financial information has been prepared for the sole purpose of illustrating the impact that the acquisition of Westfield Corporation Limited by Unibail-Rodamco SE might have had on the consolidated statement of financial position of Unibail-Rodamco SE as at December 31, 2017 and on the consolidated statement of income of Unibail-Rodamco SE for the year ended December 31, 2017 had the transaction taken place as at December 31, 2017 and January 1, 2017 respectively. By its very nature, the pro forma financial information is based on a hypothetical situation and, therefore, does not represent the financial position or performance that would have been reported, had the transaction taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the pro forma financial information in accordance with AMF instruction n°2016-04 and the provisions of Commission Regulation (EC) n°809/2004 and ESMA recommendations on pro forma financial information.

It is our responsibility to express an opinion, based on our work, in accordance with Annex II, item 7 of Commission Regulation (EC) n°809/2004, as to the proper compilation of the pro forma financial information.

We performed those procedures that we deemed necessary in accordance with the professional auditing standards applicable in France to such engagements. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the pro forma financial information, mainly consisted in ensuring that the information used to prepare the pro forma information was consistent with the underlying financial information, as described in the notes to the pro forma financial information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with management to obtain the information and explanations that we deemed necessary.

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated; and
- that basis is consistent with the accounting policies of Unibail-Rodamco SE.

This report has been issued solely for the purposes of:

- the registration of the document E with the AMF made available to the public in connection with the share capital increase of Unibail-Rodamco SE through the issue of new ordinary shares of Unibail-Rodamco SE shares in consideration for the contribution in kind of Westfield Corporation Limited shares and TH Newco shares ; and,
- the prospectus in connection with the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the ordinary shares of Unibail-Rodamco SE and the class A shares of WFD Unibail-Rodamco N.V., stapled together to form the stapled shares;

and cannot be used for any other purpose.

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Neuilly-sur-Seine and Paris-La Défense, on March 28, 2018

The statutory auditors

DELOITTE & ASSOCIES

Pascal Colin
Partner

ERNST & YOUNG Audit

Jean-Yves Jégourel
Partner

5. PRESENTATION OF WCL AND WFDT

At the time of the Contribution, the shares of WCL and TH Newco (whose sole assets will be the securities of WFDT) are being proposed for contribution in kind to the shareholders of Unibail-Rodamco. In the light of the fact that the sole assets of TH Newco are securities of WFDT, information on WFDT is provided hereafter.

5.1. GENERAL INFORMATION

Westfield Group is, until the completion of the Transaction, a triple-stapled group comprising WCL and its controlled entities, WAT and WFDT.

Stapled groups in Australia operate, and are accounted for, as single economic entities. For example, stapled groups benefit from regulatory relief which allow the stapled entities to transact with one another without complying with the restrictions on related party dealings which would otherwise apply to them. This reflects the fact that as stapled groups each of the stapled entities always have the same security holders.

As such, for most purposes under Australian law and practice, the underlying legal ownership structure of assets held by the stapled entities (WCL, WAT and WFDT) is disregarded with ownership and operational issues considered in totality at the Westfield Group level.

This Section 5 describes, where possible to segregate them, the structure, management and operations of WCL and WFDT. Otherwise, the information provided in this Section 5 relates to the Westfield Group.

WCL and its controlled entities also own a 17.4% interest in WEA (the remaining 82.6% interest being held by WAT). WEA is the principal vehicle through which Westfield Group conducts its U.S. operations. Unless expressly stated, this Section does not include a description of WAT's activities or Westfield's U.S. operations.

On implementation of the Transaction, the WCL shares, WAT units and WFDT units will be destapled, as described in Section 3.6.1 "*— Key Transaction Steps for purposes of completing the Transaction*" of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

5.1.1. Name and registered office

5.1.1.1. WCL

Name: Westfield Corporation Limited

Registered office: Level 29, 85 Castlereagh Street, Sydney NSW 2000, Australia

5.1.1.2. WFDT

Name: WFDT

Registered office: Level 29, 85 Castlereagh Street, Sydney NSW 2000, Australia

5.1.2. Date of incorporation and term

5.1.2.1. WCL

Date of incorporation: November 28, 2013

Term: Indefinite

5.1.2.2. WFDT

Date of establishment: March 26, 2014

Term: Under the WFDT constitution, WFDT terminates on the earliest of (while WFDT is an Australian registered managed investment scheme), the date which members of WFDT determine by special resolution of the members' general meeting, the date specified by the trustee and advised to members by notice in writing at least 60 days in advance, and the date on which the trust terminates in accordance with applicable law. No WFDT units may be issued or redeemed after the 80th anniversary of the day preceding commencement of WFDT, *i.e.*, March 25, 2094 (unless that issue or redemption would not offend the rule against perpetuities or any other rule of law or equity).

5.1.3. Legislation and legal form

5.1.3.1. WCL

WCL is a public company limited by shares under the Australian Corporations Act.

5.1.3.2. WFDT

WFDT is a trust and managed investment scheme under the Australian Corporations Act. Its responsible entity is:

Westfield America Management Limited, Level 29, 85 Castlereagh Street, Sydney NSW 2000, Australia.

5.1.4. Corporate purpose

5.1.4.1. WCL

In compliance with Australian law, WCL's constitution does not contain any specific corporate purpose.

WCL and various of its subsidiaries are the primary legal entities through which Westfield conducts its shopping centre development, design, construction and management, marketing and leasing operations and its asset management activities in the United Kingdom. WCL also owns interests in certain of Westfield's UK properties.

5.1.4.2. WFDT

In compliance with Australian law, WFDT's constitution does not contain any specific corporate purpose.

WFDT is one of the primary entities through which Westfield owns interests in certain of its UK properties.

5.1.5. Company register number

5.1.5.1. WCL

WCL's Australian Business Number is 12 166 995 197.

5.1.5.2. WFDT

WFDT's responsible entity is Westfield America Management Limited, whose Australian Business Number is 66 072 780 619.

5.1.6. End of the Financial Year

5.1.6.1. WCL

December 31.

5.1.6.2. WFDT

December 31.

5.1.7. Management

Westfield Group is, until the completion of the Transaction, a stapled group comprised of WCL, WFDT and WAT, which operates as a single economic entity.

Until completion of the Transaction, the boards of directors of WCL and of Westfield America Management Limited ("**WAML**") (the responsible entity of WFDT and WAT) each have common membership (the "**Westfield Board**"). Each board has adopted a common board charter which sets out the objectives, responsibilities and framework for the operation of the Westfield Board.

As regards WCL and WFDT, the information provided below is equally applicable to WCL and WFDT. With respect to remuneration, it is provided for each individual acting as executive or non-executive director or officer of WCL and WAML.

5.1.7.1. Names and functions

a) *Westfield*

(i) Westfield Board

The table below sets out the composition of the Westfield Board, before the Transaction, as of the date of this Document:

Name	Position
Sir Frank P Lowy AC	Chairman of the Westfield Board
Brian M Schwartz AM	Independent Director; Deputy Chairman of the Westfield Board
Ilana R Atlas	Independent Director
Roy L Furman	Independent Director
Jeffrey Goldstein	Independent Director
Michael Gutman OBE	Director; President and Chief Operating Officer
Mark G Johnson	Independent Director
Mark R Johnson AO	Independent Director
Donald D Kingsborough	Director; Chief Executive Officer of OneMarket
Peter S Lowy	Director; Co-Chief Executive Officer
Steven M Lowy AM	Director; Co-Chief Executive Officer
John McFarlane	Independent Director
Dawn Ostroff	Independent Director

(ii) Westfield Board Committees

The Westfield Board delegates certain responsibilities to standing committees which operate in accordance with charters approved by the Westfield Board (the “**Board Committees**”). As the composition of the board of directors of WCL and of WAML is identical, each committee has the same membership and, for all purposes, operates as one “Westfield Group” Committee.

Currently, there are three standing Board Committees: the Audit and Risk Committee, the Human Resources Committee and the Nomination Committee.

- The Audit and Risk Committee

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 Group and the systems of risk management, internal controls and legal compliance.

During the past fiscal year, the members of the Audit and Risk Committee were:

- Mr. Brian Schwartz AM, as Chairman of the Audit and Risk Committee,
- Mrs. Ilana Atlas, and
- Mr. Mark G. Johnson.

All of them are independent directors.

- The 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 Group.

During the past fiscal year, the members of the Human Resources Committee were:

- Mr. Mark R. Johnson AO, as Chairman of the Human Resources Committee,
- Mrs. Ilana Atlas, and
- Mr. Roy Furman.

All of them are independent directors.

- The 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.

During the past fiscal year, the members of the Nomination Committee were:

- Mr. Brian Schwartz AM, as Chairman of the Nomination Committee,
- Mr. Roy Furman and
- Mr. Mark R. Johnson AO.

All the members of the committee are independent.

(iii) Westfield Global Executives

The table below lists Westfield's global executives, before the Transaction, as of the date of this Document:

Name	Position
Peter S Lowy	Co-Chief Executive Officer
Steven M Lowy AM	Co-Chief Executive Officer
Michael Gutman OBE	President & Chief Operating Officer
Elliott Rusanow	Chief Financial Officer
Simon Tuxen	General Counsel
Donald D Kingsborough	Chief Executive Officer, OneMarket
Mark Ryan	Director, Corporate Affairs
Richard Steets	Chief Risk Officer
Mark Stefanek	Treasurer
Denise Taylor	Chief Information Officer
David Temby	Tax Counsel

5.1.7.2. Remuneration and benefits of the members of the WCL's and WFDT's administrative and management bodies

To the extent that employees have group wide responsibilities their remuneration relates to Westfield Group generally, and is not broken down amongst WCL, WFDT and WAT. Each member of the key management personnel of Westfield Group has group-wide responsibilities of this nature. To the extent employees have responsibilities that relate exclusively to Westfield's United States business, that remuneration would be referable to WAT and the business of WAT. To the extent that employees have responsibilities that relate exclusively to Westfield's Europe or United Kingdom business, that remuneration would be referable to WCL and the business of WCL.

a) Remuneration of the Westfield key management personnel

The remuneration paid by Westfield to its key management personnel is as follows.

Westfield Co-Chief Executive Officers

The summary below outlines Mr. Peter Lowy's fixed and at risk remuneration for the 2015, 2016 and 2017 financial years. Mr. Peter Lowy will retire as Co-CEO of Westfield following completion of the Transaction.

Component of remuneration	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Short term employee benefits			
– Base salary ⁽¹⁾	2,500,000	2,500,000	2,500,000

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
Fixed			
– Cash bonus ⁽²⁾	2,457,000	2,470,000	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	4,970,000
Post-employment			
– Pension and superannuation benefits	–	–	–
Other long term benefits	–	–	–
Amortisation of all awards on issue			
– Cash settled awards (at risk)	–	–	410,820
– Equity settled awards (at risk)	3,270,924	3,016,205	2,604,566
Total – Statutory Remuneration	8,227,924	7,986,205	7,985,386
Remuneration paid during the year			
– Base salary	2,500,000	2,500,000	2,500,000
– Cash bonus	2,457,000	2,470,000	2,470,000
Fair market value of securities at the date of vesting			
– Cash settled awards	–	–	1,317,285
– Equity settled awards	5,022,573	4,594,820	2,717,428
Total – Cash Remuneration (including equity settled awards)	9,979,573	9,564,820	9,004,713

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

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

The summary below outlines Mr. Steven Lowy's fixed and at risk remuneration for the 2015, 2016 and 2017 financial years.

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
Short term employee benefits			
– Base salary ⁽¹⁾	2,500,000	2,500,000	2,500,000
Fixed			
– Cash bonus ⁽²⁾	2,457,000	2,470,000	2,470,000
At risk			
– Other short term employee benefits ⁽³⁾	41,646	41,667	209,866
Fixed			
– Non monetary benefits	–	–	–
Fixed			
Total short term employee benefits	4,998,646	5,011,667	5,179,866
Post employment			
– Pension and superannuation benefits	–	–	–
Other long term benefits	–	–	–

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
Amortisation of all awards on issue			
– Cash settled awards (at risk)	–	–	410,820
– Equity settled awards (at risk)	3,233,672	3,039,305	2,627,932
Total – Statutory Remuneration	8,232,318	8,050,972	8,218,618
Remuneration paid during the year			
– Base salary	2,500,000	2,500,000	2,500,000
– Cash bonus	2,457,000	2,470,000	2,470,000
– Other short term employee benefits	41,646	41,667	209,866
Fair market value of securities at the date of vesting			
– Cash settled awards	–	–	1,317,285
– Equity settled awards	4,888,493	4,865,821	2,717,428
Total – Cash Remuneration (including equity settled awards)	9,887,139	9,877,488	9,214,579

- (1) Mr. Lowy's base salary is inclusive of statutory superannuation contributions.
- (2) No part of this bonus is payable in respect of any future financial year.
- (3) Comprising annual leave and long service leave entitlements.

Westfield President & Chief Operating Officer

The summary below outlines Mr. Gutman's fixed and at risk remuneration for the 2015, 2016 and 2017 financial years.

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
Short term employee benefits			
– Base salary ⁽¹⁾ Fixed	1,560,000	1,560,000	1,560,000
– Cash bonus ⁽²⁾ At risk	1,436,175	1,436,500	1,440,000
– Other short term employee benefits ⁽³⁾ Fixed	26,251	26,182	108,434
– Non monetary benefits ⁽⁴⁾ Fixed	109,192	68,329	139,787
Total short term employee benefits	3,131,618	3,091,011	3,248,221
Post employment			
– Pension and superannuation benefits	29,626	96,109	93,411
Other long term benefits	–	–	–
Amortisation of all awards on issue			
– Cash settled awards (at risk)	–	–	205,411
– Equity settled awards (at risk)	5,256,854	1,905,856	1,383,068
– Equity settled retention awards (at risk)	–	–	886,410
Total – Statutory Remuneration	8,418,098	5,092,976	5,816,521
Remuneration paid during the year			

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
– Base salary	1,560,000	1,560,000	1,560,000
– Cash bonus	1,436,175	1,436,500	1,440,000
– Other short term employee benefits	26,251	26,182	108,434
– Pension and superannuation benefits	29,626	96,109	93,411
Fair market value of securities at the date of vesting			
– Cash settled awards	–	–	658,643
– Equity settled awards	2,363,928	2,319,999	1,650,256
– Equity settled retention awards	–	–	8,232,177
Total – Cash Remuneration (including equity settled awards)	5,415,980	5,438,790	13,742,921

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

Westfield Chief Financial Officer

The summary below outlines Mr. Rusanow's fixed and at risk remuneration for the 2015, 2016 and 2017 financial years.

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
Short term employee benefits			
– Base salary ⁽¹⁾ Fixed	980,000	980,000	980,000
– Cash bonus ⁽²⁾ At risk	812,500	812,500	815,000
– Other short term employee benefits ⁽³⁾ Fixed	16,083	16,333	27,869
– Non monetary benefits ⁽⁴⁾ Fixed	1,074,871	225,977	–
Total short term employee benefits	2,883,454	2,034,810	1,822,869
Post employment	–	–	–
– Pension and superannuation benefits	–	–	–
Other long term benefits	–	–	–
Amortisation of all awards on issue			
– Cash settled awards (at risk)	–	–	81,126
– Equity settled awards (at risk)	948,481	740,433	675,670
– Equity settled retention awards (at risk)	–	292,300	147,735
Total – Statutory Remuneration	3,831,935	3,067,543	2,727,400
Remuneration paid during the year			

– Base salary	980,000	980,000	980,000
– Cash bonus	812,500	812,500	815,000
– Other short term employee benefits	16,083	16,333	27,869
Fair market value of securities at the date of vesting			
– Cash settled awards	–	–	263,460
– Equity settled awards	862,964	905,438	601,806
– Equity settled retention awards	–	1,209,950	1,372,033
Total – Cash Remuneration (including equity settled awards)	2,671,547	3,924,221	4,060,168

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

OneMarket Chief Executive Officer

The summary below outlines Mr. Kingsborough's fixed and at risk remuneration for the 2015, 2016 and 2017 financial years.

Component of remuneration	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 ⁽¹⁾ US\$	12 months Dec. 31, 15 US\$
Non-executive Director fees ⁽¹⁾	-	122,500	187,300
Short term employee benefits			
– Base salary ⁽²⁾			
Fixed	1,400,000	538,462	-
– Cash bonus ⁽³⁾			
At risk	1,400,000	585,000	-
– Other short term employee benefits ⁽⁴⁾			
Fixed	–	–	–
– Non monetary benefits ⁽⁴⁾			
Fixed	100,295	63,403	–
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			
– Cash settled awards (at risk)	–	–	–
– Equity settled awards (at risk)	1,994,841	806,256	-
– Equity settled retention awards (at risk)	–	–	–
Total – Statutory Remuneration	4,895,136	2,115,621	-
Remuneration paid during the year			
– Non-executive Director fees	–	122,500	187,300
– Base salary	1,400,000	538,462	-
– Cash bonus	1,400,000	585,000	-
– Other short term employee benefits	-	–	-

	12 months Dec. 31, 17 US\$	12 months Dec. 31, 16 ⁽¹⁾ US\$	12 months Dec. 31, 15 US\$
Component of remuneration			
Fair market value of securities at the date of vesting			
– Cash settled awards	-	-	-
– Equity settled awards	-	-	-
– Equity settled retention awards	-	-	-
Total – Cash Remuneration (including equity settled awards)	2,800,000	1,245,962	187,300

- (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.

b) Remuneration of the Westfield non-executive directors

The table below sets out the remuneration for the Westfield non-executive directors for the 2017 financial year. This remuneration is payable for services provided to Westfield Corporation as a stapled group comprising WCL, WAT and WFDT. There is no separate allocation between entities in the Westfield Group.

Westfield non-executive directors do not receive any other compensation other than directors fees.

Name	Position	Base fee ⁽¹⁾ US\$	Deputy Chair fee US\$	Audit & Risk Committee US\$	Nomination Committee US\$	Human Resources Committee US\$	Other US\$	Total US\$
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 AO	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 April 7, 2017.

5.1.8. WCL's and WFDT's Auditors

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

Ernst & Young consented to act as statutory auditors of WCL on December 11, 2013.

5.1.9. Related-party agreements

As noted in Section 5.1 “— *General Information*” above, the Westfield Group operates as a single economic entity. As such, Westfield Group benefits from regulatory relief which allow the stapled entities (*i.e.*, WCL, WAT and WFDT and each of their controlled entities) to transact with one another without complying with the restrictions on related party dealings which would otherwise apply to them. Accordingly, Westfield Group reports as related party transactions those transactions and dealings between Westfield Group entities and third parties that are related to them, but not transactions amongst those group entities. This Section is presented on that basis and relates to related-party transactions entered into by Westfield during the year ended December 31, 2017⁷⁶.

5.1.9.1. LFG

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 Westfield Group. This is due to LFG being under the control or significant influence of certain directors of the Westfield Group, being Sir Frank Lowy AC, Mr. Steven Lowy and Mr. Peter Lowy.

Westfield Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. Westfield Group and LFG have entered into an aircraft interchange agreement, whereby Westfield Group provides its aircraft (when the aircraft are not required for Westfield 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 2017, Westfield Group utilised 98.6 hours of LFG's aircraft which was offset by LFG's use of Westfield Group's aircraft for an equivalent number of hours.

In addition to the aircraft interchange agreement, there are arrangements between Westfield Group and LFG in relation to the usage of aircraft in excess of the aircraft interchange agreement. These arrangements, including rates, are at arm's length. During the year ended December 31, 2017 US\$1,106,141 was charged by the Westfield Group to LFG for use in excess of the aircraft interchange agreement.

Westfield Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enables the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their

⁷⁶ The arrangements described in section 12.3.2 with LFG and The Lowy Institute are ongoing.

combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services.

During 2017, Westfield Group charged LFG US\$439,253 in relation to the provision of aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

During 2017, Westfield Group charged LFG US\$1,729,653 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During 2017, Westfield Group provided security services to certain directors of the Westfield Group. Security services include security in connection with the absence of a director on Westfield Group business, the attendance by a director at a function in their role as an executive or chairman of Westfield Group or any other special circumstance where, having regard to security risk assessment advice given to Westfield Group, it is considered appropriate to provide security to that director.

At December 31, 2017 the following amounts were recorded in Westfield Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	2017 US\$
Owing to LFG	Current payable	NIL
Owing from LFG	Current receivable	NIL

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

5.1.9.2. The Lowy Institute

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

During 2017, the Westfield Group charged The Lowy Institute US\$17,059 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 December 31, 2017.

5.1.9.3. Financial benefits to other stapled entities

Westfield is a stapled group comprising WCL, WAT and WFDT. The securities of each of those three entities are stapled together on a one for one basis and trade as a single stapled security on the ASX. Each of WCL, WAT and WFDT may give financial benefits (for example, loans, guarantees and security for borrowings for acquisitions) to, or for the benefit of, the other entities in the stapled group. For each of WCL, WAT and WFDT, the other entities in the stapled group may technically be regarded as related parties under applicable Australian laws. A financial benefit given by one of the stapled entities to another of the stapled entities may therefore technically be a related party transaction, although the common ownership of the stapled entities means that such financial benefit should not have an adverse impact on securityholders in the stapled group and accordingly Westfield

benefits from regulatory relief which allow such benefits to be given within the stapled group without otherwise obtaining the approval of its securityholders.

Under Australian law (and because of the regulatory relief afforded to Australian stapled groups), transactions amongst stapled entities are not required to be on arm's length terms and so do not generally undergo any arm's length testing or other benchmarking. As a policy matter, there is no leakage to securityholders as a result of such transactions as the securities in each of WCL, WAT and WFDT are held by the same securityholders. As Westfield is treated as a single economic entity, the quantum of such transactions are not reported on an individual or aggregate basis in Westfield's consolidated financial statements.

5.1.10. Address where the documents and information relating to WCL and WFDT are available for consultation

As an ASX listed company and a "disclosing entity" for the purposes of section 111AC(1) of the Australian Corporations Act, Westfield is subject to regular reporting and disclosure obligations. Broadly these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Westfield's most recent announcements, and corporate documents and information on WCL and WFDT are available from its website www.westfieldcorp.com.

Announcements are available on the ASX website (www.asx.com.au).

Additionally copies of documents lodged with ASIC in relation to Westfield may be obtained from or inspected at an ASIC service centre. Please note ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to implementation of the Transaction during normal business hours at the registered office of Westfield:

- constitutions of each of WCL, WAT and WFDT;
- Westfield's annual financial report for the financial years ended December 31, 2015, December 31, 2016 and December 31, 2017;
- Westfield's public announcements; and
- Westfield's interim report for the period ended June 30, 2017.

The annual and interim reports, public announcements and constitutions are also available at www.westfieldcorp.com.

5.2. GENERAL INFORMATION CONCERNING THE WCL AND WFDT SECURITIES

5.2.1. Amount of capital subscribed, number and classes of financial instruments making up the share capital along with the main characteristics of these instruments

5.2.1.1. Amount of subscribed capital, number and class of securities comprising the share capital

The shares of WCL are stapled to units in WAT and WFDT and are expected to be de-stapled in connection with the completion of the Transaction. All WCL shares and WFDT units are fully paid.

The table below sets forth the amount of contributed equity and the number of securities on issue for WCL and WFDT:

	Dec. 31, 17	Dec. 31, 16	Dec. 31, 15	Dec. 31, 14	Dec. 31, 13
Amount of contributed equity					
of WCL (US\$ million) ⁽¹⁾	843.7	853.1	869.7	888.3	- ⁽²⁾
of WFDT (US\$ million) ⁽¹⁾	5,643.5	5,643.5	5,643.5	5,643.5	- ⁽³⁾
Number of securities on issue					
WCL (number of securities)	2,078,089,686	2,078,089,686	2,078,089,686	2,078,089,686	100 ⁽²⁾
WFDT (number of units)	2,078,089,686	2,078,089,686	2,078,089,686	2,078,089,686	n/a ⁽³⁾

(1) Westfield equity attributable to WCL and WFDT (Source: Westfield Group Financial Statements).

(2) WCL was incorporated on November 28, 2013 with 100 ordinary shares.

(3) WFDT was established on March 26, 2014.

5.2.1.2. Main characteristics of the WCL's shares and WFDT's units

WCL shares

WCL has only one class of ordinary shares on issue, which are transferrable subject to the WCL constitution and the ASX Listing Rules.

Under the Australian Corporations Act, WCL must not pay a dividend unless:

- its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to shareholders as a whole; and
- the payment of the dividend does not materially prejudice WCL's ability to pay creditors.

Subject to the Australian Corporations Act, the WCL constitution and the terms of issue or rights of any shares with special rights to dividends, the directors of WCL may declare or determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by WCL to, or at the direction of, each shareholder entitled to that dividend.

Subject to the Australian Corporations Act, the ASX Listing Rules and the WCL constitution, each WCL share confers a right to vote at all general meetings. On a show of hands, each WCL shareholder present in person, or by proxy, attorney or representative, has one vote. If a poll is held, members present in person or by their proxy, attorney or representative will have one vote for every WCL Share held at the voting record date.

The WCL constitution provides that on winding-up, the liquidator may, with the sanction of a special resolution of the shareholders of the company, divide among the shareholders in kind the whole or any part of the company's property and may for that purpose set the value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

WFDT units

WFDT has only one class of ordinary units on issue, which are transferrable subject to their terms and WFDT deed.

Subject to the terms or issue of particular units, members of WFDT are generally entitled to share in distributions of WFDT in proportion to the number of units they hold in WFDT. Distributable

income, if any, is paid annually within two months of the distribution calculation date for a distribution period. WAML (as responsible entity of WFDT) may also distribute at any time any amount of capital or income to members pro rata according to the number of units they hold. The distribution may be in cash or by way of additional units, provided that the stapling provisions are complied with.

While WFDT is a registered managed investment scheme, the rights of members to requisition, attend and vote at meetings are as prescribed by the Australian Corporations Act. Under the Australian Corporations Act, on a show of hands, each member of a registered scheme has one vote.

If a poll is held, each member of the scheme has one vote for each dollar of the value of the total interests they have in the scheme. The value of a unit in WFDT is the amount that Westfield America Management Limited determines in writing to be the price that a willing but not anxious buyer would pay for the unit if it were sold on the business day immediately before the day on which the poll is taken.

On winding up, each member is entitled to receive the net proceeds of realisation after meeting all liabilities and expenses, in proportion to the number of units held. WAML may instead transfer the assets of the trust to a unitholder rather than pay cash.

Westfield Securities

A Westfield Security comprises one WCL share, one WAT unit and one WFDT unit.

The constitutions of each of WCL, WAT and WFDT contain provisions which provide that, while stapling applies, the units and any other securities to which they may be stapled must be stapled in the same ratio and will be treated as one security. Units may only be issued if there is a corresponding issue of any other securities stapled to those units and the issue is at the same time and to the same person.

While stapling applies, the rights and obligations attaching to each underlying security continue. Westfield Securityholders have the right to receive declared dividends from WCL and distributions from WFDT and WAT and, in the event of winding up WCL, WFDT and WAT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Westfield Securities held. Westfield Securityholders can vote their shares and units in accordance with the Australian Corporations Act, either in person or by proxy, at a meeting of either WCL, WFDT and WAT (as the case may be).

On implementation of the Transaction, the WCL shares, WAT units and WFDT units will be destapled, as described in Section 3.6.1 “— *Key Transaction Steps for purposes of completing the Transaction*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No 18-102, incorporated by reference into this Document.

ADR Program

Westfield also has an American Depositary Receipt (“**ADR**”) program in the United States for which the Bank of New York Mellon is the depository. The ADRs are traded over-the-counter in the United States under the symbol “WFGPY” and each ADR represents two Westfield Securities.

5.2.1.3. Number of double voting rights and treasury shares

There are no treasury shares or double voting rights.

5.2.1.4. Non-fully paid equity

Not applicable.

5.2.2. Characteristics of financial instruments giving access to capital

Before completion of the Transaction, Westfield had two active equity linked incentive plans in place:

- the EPR plan (short term incentive plan), which is a broader based plan in which senior executives and high performing employees of the Westfield Group participate; and
- the PIR plan (long term incentive plan), with only the senior leadership team of Westfield participating (in the 2017 financial year, 34 executives, including the executive directors, participated in the PIR plan).

Westfield also has a TIR plan (target incentive rights plan), whereby selected key executives of Westfield may receive target incentive rights.

Under the terms of the Implementation Agreement, Westfield must ensure that by no later than the day following the Effective Date, there are no outstanding rights to Westfield Securities issued under employee incentive arrangements by the Westfield Group.

The Westfield Board intends to vest, and where applicable cancel, all such outstanding rights on or after the Effective Date. Consistent with past practice, the Westfield Board will purchase on market that number of Westfield Securities required to satisfy the vesting of all such outstanding rights.

To the extent that these rights will not be cash settled, the Westfield Board will cause the relevant number of Westfield Securities to be transferred to the relevant holders of employee rights in sufficient time to allow the relevant holders thereof to participate in the Schemes on the same basis as all other Westfield Securityholders.

As a result, immediately prior to the completion of the Transaction, no more Westfield dilutive instruments will exist.

5.2.3. Allocation of shares and voting rights in WCL and WFDT

To the best of Westfield's knowledge, only the following persons have, as at March 21, 2018, being the latest practicable date, a substantial holding of Westfield Securities that is notifiable under Australian law:

	as at March 21, 2018	
	Number of Westfield Securities	% of Westfield Securities
Members of the Lowy family and associates	198,886,355	9.57%
Unibail-Rodamco SE *	198,885,160	9.57%
BlackRock Group	171,692,340	8.26%
The Vanguard Group, Inc.	166,125,662	7.99%
State Street Corporation	104,067,478	5.01%
Total of issued securities	2,078,089,686	100%

*On December 12, 2017, Unibail-Rodamco filed a notice of initial substantial holder in relation to Westfield with ASX, advising that Unibail-Rodamco and its subsidiaries had acquired a relevant interest in 197,498,805 Westfield Securities that the Unibail Group itself does not hold), pursuant to the Voting Agreement (see Section 3.10.1 “— *Voting Agreement*” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No. 18-102 incorporated by reference into this Document). Although the Unibail-Rodamco Group has acquired a 'relevant interest' in Westfield Securities held by the Lowy family which are the subject of the Voting Agreement, it does not have any legal or beneficial interest in those Westfield Securities. Under Australian law, a person has a 'relevant interest' in securities not only if they own the securities, but also where they have any power to control any vote attached to the securities, or any power to control the disposal of the securities. Unibail-Rodamco Group's relevant interest in those Westfield Securities arises solely because the Voting Agreement requires the Lowy family to vote in favour of the Transaction, and restricts the disposal by the Lowy family of their shares in Westfield during the period the Transaction is on foot. Under Australian law, because Unibail-Rodamco Group has a relevant interest in more than 5% of Westfield Securities, it is required to file with ASX what is called a 'substantial holder' notice, but this does not mean that the Unibail-Rodamco Group has any legal or beneficial interest in the relevant shares. On December 15, 2017, Mr. Steven Lowy acquired 683,800 Westfield Securities and Hazel Equities Pty Ltd acquired 702,555 Westfield Securities pursuant to the vesting of performance rights held by Mr. Peter Lowy and Mr. Steven Lowy. Under the terms of the Voting Agreement, the Unibail-Rodamco Group acquired a relevant interest in these additional Westfield Securities (although neither Unibail-Rodamco nor the Lowy family were required to file a further substantial holder notification under Australian law as its voting power did not change by more than one per cent). Unibail-Rodamco has no direct voting rights in Westfield shareholders' meeting with respects to such relevant interest.

In addition to the information contained in the table above, please note that on December 15, 2016, Eroica B.V., a wholly owned subsidiary of Unibail-Rodamco entered into the Swap. See Section 2.1.1.2e) “— *Other ties*” of this Document.

To the best of Westfield's knowledge, except as provided in the table above, there is no other Westfield Securityholder who has a relevant interest in 5% or more of the total number of voting rights in Westfield, and there is no securityholders' agreement, nor any person or group of persons exercising or capable of exercising control, directly or indirectly, alone or acting in concert, over Westfield.

5.3. INFORMATION ON WCL'S AND WFDT'S BUSINESSES

5.3.1. Presentation of WCL and WFDT, and their main activities

As noted in Section 5.1 “— *General Information*” above, the Westfield Group operates, and is accounted for, as a single economic entity.

As such, for most purposes under Australian law and practice, the underlying legal ownership structure of assets held by the stapled entities (WCL, WAT and WFDT) is disregarded with ownership and operational issues considered in totality at the Westfield Group level. As a result, Westfield Group does not report separately on the assets and operations of each of WCL and WFDT and their controlled entities on a separate basis.

Where possible, this Section 5.3 “— *Information on WCL's and WFDT's businesses*” describes the assets and operations of WCL and WFDT. However, it should be read in the context of those entities being entities which operate largely within a single economic entity which for practical purposes largely disregards the legal ownership structure of assets held within the group.

5.3.1.1. History of Westfield Group

Westfield began in 1959 with one shopping centre in the outer suburbs of Sydney, Australia and has grown to become one of the world's largest shopping centre owners and managers, playing a major role in changing the way the world shops.

Westfield was first listed on the Sydney Stock Exchange in 1960, and since then has undergone several decades of rapid expansion to new markets in the United States, the United Kingdom, New Zealand and across Australia.

Throughout its history, Westfield has changed its corporate structure to create greater value and choice for investors. In December 2013, Westfield announced a proposal to separate its Australian and New Zealand business from its international operations, creating two new, independent stapled groups – Westfield Corporation to own and operate the U.S. and UK assets, and Scentre Group, to own and manage Westfield Group's Australian and New Zealand operations.

Westfield Corporation was established in June 2014 through this restructuring.

On December 12, 2017, Unibail-Rodamco and Westfield entered into the Implementation Agreement for the acquisition by Unibail-Rodamco of Westfield to create one of the world's premier⁷⁷ developers and operators of flagship shopping destinations.

Listed below are the key milestones in Westfield's history.

⁷⁷ In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (Source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

Year

- 1959** **The first Westfield shopping centre opens in Blacktown**
On July 2, 1959 John Saunders and Frank Lowy opened their first shopping centre - Westfield Plaza in Blacktown. With 12 shops, two department stores and a supermarket, people flocked to see the plaza which newspapers of the day described as 'the most modern American-type combined retail centre.' By year-end Westfield Plaza was established as Blacktown's commercial hub.
- 1960** **Going public on the Australian Securities Exchange**
Westfield was incorporated in June 1960, and shortly afterwards, Saunders and Lowy issued a prospectus for its listing on the Sydney Stock Exchange. In September, Westfield Development Corporation Ltd was floated with the issue of 300,000 ordinary shares at a price of five shillings each.
- 1961** **Westfield's first project**
The first purpose-built centre opened at Hornsby at a cost of £345,000. With 22 stores – and generating 250 jobs in retail – it played a major role in attracting residents to the area.
- 1962** **Sydney growth**
By the end of 1962, the Westfield portfolio had grown to eight centres either completed or under development in Sydney.
- 1970** **New head office at Westfield Tower**
Sydney's William St, the eastern corridor to the city, was earmarked to become a grand boulevard in the early 1970s.
- 1972 - 1976** **A steadily growing portfolio**
During the 1970s Westfield consistently laid the foundations for what the company would become today. In the space of a single decade, six new centres were built and another five redeveloped including Indooroopilly in Brisbane and Parramatta in Sydney.
- 1977** **Westfield enters America**
Westfield made its first U.S. acquisition in Trumbull, Connecticut.
- 1979** **Capital reorganization**
In 1979 Westfield remodeled its capital structure with the establishment and listing of Westfield Holdings Limited and Westfield Property Trust to meet changing trends in the capital markets.
- 1980** **Acquisitions in America**
In 1980 Westfield acquired three new centres in the United States, in California, Michigan and Connecticut. Westfield also acquired the Macy's portfolio in 1986, and established its United States head office in Los Angeles in 1987. By 1988 there were seven centres in Westfield's U.S. portfolio worth US\$1.1 billion.
- 1982** **The Westfield Trust**
In 1982 Westfield Trust was floated on the Sydney Stock Exchange as a successor to Westfield Property Trust.
- 1986** **Bidding for three Macy's centres**
Westfield made business headlines when it outbid other parties to successfully acquire three prestigious centres in the Macy's transaction. The acquisition

included the powerhouse centre Garden State Plaza in Paramus, New Jersey.

- 1987** **John Saunders steps down**
After 30 years of partnership, John Saunders relinquished his active management in Westfield, stepping away from the business entirely in 1990. That same year, new centres opened at Chatswood and Eastgardens in Sydney.
- 1994** **Westfield triples its U.S. portfolio**
Westfield tripled the amount of space it managed in the United States with the US\$1 billion CenterMark transaction, which saw Westfield acquire 19 centres across America including Topanga, and Plaza Bonita in California and Annapolis in Maryland.
- 1996** **Westfield America Trust**
WAT was founded to develop Westfield's business in the United States and listed on the ASX enabling Australian investors to make direct investments in the U.S. retail property market.
- 1997** **Westfield enters New Zealand**
Westfield entered New Zealand after assuming management of the St Lukes portfolio, the country's largest shopping centre group with 10 centres across four cities.
- 1998** **TrizecHahn portfolio**
Westfield acquired the US\$1.4 billion TrizecHahn portfolio adding a further 12 properties to Westfield's Californian portfolio. Following the U.S. portfolio growth, a significant branding opportunity became apparent and every centre owned by Westfield in the United States was branded Westfield.
- 2000** **Westfield enters the United Kingdom**
Westfield enters the United Kingdom with the acquisition of a centre in Nottingham followed by the establishment of a joint venture interest in nine centres in prime town centre and urban locations.
- 2002** **Westfield becomes one of the largest retail property groups in the U.S.**
Nine shopping centres were acquired in the United States in the US\$756 million Richard E Jacobs transaction. In the same year the US\$2.3 billion Rodamco transaction added another 14 shopping centres to Westfield's American portfolio, and consolidated its position as one of the largest retail property groups in the United States.
- 2003** **AMP Shopping Centre Trust**
Westfield acquired the US\$1.9 billion AMP Shopping Centre Trust, adding interest in a further nine high quality shopping centres. The Australian portfolio grew further with the strategic acquisition of Sydney Central Plaza in the city's central business district.
- 2004** **Birth of the Westfield Group**
Westfield Group was born when Westfield Holdings, Westfield Trust and WAT merged in the company's most significant corporate restructure, creating the world's largest retail property group by equity market capitalisation.
- 2004 - 2008** **Global Flagship centres**
Flagship centres opened at Bondi Junction in Sydney, Century City in California and in San Francisco as well as Doncaster in Melbourne while redevelopments

continued globally (more than 20 since the decade's beginning) peaking in 2007 with the completion of five projects in four countries over four weeks.

- 2008** **Westfield opens the UK's largest shopping centre**
Westfield London, the United Kingdom's largest urban shopping centre opened for business. The £1.7 billion Flagship centre opened with more than 280 stores and attracted 23 million visitors in its first year.
- 2010** **Westfield Sydney**
The US\$1.2 billion project at Westfield Sydney changed the face of retailing in downtown Sydney with a mix of international and domestic luxury and high street retailers and premium dining precinct which saw the centre achieve the highest specialty sales productivity in Westfield's global portfolio in its first year.
- 2011** **The gateway to the 2012 London Olympics**
The gateway to the 2012 London Olympic Games, the £1.75 billion Westfield Stratford City opened. As Europe's largest shopping centre of its time with 1.9 million square feet of retail and a new town centre with residential, commercial and leisure space including two hotels and international transport connectivity, Westfield Stratford transformed the east side of London. The centre is also one of the UK's most sustainable, generating 75% of its own energy requirements.
- 2011** **Westfield enters Europe**
In 2011 Westfield announced its first iconic project in Europe. A joint venture with Stilo Immobiliare Finanziaria, the 60 hectare site in Milan, one of the world's fashion capitals, is set to become Italy's largest retail and leisure destination, with the first Galeries Lafayette department store for Italy.
- 2012** **Technology and innovation**
Understanding and harnessing the potential of digital technology led to the creation of Westfield Labs in 2012 based in the global hub of innovation, San Francisco.
- 2014** **The split of the Westfield Group**
On June 30, 2014 Westfield Group split to create two companies – Scentre Group which continues to manage the Westfield portfolio of centres in Australia and New Zealand; and Westfield Corporation which owns and operates the US, UK and European portfolio.
- 2015** **Shift in focus**
Westfield divests centres across the United States and the United Kingdom to focus on owning and operating Flagship centres in the world's leading cities.
- 2016** **Digital evolution**
After being named one of the "Most Innovative Companies" by Fast Company Magazine in 2015, Westfield Labs evolved to become Westfield Retail Solutions (WRS), now OneMarket. OneMarket continues Westfield's focus to partner with the world's leading brands and retailers to give consumers innovative digital and physical commerce experiences.
- 2016** **Westfield World Trade Center**
Westfield's opened its US\$1.5 billion World Trade Center development in August 2016. This new New York city experience brings together commerce, community and culture in the spectacular Santiago Calatrava designed Oculus.
- 2017** **A focus on development**

Westfield opens Flagship developments at Century City in Los Angeles and UTC in San Diego and prepares to complete Phase 2 in London in Q1 of 2018. Westfield also commences its first residential apartment development at UTC.

5.3.1.2. **Business overview**

WCL and WFDT are part of the Westfield Group, which is an internally managed and vertically integrated international retail property group with a focus on the United States, the United Kingdom and Europe. The Westfield Group's strategy is to create and operate Flagship assets in leading markets that deliver great experiences for retailers, brands and consumers.

The Westfield Group owns a world class, industry leading retail property operating platform with capabilities in property management, leasing, design, development, construction, marketing and digital.

WCL and various of its subsidiaries are the primary legal entities through which Westfield conducts its shopping centre development, design, construction and management, marketing and leasing operations and its asset management activities in the United Kingdom. WCL and WFDT are also the primary entities through which Westfield owns its properties and developments in the United Kingdom and Europe.

WCL's and WFDT's portfolio comprise Westfield London and Stratford City, considered by Westfield as two of the premium shopping centres in the United Kingdom and Europe (with greater than 75 million customer visits annually and US\$2.8 billion in annual retail sales). WCL and WFDT have assets under management of US\$9.5 billion.

WCL and its controlled entities also own a 17.4% interest in Westfield America, Inc. ("WEA"). WEA is the principal vehicle through which Westfield Group conducts its U.S. operations. This section does not include a description of Westfield's U.S. operations.

Described below are WCL and WFDT's business segments:

(i) Shopping centre ownership

WCL and WFDT's shopping centres comprise its flagship portfolio assets of Westfield London and Stratford City in London, with further development sites in Milan, Italy and Croydon in South London. WFDT and WCL's shopping centres are generally located near or in major metropolitan areas, are anchored by long-term tenancies with major retailers and incorporate a wide cross-section of specialty retailers and national chain store operators.

WCL and WFDT's current shopping centres investments are undertaken through joint ventures. See Section 5.4.3.2 "*Investments*" of this Document for further information.

(ii) Property management, marketing and leasing

Property management involves leasing and day-to-day management and marketing of WCL's and WFDT's shopping centre portfolio and other properties. WCL's and WFDT's shopping centres are designed to provide an efficient and dynamic environment for retailers and a quality shopping experience for consumers, creating a platform for its retailers to enhance their performance and for WCL and WFDT to maximize their returns. WCL and WFDT work to build and maintain long-term

relationships with their retailers in addition to developing strong relationships with consumers by supporting the local community of each shopping centre through various marketing activities. WCL and WFDT believe that their management has the potential to improve the performance of their retail property assets, resulting in income growth and long term capital appreciation for investors.

(iii) Property development, design and construction

WCL's and WFDT's property development, design and construction business involves the development, design, construction, initial leasing and redevelopment of shopping centres. WCL's and WFDT's property development activities are focused on redeveloping and expanding their existing properties as well as developing Flagship properties in major markets.

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

5.3.2. Revenue in the last three financial years by activity

As noted in Section 5.1 “— *General Information*” above, the Westfield Group operates, and is accounted for, as a single economic entity. The revenue by activity is not available for WCL and WFDT on a standalone basis. The following table reflects the revenue of the Westfield Group in the last three financial years by activity and shopping centre ownership revenue further split between flagship shopping centres and regional shopping centres and other property investments:

(in million US\$)	2017	2016	2015
By Activity			
Shopping centre Ownership	1,316	1,188	1,224
Property Management, Marketing and Leasing	56	55	75
Property Development, Design and Construction	733	555	596
Total Revenue	2,105	1,798	1,895
Shopping Centre Ownership by Component			
Flagships	942	827	805
Regional and other property investments	374	361	419
Total Shopping Centre Ownership Revenue	1,316	1,188	1,224

5.3.3. Changes in workforce over the past three financial years

As noted in Section 5.1 “— *General Information*” above, the Westfield Group operates, and is accounted for, as a single economic entity. To the extent that employees have group wide responsibilities their remuneration relates to Westfield Group generally, and is not broken down amongst WCL, WFDT and WAT. The following tables reflect the changes in the workforce of Westfield Group over the past three financial years.

EMPLOYEE TOTALS BY REGION 2017

Region	2017 total headcount of workforce	2017 total headcount of fixed term contractors
United Kingdom and Italy	558	22
United States of America	1,329 ⁷⁸	17
Australia	42	0
TOTAL	1,929	39

EMPLOYEE TOTALS BY REGION 2016		
Region	2016 total headcount of workforce	2016 total headcount of fixed term contractors
United Kingdom and Italy	523	31
United States of America	1,167	19
Australia	40	2
TOTAL	1,730	52

EMPLOYEE TOTALS BY REGION 2015		
Region	2015 total headcount of workforce	2015 total headcount of fixed term contractors
United Kingdom	483	40
United States of America	1,119	0
Australia	38	5
TOTAL	1,640	45

5.3.4. Key data on the activity of direct or indirect subsidiaries that are material to the assets or income of WCL, WFDT and/or their respective consolidated subsidiaries

Below is chart containing the key data of the direct or indirect subsidiaries that are material to the assets or income of WCL, WFDT and/or their respective consolidated subsidiaries, as determined by Westfield.

⁷⁸ Including 200 employees engaged in the OneMarket business as at December 31, 2017 (approximately 160 as at the date of this Document). The Westfield employees will move into OneMarket after implementation of the OneMarket demerger.

Westfield Corporation Limited – Material Subsidiaries			
	Beneficial Ownership %	Country of Incorporation	Activity
WCL Finance Pty Limited	100%	Australia	Financing
WCL Management Pty Limited	100%	Australia	Funds and Asset Management
Westfield American Investment Pty Limited	100%	Australia	Property Investment
Westfield Capital Corporation Finance Pty Limited	100%	Australia	Property Investment
Westfield DDC, LLC	100%	USA	Property Development, Design and Construction
Westfield Europe Limited	100%	United Kingdom	Property Management, Development, Design, Construction and Investment
Westfield Investments Pty limited	100%	Australia	Property Management
Westfield Queensland Pty Limited	100%	Australia	Property Management
Westfield UK & Europe Finance PLC	100%	United Kingdom	Financing
White City Acquisitions Limited	51%	United Kingdom	Property Investment

WFDT – Material Subsidiaries			
	Beneficial Ownership %	Country of Incorporation	Activity
Stratford City (No.1) Trust	85%	Australia	Property Investment
Stratford City (No.2) Trust	85%	Australia	Property Investment

5.3.5. Indication of any disputes or non-recurring events that are likely to have, or have recently had, a material impact on the financial position of WCL, WFDT or their respective consolidated subsidiaries and specific risk factors

Disputes

Westfield is involved in litigation and administrative proceedings arising in the ordinary course of its business. Westfield does not believe that such matters, if determined against us, will have a material impact on the financial position of WCL, WFDT or their respective subsidiaries. Risk factors specific to “litigation and claims risk” are described under the heading “Risk factors” below.

Non-recurring events

Westfield does not believe that there are any non-recurring events that are likely to have, or have recently had, a material adverse effect on the financial position of WCL, WFDT or their respective subsidiaries.

Risk factors

Risk factors outlined below are related to the Westfield Group and its business, but apply equally to WCL and WFDT. They should not be considered exhaustive. Other risks may exist that are unknown

to or have been deemed immaterial by Westfield as of the date of this Document and could also have a material adverse effect on Westfield's business and results.

Upon completion of the Transaction, Westfield Securityholders will cease to be Westfield Securityholders to become shareholders of the New Group. They will be exposed to specific risk factors set out in Section 1 “—Risk Factors” of the EU Listing Prospectus.

Property ownership risks

Tenant default and occupancy risk in shopping centres.

As a significant portion of Westfield's earnings are derived from rental income, Westfield's performance depends on the level of tenant default and on its ability to continue to lease space in its shopping centres (including its redeveloped shopping centres) on market terms. Westfield's results of operations may be adversely affected if a significant number of tenants or anchor tenants were unable to meet their rent obligations under their leases or if there is a decrease in demand for retail space in shopping centres so that Westfield is unable to renew existing leases or find new tenants on acceptable terms.

If the retail sales of stores operating in Westfield's shopping centres decline significantly due to economic conditions, closure of anchor stores or for other reasons, tenants might be unable to pay their existing minimum rents or common area maintenance charges (since these fixed rents and charges would represent a high percentage of their sales). Further, if retail sales decline, tenants would be less willing to pay minimum rent at previous levels and existing tenants will seek a lower rent on renewal. During times of economic recession or low economic growth, such as those experienced in the United States, the United Kingdom and Europe in recent years, the risks associated with declining retail sales increase.

Westfield mitigates the risk of tenancy defaults through close monitoring of economic conditions and trends over time and obtains third party advice to supplement this analysis. Westfield reviews tenants' performance on a range of metrics, including sales and occupancy costs (where available). The tenancy mix in Westfield centres is continuously reviewed and changed having regard to the trading performance (positive or negative) in particular retail categories. Leases are negotiated to include appropriate termination payments where that circumstance occurs.

Changes in consumer sentiment or shopping preferences and emergence of alternative retail channels especially online retailing.

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

Consumers spending may become increasingly directed to alternative retail channels, such as "big box" shopping centres, discount malls and clubs, outlet malls, catalogues, video and home shopping networks, direct mail order, telemarketing, e-commerce websites and mobile applications. A shift in consumer spending towards alternative retail channels may lead to a decline in consumer traffic in Westfield's properties, which could result in, among other things, a decline in the revenue of Westfield's tenants and in a decline in demand for retail space at Westfield's properties, each of which could have an adverse impact on Westfield's results of operations. In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "bricks and mortar" retailing in recent years. With consumers increasingly using online shopping, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels.

Many retailers are as advanced as the consumers in adopting digital and mobile technology. Westfield's shopping centres may gradually lose their appeal and relevance for new age consumers and retailers, and may be unable to compete successfully with such online retail platforms. Whether Westfield is able to meet this challenge depends on its ability to execute its strategy to connect both groups of consumers and retailers (and the digital world) to its physical shopping centres and ensure its shopping centres continue to play a significant role in modern day life.

Westfield continually monitors changes in shopping preferences in terms of products, retail formats and consumer demands. Changes in consumer preferences are reflected in initiatives such as changing tenancy mixes to increase the availability of consumer services (e.g., health and fitness, dining and entertainment, financial services, motor vehicles) or reconfiguring centres to include technology required by consumers and retailers (e.g., wifi, digital screens and directories, centre mapping and wayfinding and smart parking). Westfield's strategy of cyclical capital expenditure on centres to ensure they are attractive and relevant to shoppers is an important aspect of ensuring Westfield addresses consumer preferences.

Westfield has also focused its portfolio on flagship centres. For major retailers, retail outlets in these centres is an important element of an overall marketing strategy which allows the retailer to showcase their product to consumers. By pursuing an omni-channel strategy, the retailer may be indifferent as to whether the consumer buys instore or subsequently online and as a consequence will continue to lease space in a centre which meets these requirements irrespective of the impact of online sales on instore sales.

Through a combination of providing attractive and technologically enabled centres offering a broad range of consumer products and services, Westfield competes effectively with other physical formats.

Westfield recognises the growth of online retail and has sought to mitigate any potential negative effect through the measures described above including the provision of in centre technology designed to better connect the customer and the retailer and enhance the physical shopping experience. Westfield has refined its portfolio by selling secondary assets and focusing on flagship assets which as at December, 31 2017 comprised 84% of the total portfolio. Flagship assets provide the consumer with a superior shopping, dining, entertainment and leisure experience which is not available online or in centres of a lesser quality.

Conflicts of interest with co-owners of properties.

A number of shopping centres in Westfield's portfolio are held through joint ventures or co-ownership arrangements. The Westfield Group owns interests in and manages 35 shopping centres of which 28 are held through joint ventures and co-ownership arrangements. As at December 31, 2017, the Westfield Group had US\$34.5 billion of assets under management of which \$13.1 billion (or 38.0%) is managed on behalf of joint venture partners. In a number of these arrangements Westfield does not have exclusive control over certain aspects of the shopping centres including development, financing, leasing and management.

From time to time Westfield is required to make major decisions in respect of co-owned properties, including ongoing capital expenditure, redevelopment and refurbishment, the sale of shopping centres or surplus land and the purchase of additional land. Co-owners may be competitors and/or have economic or other business interests or goals that are inconsistent with Westfield's business interests or goals, and may be in a position to take actions contrary to Westfield's objectives. Disputes between Westfield and co-owners may result in litigation or arbitration that would increase Westfield's expenses and may prevent the Westfield Board and senior managers from focusing their time and effort on Westfield's business.

In addition, pre-emptive provisions or rights of first refusal may apply to sales or transfers of interests in these co-owned properties. These provisions may work to Westfield's disadvantage because, among other things, Westfield may be disadvantaged in its sale process by the need to comply with these provisions.

There is also the risk that co-owners might become bankrupt or default on their obligations, resulting in their interest in one or more shopping centres becoming subject to external administration, transferred to creditors or sold to third parties, or otherwise act in a manner that adversely affects Westfield, or which forces Westfield to take an action (*e.g.*, purchase of that interest pursuant to pre-emptive rights) which it would not otherwise have taken.

Westfield's co-owners in major centres are typically institutional investors with significant resources and often with investments across multiple assets in Westfield's portfolio. These relationships involve frequent and significant dialogue between the parties on financial budgets and ongoing operational and leasing matters as well as capital expenditure on regular maintenance and planning for future redevelopment of the asset. This comprehensive process mitigates the scope for fundamental disagreement between Westfield and its joint venture partners on operational and capital matters. Westfield's proven record of valuation creation through intensive management of the asset and through periodic redevelopment of the asset also reduces the scope for disputes. To avoid conflicts, each asset is managed to its individual potential and the possibility of conflicts of interest in multi asset initiatives (impacting different co-owners) is acknowledged and managed appropriately.

Foreign exchange risk

Foreign exchange risks on earnings.

Westfield derives US\$ and GBP denominated earnings from Westfield's shopping centre investments in the United States and United Kingdom. In the future, Westfield expects to derive Euro denominated earnings from its shopping centre investment in Milan, Italy and may enter into new markets where US\$ is not the principal currency. If the Westfield business expands into other jurisdictions it will be exposed to the currencies of these jurisdictions. To the extent Westfield does not hedge or does not hedge effectively (or at all) against movements in the exchange rate of these currencies, such exchange rate movements may adversely affect Westfield's earnings and/or balance sheet. Westfield may manage the impact of exchange rate movements on both Westfield's earnings and balance sheet by entering into hedging transactions, including derivative financial instruments.

Due to documentation, designation and effectiveness requirements under International Financial Reporting Standards issued by the IASB, Westfield's currency derivative financial instruments used for hedging exchange rate exposure (other than cross currency swaps that hedge investments in foreign operations) may not qualify for hedge accounting. As a consequence, Westfield may experience volatility in its reported earnings due to changes in the mark-to-market valuations of its currency derivative financial instruments. There can be no assurance that Westfield will not incur such non-cash losses in future periods, which could have an adverse effect on its results of operations.

Westfield may utilize derivative financial instruments, including forward exchange contracts, currency options and currency swaps to manage the risks associated with foreign exchange fluctuations. Westfield has set defined policies and guidelines and primarily borrows in foreign currencies to manage foreign exchange rate risks.

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

U.S. dollar distributions.

Westfield is an ASX listed group with U.S. dollar reporting. Distributions paid by Westfield are determined in U.S. dollars and converted into Australian dollars at or about the time of payment. The actual amount of Australian dollars Westfield Securityholders receive depends upon the exchange rate available on the day Westfield arranges to pay distributions. Changes in the value of the U.S. dollar compared to the Australian dollar have an impact on the value of the distributions paid by Westfield (in Australian dollars terms). If the U.S. dollar appreciates against the Australian dollar, the value of the distributions paid by Westfield is likely higher in Australian dollar terms. If, instead, the U.S. dollar depreciated against the Australian dollar, the value of distributions paid by Westfield is likely lower in Australian dollar terms.

Westfield does not hedge the value of its U.S. dollar distributions against the Australian dollar or any other currency. Westfield offers the opportunity for all securityholders to receive distributions in U.S. dollars which enables the securityholder (if it elects to receive U.S. dollars) to make its own decision on the time at which to convert the U.S. dollar distribution to another currency.

Economic conditions, currency exchange rate fluctuations and regulatory changes leading up to and following the United Kingdom's potential exit from the European Union.

The United Kingdom held a referendum on June 23, 2016 in which a majority of voters voted that the United Kingdom should leave the European Union, and subsequently has invoked Article 50 of the Treaty of Lisbon in order to initiate negotiations regarding the United Kingdom's exit from the European Union ("Brexit"). Negotiations have commenced to determine the future terms of the UK's relationship with the European Union, including the terms of trade between the UK and the European Union.

The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies in which Westfield conducts business. Westfield owns real estate in foreign jurisdictions, including the UK and Italy. Westfield converts revenue denominated in GBP into U.S. dollars in its financial statements. During periods in which the U.S. dollar strengthens, Westfield's reported international lease revenue decreases, as foreign currencies convert into fewer U.S. dollars.

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

Euro break-up or country default.

The onset of a credit risk (including for sovereigns) or a sovereign debt crisis or exit of the Eurozone by a country where Westfield operates and their potential impacts could be detrimental to Westfield and could negatively affect the markets and business in which Westfield operates. This environment could also negatively affect Westfield's operations and profitability, its solvency and the solvency of its counterparties and Westfield's ability to meet its commitments in respect to its debt.

Although relevant in the context of a future development at Milan, this risk is of less significance to Westfield to the extent that the risk relates to the future of the Euro or European economies (excluding the UK). The risk associated with funding the Milan development will be managed through appropriate financing arrangements which recognize the possibility of the risk of a collapse of the Euro and include appropriate mechanics in the event that occurs.

Market structure and growth risks

Risk of operating in international markets.

Westfield conducts business in a number of geographies and countries. There are risks inherent in managing a global business. These risks generally include, among others:

- the costs and difficulties of managing operations in multiple jurisdictions with wide geographical reach;
- differing foreign political and economic environments, regionally, nationally and locally;

- difficulties of complying with the variety of laws and regulations of each of the jurisdictions including obtaining and maintaining authorisations, laws affecting funding, corporate governance, property ownership, development activities, operations, anti-corruption, taxes and litigation;
- managing any extra-territorial reach of the laws of jurisdictions such as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act;
- differences in business practices, including lending, employment and labour practices;
- differences in cultures, social expectations and language;
- adverse tax consequences or inefficiencies arising from carrying on operations in a large number of countries and potentially new jurisdictions;
- obstacles to repatriation of earnings and cash; and
- multiplicity of cross-border transactions and exchange rate risks.

Westfield recognises the risks associated with operating in international markets, having done so for more than 30 years. Westfield's strategy for operating in international markets requires the early acquisition of a high degree of local knowledge (through employed staff, joint venture partners and local advisers), an emphasis on strict compliance with local laws and on meeting international standards on issues such as health and safety, anti-bribery and corruption, modern slavery, money laundering, tax risk and political donations.

Risks of growth and expansion into new markets.

Westfield currently has shopping centres in the United States and United Kingdom, and a development in progress in Milan. Westfield may pursue additional expansion and development opportunities outside these markets, by undertaking strategic transactions such as acquisitions and joint ventures. There are a number of risks as Westfield grows its business and expands into new markets.

First, development and acquisition activities in different markets carry different inherent risks. These differences may mean that practices and strategies that have been successful in one market may not be able to be successfully adopted for another market.

Second, the difficulties in managing these different risks increase due to Westfield's unfamiliarity with and lack of experience in the new markets, especially during the initial period when Westfield first enters the markets and learns to adapt its strategies in those markets.

Third, integration of new businesses into Westfield may be costly and may occupy a large amount of management time and there is a risk that Westfield will not derive the optimum value which it expects from the integration of new businesses. Any failure of the execution of its growth initiatives may have an adverse effect on Westfield's future financial performance and position.

Fourth, while Westfield currently has operations in developed markets (US, UK and Europe), Westfield may expand its business to emerging or developing markets. Investments in such markets involve risks not typically associated with investments in developed markets.

While some of the more advanced emerging market countries have experienced rapid growth and industrialisation, there is no assurance that this growth rate will be maintained. Such markets are more likely than developed markets to experience volatility, inefficiencies and anomalies which are not necessarily compensated by higher return in investment.

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

In addition to adopting the principles referred to in subsection “*Risk of operating in international markets*” above, Westfield has sought to mitigate the risk of international expansion by focussing on entry into developed markets with advanced real estate planning regimes and strong rule of law. Typically, Westfield has used smaller acquisitions in the market as a starting point which enables Westfield to better understand the relevant jurisdiction and develop local capability before embarking on more significant acquisitions and projects.

Acquisition risk.

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

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

Acquisition activities will also involve the following risks:

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

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

benefits of the acquisition. Moreover, during a period following such a transaction, operating results may decrease compared to results prior to the transaction.

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

Westfield acknowledges the risk inherent in acquisitions which it seeks to mitigate through employing experienced internal acquisition teams, the use of local and international finance, legal, accounting and tax teams to analyse each opportunity and be engaged in the due diligence, negotiation and documentation of transactions. At an early stage, Westfield also seeks to designate international and local executives who will be responsible for managing the business post acquisition. Westfield accepts that this strategy involves a greater possibility of lost transaction costs where a decision is made not to proceed with an acquisition.

Competition from other participants in the retail property industry.

Westfield faces competition from other United States and United Kingdom / European property groups and other commercial organisations active in the United States and United Kingdom / European property markets. Westfield also faces the threat of new competitors emerging both generally and in particular trade areas. Competition in the property market may lead to an oversupply of retail premises through overdevelopment, to prices for existing properties or land for development being inflated through competing bids by potential purchasers or to the rents to be achieved from existing properties being adversely impacted by an oversupply of retail space.

Accordingly, the existence of such competition may have an adverse impact on Westfield's ability to secure tenants for its properties at satisfactory rentals and on a timely basis and to acquire properties or develop land at satisfactory cost.

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

Westfield seeks to mitigate this risk by distinguishing itself from other competitors in the market. In recent years, this has been evident in Westfield's strategy of selling secondary centres in order to recycle capital into flagship centres and focus the portfolio on those flagship centres. As noted above, Westfield has also focused on enhancing the dining, leisure and entertainment opportunities at its centres as well as offering consumer experiences not often found in similar venues. As also noted above, Westfield has sought to introduce technology into its centres in a way which enhances the experience for consumers and increases the connection for the shopper to the venue and its retailers.

Property management and development risks

Development activities risk.

Westfield's financial performance depends in part upon the continued development of new properties and improvement of Westfield's existing properties. As of December 31, 2017, Westfield had four major development projects under construction in the United States and United Kingdom, at an estimated total investment of US\$2.4 billion, with Westfield's share being approximately US\$1.4 billion with an estimated yield range of between 7.0% and 8.0%. As of the same date Westfield had incurred expenditures of US\$0.6 billion in respect of its share of the estimated total investment with the balance of US\$0.8 billion still to be incurred. Westfield is currently undertaking pre-development activity on approximately US\$6.1 billion of future retail development opportunities as well as future residential opportunities adjacent to its properties, which cost is not included in the US\$6.1 billion. Westfield is subject to the risks associated with its expansion and development activities, including risks resulting from:

- construction not being completed on budget and on schedule;
- properties not being leased on the terms anticipated by the feasibility study prepared for the particular project especially if the income derived from the redeveloped shopping centres is lower than expected; or
- the inability of Westfield's or Westfield's joint venture partner to obtain funding on favourable terms, or at all, for Westfield's proposed development and redevelopment programme.

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

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

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

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

Given the significant size and scale of Westfield's expansion and development activities, Westfield may incur additional indebtedness at any time and from time to time to fund required capital expenditures. For example, on March 23, 2017, Westfield announced that it had priced an offering of £800.0 million aggregate principal amount of guaranteed senior notes, which closed on March 30, 2017. Its significant debt levels may affect the way Westfield carries on its business in the future and have other adverse effects on Westfield. Westfield currently has a significant amount of debt.

Westfield is a vertically integrated developer with significant in-house skills in development, design and construction. When required, Westfield also engages reputable contractors to work on its construction and development projects by issuing invitations to tender based on a set of clear specifications. Over many years, Westfield has demonstrated its capability in delivering large best in class developments in each of the jurisdictions in which it operates on a timely basis and within budget. As part of that process, the skills and design enhancements that are devised in one jurisdiction are passed on to other centres in the portfolio. Westfield's involvement in developments at London, Stratford, World Trade Center, Century City and many others has led to strong demand from institutions who wish to invest in premium retail real estate and from retailers seeking premium locations. The developments have provided significant valuation uplifts (after costs) for Westfield and its co-owners and additional project profits for Westfield which are paid by its co-owners in joint ventured centres to secure Westfield's design, development and construction expertise. So far as possible, all necessary planning and development approvals and funding are obtained prior to the commencement of a construction or development project. All known risks with respect to a project are documented and monitored throughout the life of the project by senior management. As they progress, projects are also closely monitored by senior management to budget, are delivered on time and in accordance with design specifications and applicable laws and regulations and are leased to the maximum extent possible having regard to the prevailing economic circumstances.

Property management activities risk.

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

Westfield has management and development agreements with third parties under which it undertakes management, leasing, development and other services. Each of these property management agreements may be terminated by Westfield's counterparty if Westfield breaches the agreement (subject to specified cure periods) or under certain other conditions. These conditions may include Westfield's bankruptcy, the relevant manager or developer ceasing to be a member of the wider Westfield group, Westfield no longer owning at least 25% of the relevant property, or the commission of acts or omissions which constitute corporate fraud, wilful misconduct or gross negligence.

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

Financing risks

Leverage risk.

Westfield has a significant amount of debt. Westfield had US\$8.8 billion of net debt and a gearing of 38.1% as at December 31, 2017 and interest cover of 3.2 times, for the financial year ended December 31, 2017.

The material consequences of having significant debt levels are as follows:

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

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

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

- reduce or delay scheduled capital expenditures, development and redevelopment programme or forgo acquisitions or other business opportunities;
- sell material assets or operations;
- raise additional equity capital (including hybrid equity capital);
- restructure or refinance its debt; or
- undertake other protective measures.

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

Low economic growth conditions, such as those recently experienced in the United States and the United Kingdom, or disruptions in global credit markets, could result in a higher than normal risk that, if Westfield were required to take such steps in these circumstances, the transaction terms would be disadvantageous to it, or such options may not be available at all.

Westfield seeks to mitigate this risk by maintaining a range of available funding sources including accessing bond markets in the U.S. and Europe as well as multi-lateral, bi-lateral and mortgage facilities with lenders. Westfield maintains a standard set of facility documents across these facilities and seeks to manage its liquidity with a significant buffer to the relevant lending covenants at all times. Westfield maintains and discloses a debt maturity profile which ensures that maturities occur on a staged basis, avoiding the possibility of a single significant refinancing causing disruption to the business.

Cash flow risk.

Westfield's ability to repay the principal and paying interest on its debt depends on the future performance of its business which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond its control. Westfield's historical financial results have been, and it is anticipated that Westfield's future financial results will continue to be, subject to fluctuations. Westfield's business may not generate sufficient cash flow from operations to enable it to satisfy its debt and other obligations.

In addition, Westfield may not have sufficient future financing facilities available to it to enable it to pay its debt and amounts outstanding under its other financing arrangements, or to fund its other liquidity needs. If Westfield is unable to meet its debt service obligations or fund its other liquidity needs, it may attempt to restructure or refinance its debt or seek additional equity capital (including hybrid equity capital) or it may be required to sell assets. These financing transactions could occur at times or on terms that are disadvantageous to Westfield. During times of economic recession or low economic growth, this risk increases. In addition, because of the terms of Westfield's other indebtedness, it may not be able to restructure or refinance its debt on satisfactory terms.

The following table presents a summary of the maturity and amortization profile of the consolidated financing facilities and interest bearing liabilities of Westfield.

Details of consolidated financing facilities and interest bearing liabilities	Maturity date	Committed financing facilities (local currency) Dec. 31, 17 (million)	Total interest bearing liabilities (local currency) Dec. 31, 17 (million)
Unsecured bank loan - syndicated facility ⁽ⁱ⁾	30-Jun-19	US\$3,250.0	US\$1,055.0 €233.0
Unsecured notes payable - bonds	17-Sep-19	US\$1,250.0	US\$1,250.0
Secured mortgage - Old Orchard	1-Mar-20	US\$179.4	US\$179.4
Unsecured bank loan - bilateral facility	3-Jul-20	US\$150.0	-
Unsecured notes payable - bonds	5-Oct-20	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
Unsecured notes payable - bonds	17-Sep-24	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
Unsecured notes payable - bonds	30-Mar-29	£500.0	£500.0
Unsecured notes payable - bonds	17-Sep-44	US\$500.0	US\$500.0
Total US\$ equivalent of the consolidated financing facilities and interest bearing liabilities		US\$9,306.4	US\$7,229.1

⁽ⁱ⁾ Assumes options have been exercised to extend the facility from 2018 to 2019.

Westfield's standard borrowing covenants require that Westfield maintains a sufficient level of cash flow to enable the Westfield Group to meet debt service obligations when they fall due. Westfield maintains a level of gearing and consequent debt service commitments which allow the Westfield Group to operate well within applicable debt service covenants absent unforeseen and extraordinary events.

Decline in shopping centre revenue.

Significant expenditures associated with each real estate investment, such as mortgage payments, maintenance costs and taxes, are generally not reduced when circumstances cause a reduction in

revenue from the investment. Under these circumstances, the financial performance and value of the relevant property would be adversely affected.

Funding risk for development and redevelopment programme and acquisitions.

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

Any disruption in global credit markets, such as the disruptions associated with the global financial crisis and the European sovereign debt crisis, significantly increases the risks associated with refinancing Westfield's existing debt facilities or obtaining new funding for its development and redevelopment program on acceptable terms, or at all. If funding is unavailable to Westfield, it may need to delay or discontinue its development and redevelopment programme and may need to seek alternative funding, including divestments or equity raisings. Westfield currently has a significant amount of debt, which may affect the way Westfield carries on its business in the future and have other adverse effects on Westfield.

Westfield's treasury risk management policy requires that, before a development is commenced, the Westfield Group must put in place funding or facilities which are sufficient to cover the entire cost of the development.

Credit rating risk.

Rating agencies, to the extent they provide a rating of Westfield, review Westfield's credit rating from time to time, including at the half-year periods. Any downgrade of Westfield's credit rating or adverse change in credit rating outlook assigned by a credit rating agency, whether engaged by Westfield or not, could adversely affect Westfield's financial condition and its business operations by increasing the cost of, or limiting or preventing it from securing, additional financing for future business or liquidity needs. There can be no assurance that the credit ratings assigned to Westfield will not change in the future.

Prior to the announcement of the Transaction, Westfield's corporate credit ratings were "A3" (outlook negative) by Moody's and "BBB+" (outlook stable) by Standard & Poor's. As a result of the announcement of the Transaction, Moody's placed Westfield's A3 rating on review for upgrade on December 13, 2017 and Standard & Poor's placed Westfield's BBB+ Ratings on CreditWatch Positive on December 12, 2017.

Westfield could have suffered adverse consequences in the event that WEA failed to qualify as a real estate investment trust under U.S. federal income tax laws.

WEA believes that it has historically qualified as a real estate investment trust (a “**REIT**”) for the purpose of U.S. federal income tax laws. WEA’s failure to qualify as a REIT in any prior taxable year would require WEA to pay U.S. federal income tax (including any applicable interest and penalties, and for taxable years beginning on or before December 31, 2017, any applicable alternative minimum tax) on its taxable income at regular corporate rates with respect to such taxable year. In addition, WEA may be prohibited from qualifying as a REIT for the four years following the taxable year of disqualification. If WEA lost its REIT status in any prior taxable year, then the net earnings of WEA available for investment or distribution to shareholders would be significantly reduced for each of the years involved, and it may have an adverse effect on the New Group’s financial position and therefore the valuation of the Stapled Shares.

Qualification as a REIT under U.S. federal income tax laws involves the application of highly technical provisions. Although WEA believes that it has historically operated in a manner so as to qualify as a REIT, no assurance can be given that WEA has historically so qualified. Although WEA is not aware of pending legislation that would adversely affect its ability to operate as a REIT, no assurance can be given that new legislation, regulations, administrative interpretations or court decisions will not change the laws with respect to its qualification as a REIT.

In addition, even if WEA qualifies as a REIT, it or its shareholders (*i.e.*, WAT, WCL or any of their subsidiaries through which WEA is held) nevertheless may be subject to U.S. income excise, withholding, or other taxes. For example, in general, dividends paid by WEA to its non-U.S. shareholders currently are subject to U.S. withholding tax at varying rates, depending on the circumstances.

Interest rate risk.

Westfield is subject to the risk of rising interest rates associated with borrowing on a floating rate basis. As at December 31, 2017, approximately 14% of Westfield’s total consolidated debt and total equity accounted debt (in aggregate) comprised floating rate borrowings. Consistent with Westfield’s treasury risk management policy, Westfield may manage all or part of its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging arrangements, including derivative financial instruments.

Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing Westfield’s exposure to movements in interest rates. To the extent Westfield does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect Westfield’s results.

Due to documentation, designation and effectiveness requirements under International Financial Reporting Standards issued by the IASB, Westfield’s derivative financial instruments that will be used for hedging interest rate exposure may not qualify for hedge accounting. As a consequence, Westfield may experience volatility in its reported earnings due to changes in the mark-to-market valuations of its interest rate derivative financial instruments. There can be no assurance that Westfield will not incur non-cash losses in future periods, which could have an adverse effect on its results or operations.

Westfield may utilize derivative financial instruments, including interest rate options and interest rate swaps to manage the risks associated with interest rate fluctuations. Westfield has set defined policies and guidelines and primarily enters into long term fixed rate debt to manage interest rate risks.

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

Deposit, hedge or insurance counterparty credit risk.

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

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

Other risks

Properties revaluation risk.

In accordance with International Financial Reporting Standards issued by the IASB, Westfield carries its property investments on its balance sheet at fair market values. At each reporting date, Westfield's board of directors will assess the carrying value of Westfield's investment property portfolio, and where the carrying value differs materially from the board's assessment of fair value, Westfield will record an adjustment to the carrying value as appropriate.

The Westfield Board's assessment of fair value of each shopping centre will take into account the latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable shopping centres. As a result, Westfield may have significant non-cash gains or write-downs depending on the change in fair market value of Westfield's properties from period to period, whether or not Westfield sells such properties.

If a substantial decrease occurs in the fair market value of Westfield's properties, the results of operations of Westfield could be adversely affected and, as a result, Westfield may have difficulty maintaining its desired gearing ratio and other financial measures. This may reduce Westfield's flexibility in planning for, or reacting to, changes in its business or industry including its ability to commence new redevelopment projects. There can be no assurance that Westfield will not incur non-cash write downs arising from property revaluations in future periods.

In addition, a number of Westfield's financing agreements contain leverage ratio covenants that are typically calculated as the ratio of Westfield's total borrowings less cash to total assets less cash. Accordingly, a reduction in the value of Westfield's properties as a result of revaluations will have an adverse impact on the leverage ratios contained in its financing agreements.

Risk of illiquid investments in property.

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

Litigation and claims risk.

Westfield must comply with a wide variety of laws and regulations of Australia, the United States, the United Kingdom and any other countries in which it operates as well as with extraterritorial regulations. These include financial rules, securities law and regulations, general regulations of the competition authorities, urban planning regulations, construction and operating permits and licences, health and safety regulations (particularly for assets that are open to the public), environmental regulations, lease laws, labour regulations, personal data protection, and corporation and tax laws, in particular the provisions of the REIT regime and foreign equivalent.

Disputes or litigation may arise from time to time in the course of the business activities of Westfield. Any material or costly disputes or litigation could adversely affect the financial performance of Westfield or the trading price of the Westfield Securities.

As at March 21, 2018, being the latest practicable date, so far as Westfield is aware, there are no material current criminal or civil litigation or claims (pending or threatened) against Westfield which could, if an adverse finding is made against Westfield, materially adversely impact the business, earnings, assets or reputation of the Westfield Group taken as a whole.

Further, there is no other governmental, judicial or arbitration procedure, including any proceedings of which Westfield is aware, which is in suspense or of which it is threatened, likely to have or having during the last 12 months significant effects on the financial position or profitability of Westfield.

Insurance risk.

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

Westfield carries insurance with respect to terrorism and will continue to seek appropriate coverage having regard to the nature of Westfield's properties and operations. The renewal of insurance will be dependent on a number of factors such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved. In addition, Westfield carries earthquake insurance on Westfield's properties located in seismically active areas in an amount and with deductibles that Westfield believes are commercially reasonable.

If an uninsured loss occurs, Westfield could lose both its invested capital in and anticipated profits from the affected property as well as face claims in particular from Westfield tenants. Additionally, although Westfield carries specific insurance against cyber security events, such insurance coverage may be inadequate to compensate Westfield for any related losses it incurs. See paragraph “— Cyber security risks and cyber incidents could adversely affect the New Group’s business and disrupt operations” below.

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

Westfield seeks to mitigate the impact of unseen events and liabilities by maintaining a comprehensive insurance program which seeks to maximise cover against foreseeable risk (after taking into account the cost of acquiring that insurance cover). The program is reviewed on an ongoing basis to confirm that it remains appropriate, to recognise the impact of recent developments in insurance law and practice and to identify whether new risks have emerged. For example, in 2016 the Westfield Group recognised cyber security as an emerging risk and, following an extensive business review, secured insurance cover commensurate with the perceived risk. The insurance program requires regular monitoring and review of the financial standing of potential counterparties, an appropriate spread of counterparty risk and a full review of the legal implications of the terms of the policies as written.

Terrorist attacks or other security incidents or war.

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

Westfield employs and engages a high level of security capability with international expertise supported by sophisticated surveillance and security systems. The security team is supported by crisis management teams established in each country and at a corporate level. All systems and policies are reviewed regularly having regard to incidents which occur within Westfield or in other environments. Emergency scenarios are simulated on a regular basis in each jurisdiction with full involvement of senior management and operational teams.

Cyber security risks and cyber incidents.

Cyber incidents, such as gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, can result from deliberate attacks or unintentional events. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, liability for stolen assets or

information, increased cyber security protection costs, litigation and reputational damage adversely affecting customer, retailer or investor confidence or other adverse effects on Westfield's business.

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

Westfield acknowledges increasing risks relating to cyber security including the potential for a cyber security breach which compromises the personal private information of retailers, consumers, employees and other third parties. Westfield has contracted with a third party security provider to continuously monitor its corporate systems for unauthorised cyber activity and provide support in the event of a detected breach. The Westfield Group has also implemented a broad range of internal policies and procedures, supported by extensive online and in person training to better protect against the possibility of cyber breaches. As noted above, the Westfield Group's insurance program has, since 2016 been extended to cover loss and damage associated with cyber breaches.

Health and Safety Regulation.

Westfield regards the health and safety of its employees, contractors, retailers and shoppers as a matter of the highest importance. Westfield seeks to comply at all times with local laws in the jurisdictions where it operates. Where Westfield's health and safety team forms the view that those laws are not sufficiently comprehensive or do not meet appropriate international standards, Westfield will apply a higher health and safety standard. Westfield maintains a comprehensive set of internal policies and guidelines on health and safety matters and imposes strict requirements to ensure regular training for employees at the time of induction and on an ongoing basis.

All incidents (including near misses) are required to be reported to the Westfield Audit and Risk Committee which oversees compliance with the relevant policies, reviews health and safety statistics against benchmarks and receives reports on any fatalities or serious injuries (which are also reported to the Westfield Board). The Westfield chief risk officer is responsible for ensuring that lessons learned from health and safety incidents are shared broadly with the business.

Changes in financial reporting requirements and accounting standards.

Westfield is subject to the risk that there may be changes in financial reporting requirements and accounting standards as well as changes in the interpretation of such requirements and standards that may change the basis Westfield is required to use to prepare Westfield's financial statements, which may adversely affect Westfield's reported earnings and Westfield's reported financial performance.

Historical changes in tax laws could have adversely impacted Westfield's expected tax liabilities.

Historical changes in tax laws, or changes in the way tax laws are interpreted in the various jurisdictions in which Westfield has historically operated, could have adversely impacted, or may adversely impact Westfield's tax liabilities.

In particular, in Australia under the rules governing the taxation of trusts and the current practice of the Westfield Group, it is the case that WAT and WFDT are not expected to be liable for Australian income tax. If either WAT or WFDT were to be classified as a public trading trust under Division 6C of the *Australian Income Tax Assessment Act 1936 (Cth)* it would be taxed at the corporate tax rate of 30% of its net taxable income. Westfield Group manages WAT and WFDT so that they conduct and control real estate and other activities that should not cause either of them to be classified as a "Division 6C" trust.

Compliance or failure to comply with access requirements for disabled people.

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

Compliance with environmental regulations.

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

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

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

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

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

Changes in general laws.

Changes in the regulatory framework and/or the loss of benefits associated with a status or an authorisation could require Westfield to adapt and/or reduce its business activities, its assets or its strategy (including geographical presence) or to face additional constraints and/or costs, possibly leading to a significant adverse effect in the value of its property portfolio and/or its results, an increase in its expenses, and/or a slowing or even halting of the development of certain investment or leasing activities. For example, there could be:

- changes in retail tenancy laws that limit Westfield's recovery of certain property operating expenses;
- new or revised legislation on climate change and energy such as emissions trading, targets for renewable energy and energy efficiency, the costs of which may not be recoverable from tenants;
- changes or increases in real estate taxes that cannot be recovered from Westfield's tenants; or
- changes in environmental or building laws or codes that require significant capital expenditures.

Succession plans and key managers.

The departure of a top management team member or a key person could have a material adverse impact upon the business, financial situation and/or results of Westfield.

Westfield's policy is to establish meaningful employee engagement practices and attractive remuneration policies and aims to have an effective succession plan for members of senior management.

Unreliable forecasts and material accounting issues.

Unreliable forecasts and/or accounting mistakes might have a material impact on financial accounts which may lead to additional disclosure requirements (including a restatement of Westfield's financial accounts for one or more years) and/or profit warnings. As Westfield manages assets for third parties, Westfield might also be liable for any material financial impact on a third party in case of errors. Such errors might result in material financial loss and loss of reputation and investor confidence.

Fraud.

Westfield may be exposed to fraud or embezzlement in the course of its business which could result in financial losses or damage to its reputation. This could result from external cyber incidents (see “— *Cyber security risks and cyber incidents*” of Section 5.3.5 of this Document) or internally from employees. To reduce the risk of fraud and embezzlement, Westfield has implemented internal controls over payment processing and approvals, as well as formalized control procedures in its management of bank accounts and online banking. These controls include limitation of access, segregation of duties, dual approvals on larger transactions and formalised rules for opening and closing bank accounts. Additionally, Westfield’s insurance program includes crime coverage to limit its exposure to a significant fraud or embezzlement event and Cyber Insurance which covers, among other things, losses due to certain types of cyber fraud (see paragraph “— *Insurance risk*” of Section 5.3.5 of this Document).

Corruption and bribery.

A risk of corruption and bribery exists in the real estate sector and/or in countries where the Westfield Group operates. Any employee, manager, director, or representative of Westfield may be exposed to corruption.

Westfield has established the Westfield Anti-Bribery and Corruption Code of Conduct which seeks to educate employees on acceptable practice and provide appropriate guidelines and approval processes for various matters including:

- a clear definition of what constitutes a bribe or facilitation payment;
- a prohibition on giving or receiving bribes and facilitation payments;
- restrictions on giving and receiving gifts and entertainment and reporting of relevant instances;
- restrictions on making charitable donations;
- restrictions on making political donations and contributions;
- policies for dealing with business partners and co-owners;
- reporting obligations with respect to suspicious activities;
- a requirement to engage in training programs (online and in person);
- the rights of the company to investigate any suspected breach of policy; and
- the possible sanctions and disciplinary action following a breach of policy.

Industry Risks

Recessionary or low economic growth conditions.

Recessionary or low economic growth conditions in Westfield’s key markets could impact its business and financial performance and may heighten the potential for realization of one or more of the risks outlined in this Section, including:

- a reduced ability to lease space in its shopping centres;
- impaired financial condition of its tenants or joint venture partners;
- reduced rental income;
- adverse movements in the valuation of its assets; and

- reduced ability to undertake its development and redevelopment activity.

Economic conditions, fluctuations in the value and rental income of retail properties and other factors.

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

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

- the cyclical nature of the real estate sector;
- the overall conditions in the national and local economies in which Westfield operates, such as growth (or contraction) in gross domestic product, employment trends, consumer sentiment, retail sales and the level of inflation and interest rates;
- local real estate conditions, such as the level of demand for and supply of retail space;
- Westfield's ability to develop and redevelop its properties in order to maximize returns on investment from both increased rental income and capital appreciation of the asset;
- Westfield's ability to attract and retain tenants;
- the perception of prospective tenants and shoppers of the attractiveness, convenience and safety of the shopping centres;
- the convenience and quality of competing shopping centres and other retail options such as the growth of e-commerce, as well as other trends in the consumer retail industry;
- the financial condition of Westfield's tenants and, in particular, its anchor tenants;
- high or increasing vacancy rates;
- changes in retail tenancy laws;
- terrorist attacks on, or other significant security incidents at, one or more of its shopping centres; and
- external factors including major world events such as war, or natural disasters such as floods and earthquakes.

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

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

may not be able to recover all of its expenses if inflation exceeds the fixed annual increases for these tenants.

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

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

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

Inability to continue to lease space in shopping centres on economically favorable terms and tenant default.

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

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

As of December 31, 2017, leases of specialty retailers representing approximately 14.5% of specialty GLA, were due to expire during the year ending December 31, 2018.

5.4. FINANCIAL REVIEW

5.4.1. WCL financial information

WCL financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary financial information of WCL (non consolidated) is disclosed as follows in Note 40 to the WCL consolidated financial statements:

	31 Dec 2017 US \$million	31 Dec 2016 US \$million	31 Dec 2015 US \$million
(a) Assets			
Current assets	35.5	20.3	43.3
Non-current assets (primarily investment in subsidiaries)	2,271.0	1,556.2	1,407.1
Total assets	2,306.5	1,576.5	1,450.4
(b) Liabilities			
Current liabilities	802.8	413.7	447.6
Non-current liabilities	-	-	32.0
Total liabilities	802.8	413.7	479.6
(c) Total equity			
Contributed equity	869.3	869.3	869.3
Foreign currency translation reserve	61.6	(255.4)	(238.5)
Retained profits	572.8	548.9	340.0
Total equity	1,503.7	1,162.8	970.8
(d) Comprehensive income			
Profit after tax for the period ⁽ⁱ⁾	23.9	208.9	33.0
Other comprehensive income	317.0	(16.9)	(104.3)
Total comprehensive income for the period	340.9	192.0	(71.3)
(e) Contingent liabilities			
Guaranteed borrowings of controlled entities	6,653.7	5,435.6	4,649.9
	6,653.7	5,435.6	4,649.9

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

5.4.2. Consolidated financial statements of WFDT for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 and related Independent Auditors' reports

Refer to [Appendix 3](#) for full consolidated financial statements and notes

5.4.3. Table of subsidiaries and investments

5.4.3.1. Subsidiaries

The list of subsidiaries of WCL and WFDT, as at December 31, 2017, is provided below:

Name of entity	Country of Incorporation	WCL and WFDT Beneficial Ownership (%)
Direct Subsidiaries of WCL		
Cavemont Pty Limited	Australia	100%
Descon Investments Pty Limited	Australia	100%
Fidele Pty Limited	Australia	100%
Nauthiz Pty Limited	Australia	100%
OneMarket Network UK Holdings Limited	United Kingdom	100%
WCL Finance Pty Limited	Australia	100%
WCL Holdings Inc	USA	100%
WCL Management Pty Limited	Australia	100%
Westfield America Management Limited	Australia	100%
Westfield American Investment Pty Limited	Australia	100%
Westfield Capital Corporation Finance Pty Limited	Australia	100%
Westfield DDC, LLC	USA	100%
Westfield Developments Pty Limited	Australia	100%
Westfield Europe Limited	United Kingdom	100%
Westfield Investments Pty Limited	Australia	100%
Westfield Queensland Pty Limited	Australia	100%
Westfield R.S.C.F. Management Pty Limited	Australia	100%
Westfield UK & Europe Finance PLC	United Kingdom	100%
Westfield UK Investments Pty Limited	Australia	100%
Westfield UK REIT Limited	United Kingdom	51%

Name of entity	Country of Incorporation	WCL and WFDT Beneficial Ownership (%)
Direct Subsidiaries of WFDT		
Fidele Trust	Australia	100%
HP Investment Fund Number 1	Australia	100%
HP Investment Fund Number 2	Australia	100%
MH (No1) Trust	Australia	85%
MH (No2) Trust	Australia	85%
New Bradford Trust	Australia	100%
Stratford City (No.1) Trust	Australia	85%
Stratford City (No.2) Trust	Australia	85%
Stratford City (No.3) Trust	Australia	85%
Stratford City (No.4) Trust	Australia	85%
White City Investments Trust	Australia	85%
WSCF Management Trust	Australia	85%

5.4.3.2. Investments

WCL and WFDT (through their controlled entities) have entered into the following joint ventures for expansion and development projects:

- a 50% joint venture with Commerz Real Investmentgesellschaft for the £600 million expansion project of Westfield London. The expansion opened in March 2018;
- a 75%/25% joint venture with Stilo Immobiliare Finanziaria (in which Westfield holds the 75% interest) for the €1.4 billion future development project of Westfield Milan in Italy; and
- a 50% joint venture with Hammerson plc for the £1.4 billion future development project of Croydon in London.

WCL and WFDT have one major retail project under construction as of December 31, 2017:

- Westfield London, UK (£600 million; Westfield share £300 million)

The £600 million expansion at Westfield London will add 740,000 square feet (approximately 69,000 square meters) of high-quality retail space, taking the total number of stores to 450, anchored by a new 230,000 square feet (approximately 21,000 square meters) John Lewis

department store. Upon completion, Westfield expects to achieve annual retail sales of £1.4 billion (compared to £1 billion currently). The project was commenced in 2015 and opened in March 2018;

Future major development opportunities include the following:

- In Italy, **Westfield Milan** is a €1.4 billion project (Westfield share €1.05 billion) to create one of Europe's premier retail destinations. Adjacent to Linate Airport, Westfield Milan is situated on a 60 hectare site. Upon completion, Westfield Milan will feature more than 1.8 million square feet (approximately 167,000 square meters) of GLA, anchored by a Flagship 194,000 square feet (approximately 18,000 square meters) four-level Galeries Lafayette department store and will house approximately 380 stores;
- In London, **Croydon** is a £1.4 billion project (Westfield share £700 million) to transform the town centre of Croydon in South London into a state of the art retail, leisure and restaurant destination; and
- a 1,200 residential apartment rental project in London at Westfield Stratford City.

WCL and its controlled entities also own a 17.4% interest in WEA. WEA is the principal vehicle through which Westfield Group conducts its U.S. operations. This Section does not include a description of Westfield's U.S. investments.

5.5. RECENT DEVELOPMENT

The Transaction

On December 12, 2017, Westfield entered into an Implementation Agreement with Unibail-Rodamco for the acquisition by Unibail-Rodamco of Westfield (including WCL and WFDT through the Contribution) to create one of the world's premier⁷⁹ developers and operators of Flagship shopping destinations.

Other

See Section 5.4.3.2 “— Investments” of this Document for further information on Westfield's development projects.

⁷⁹ In terms of GMV per shopping centre at 100% among US and EU listed commercial REITs with market capitalization above €10 billion as at December 31, 2017. Based on estimated GMV at 100% divided by number of malls for US peers Simon Property Group and GGP (Source: Green Street Advisors). Based on reported value at 100% for Klépierre, divided by total number of assets.

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7. DEFINITIONS

“ Admission ”	designates the admission of the Stapled Shares to trading on Euronext Paris and Euronext Amsterdam.
“ ADR ”	has the meaning set forth in Section 5.2.1.2 “— <i>Main characteristics of the WCL’s shares and WFDT’s units</i> ” of this Document.
“ ASIC ”	designates the Australian Securities and Investments Commission.
“ ASX Listing Rules ”	designates the listing rules of ASX.
“ ASX ”	designates ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.
“ Australian Corporations Act ”	designates the Australian Corporations Act.
“ Board Committees ”	designates the committees to which the Westfield Board delegates certain responsibilities in accordance with charters approved by the Westfield Board.
“ Bridge Loan ”	designates the syndicated €6.1 billion committed bridge facility Unibail-Rodamco has entered into with, among others, Deutsche Bank AG, London Branch and Goldman Sachs International as original mandated lead arrangers and bookrunners for the purpose of financing this amount.
“ Business Day ”	designates a business day as defined in the ASX Listing Rules and on which trading will take place on Euronext Paris and Euronext Amsterdam and the New York Stock Exchange.
“ Cash Consideration ”	designates the amount in cash paid to the Westfield Securityholders, <i>i.e.</i> US\$2.67 in cash for each Westfield Security representing a total of US\$5.5 billion.
“ CDIs ”	designates CHESSESS depository interests that represent beneficial ownership in Stapled Shares registered in the name of or on behalf of CDN, on the basis that 20 CDIs collectively represent a beneficial ownership interest in 1 Stapled Share.
“ CDN ”	designates CHESSESS Depository Nominees Pty Limited (ACN 071 346 506), a subsidiary of ASX.
“ Consideration ”	has the meaning set forth in Section 2.4.1.2 “— <i>The Consideration</i> ” of this Document.
“ Contribution ”	designates the proposed contribution in kind of the shares comprising the share capital of WCL and of TH Newco which will acquire 100%

of the units in WFDT as part of the Transaction.

“Contributors”	designates the Westfield Securityholders and Transfer Nominee on behalf of Westfield Securityholders.
“Deed Poll”	<p>designates the deed poll (<i>acte</i>) governed by the laws of New South Wales substantially in the form of Annexure C of the Implementation Agreement, under which Unibail-Rodamco agreed, subject to the Schemes becoming Effective and subject to and in accordance with the terms of the Schemes, to:</p> <ul style="list-style-type: none">(a) provide, or procure the provision of, the Scheme Consideration to each Scheme Participant, in accordance with the terms of the Schemes; and(b) procure that TH Newco, Newco BI and U.S. Newco undertake all actions attributed to them under the Schemes.
“Development Pipeline”	<p>designates, as per Unibail-Rodamco methodology and as indicated in Section 2.2 “— <i>Presentation of Financial and Other Information</i>” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No. 18-102, incorporated by reference into this Document, projects including (i) committed projects: projects currently under construction, for which Unibail-Rodamco owns the land (or building rights) and has obtained all necessary administrative authorizations and permits; (ii) controlled projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land (or building rights), but where not all administrative authorisations are obtained yet; (iii) secured exclusivity projects: projects identified, for which Unibail-Rodamco has the exclusivity but where negotiations for land, building rights or project definition are still underway. Westfield and Unibail-Rodamco use different reporting methods regarding the scope and the valuation of their development pipeline. Throughout the EU Listing Prospectus, Westfield stand-alone figures are based on Westfield methodology and disclosures, and Unibail-Rodamco stand-alone figures are based on Unibail-Rodamco methodology and disclosures. In order to make combined figures comparable based on Unibail-Rodamco methodology, some adjustments were made to Westfield reported figures to calculate combined proportionate pipeline. For Unibail-Rodamco pipeline projects, proportionate figures are based on total investment cost as per Unibail-Rodamco’s scope and definition as of December 31, 2017. For Westfield pipeline projects, this figure reflects proportionate total investment costs based on Unibail-Rodamco’s estimate of Westfield pipeline per Unibail-Rodamco methodology, as at December 31, 2017.</p>
“Document”	designates the present Document E issued in connection with the share capital increase of Unibail-Rodamco through the issue of new ordinary shares of Unibail-Rodamco in consideration for the contribution in kind of WCL shares and TH Newco shares
“Effective Date”	designates the date on which the Schemes become Effective.

“EU”	designates the European Union.
“EU Listing Prospectus”	designates the prospectus issued in connection with the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the stapled shares of Unibail-Rodamco and Newco, approved by the AMF on March 28, 2018 under No. 18-102, incorporated by reference into this Document.
“Flagship”	designates assets that are typically the most attractive to consumers in a given geography, and are therefore critical to retailers in their strategy to reach and influence customers and generate revenue. Westfield’s Flagship asset list is based on Westfield’s public disclosures and amended by Westfield from time to time, and comprises leading centres in major markets typically with total annual sales in excess of US\$450 million, specialty annual sales in excess of US\$500 per square foot and anchored by premium department stores. The criteria applied to identify Unibail-Rodamco Flagship assets include the following: GLA of at least 50,000 m ² , annual footfall of at least 10 million, a catchment area of at least 400,000 inhabitants and at least 120 stores. Some of the Unibail-Rodamco’s Flagship assets do not meet one of the above-mentioned criteria but have the potential to meet them all, except for Carrousel du Louvre and Cnit Commerces, considered as Flagship assets despite lower GLA.
“GDP”	has the meaning set forth in Section 2.4.3.2 “— <i>Valuation of WCL and WFDT, and the Contribution</i> ”.
“GLA”	designates the gross lettable area.
“GMV”	designates Gross Market Value.
“Hybrid Securities”	designates the deeply subordinated perpetual hybrid securities to be issued by Unibail-Rodamco in connection with the financing of the Transaction.
“IASB”	designates the International Accounting Standards Board.
“IFRS”	designates the International Financial Reporting Standards as applicable in the European Union.
“Implementation Agreement”	designates the implementation agreement dated December 12, 2017 between Unibail-Rodamco and Westfield.
“LFG”	designates LFG Services Pty Limited.
“The Lowy Institute”	has the meaning set forth in Section 5.1.9.2 “— <i>The Lowy Institute</i> ”.
“Management Board”	designates the management board of Unibail-Rodamco.

“Minimum Holders”	designates a Scheme Participant who would otherwise be entitled to receive a parcel of CDIs or Stapled Shares under the WCL Share Scheme and WAT Trust Scheme which has a value of less than A\$500 (subject to approval by ASIC), if the value of that parcel is taken to be: <ul style="list-style-type: none"> - the price of a Unibail-Rodamco Share on Euronext Paris as at the close of trading on the Effective Date; <p style="margin-left: 40px;">multiplied by</p> <ul style="list-style-type: none"> - the number of Stapled Shares to which the Scheme Participant is entitled (in the form of Stapled Shares or CDIs)
“Newco”	designates WFD Unibail-Rodamco N.V., a public limited liability company (<i>naamloze vennootschap</i>) incorporated under the laws of The Netherlands, including the Newco Subsidiaries where the context so requires.
“Newco Articles”	designates Newco’s articles of association as they shall read as of the Admission.
“Newco Class A Share”	designates a class A share in Newco's capital.
“New Group”	refers to Unibail-Rodamco, Newco and the group of companies owned and/or controlled by Unibail-Rodamco and/or, after the completion of the Transaction, Newco.
“New Group Pro Forma Financial Information”	has the meaning set forth in Section 4.1 “— <i>Basis of Presentation</i> ” of this Document.
“NOSH”	designates the number of outstanding shares.
“OneMarket”	designates OneMarket Limited (ABN 28 623 247 549).
“Prospectus Regulation”	has the meaning set forth in Section 4.1 “— <i>Basis of Presentation</i> ” of this Document.
“Record Date”	designates 7.00pm (Sydney, Australia time) on the 2nd Business Day following the Effective Date, or such other date as the Westfield and Unibail-Rodamco may agree in writing.
“Registration Document”	designates the registration document of Unibail-Rodamco filed with the AMF on March 28, 2018 under No. D.18-0194 and incorporated by reference into this Document.
“REIT”	designates a U.S. real estate investment trust under sections 856 through 860 of the Internal Revenue Code of the United States.

“REPS”	has the meaning set forth in Section 2.1.2.1 “— <i>Interest of the Contribution and the Transaction for Unibail-Rodamco and its shareholders</i> ” of this Document.
“RNR”	has the meaning set forth in Section 2.1.2.1 “— Interest of the Contribution and the Transaction for Unibail-Rodamco and its shareholders” of this Document.
“Sale Agent”	designates an entity or entities appointed by Unibail-Rodamco to sell the CDIs under the Sale Facility.
“Sale Facility”	designates the mechanism pursuant to which the Sale Agent will sell any CDIs that would otherwise be issued to ineligible foreign holders or Minimum Holders.
“Scheme Consideration”	designates a cash amount of US\$2.67 and 0.01844 Stapled Shares received by each Westfield Securityholder for each of their Westfield Securities.
“Scheme Court”	designates the Supreme Court of New South Wales, or such other court as is agreed in writing by Unibail-Rodamco and WCL.
“Scheme Participant”	designates each person who is a Westfield Securityholder at the Record Date.
“Schemes”	designates the WAT Trust Scheme, WFDT Trust Scheme and the WCL Share Scheme.
“Scrip Consideration”	has the meaning set forth in Section 2.1.2.2 “— <i>Interest of the Contribution and the Transaction for WCL’s and WFDT’s securityholders</i> ” of this Document.
“SSTP”	designates Scott Sanders Theatrical Productions.
“Stapled Group”	designates Unibail-Rodamco, Newco and the controlled undertakings whose financial information is included in the consolidated financial reporting of Unibail-Rodamco and/or Newco.
“Stapled Shares”	designates a Unibail-Rodamco Share and a Newco Class A Share, stapled together.
“Supervisory Board”	designates the supervisory board of Unibail-Rodamco.
“Swap”	designates the cash-settled equity swap entered into on December 15, 2016 by Eroica B.V., a wholly owned subsidiary of Unibail-Rodamco with Deutsche Bank AG (acting through its Sydney branch), relating to Westfield Securities.

“TH Newco”	designates Unibail-Rodamco TH B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated in The Netherlands.
“Total Consideration”	has the meaning set forth in Section 2.4.1.2 “— <i>The Consideration</i> ” of this Document.
“Transaction”	means the transaction announced on 12 December 2017, aiming to combine Unibail-Rodamco and Westfield through the acquisition of Westfield by a stapled group comprising Unibail-Rodamco and Newco.
“Transaction Date”	has the meaning set forth in Section 2.2.1.2 “— <i>Implementation date of the Contribution</i> ” of this Document.
“Transfer Nominee”	designates an entity to be appointed by Unibail-Rodamco that will be issued TH Newco shares under the WFDT Trust Scheme.
“Unibail-Rodamco”	means Unibail-Rodamco SE.
“Unibail-Rodamco Articles”	designates Unibail-Rodamco’s articles of association as they shall read as of the Admission.
“Unibail-Rodamco Group”	designates Unibail-Rodamco SE, a European public limited-liability company under the laws of France, including its subsidiaries where the context so requires.
“U.S. Newco”	designates URW America Inc., a corporation incorporated under the laws of the State of Delaware, United States of America.
“Voting Agreement”	has the meaning set forth in Section 3.10.1 “— <i>Voting Agreement</i> ” of the EU Listing Prospectus which was approved by the AMF on March 28, 2018 under No. 18-102, incorporated by reference into this Document.
“WACC”	designates the weighted average cost of capital.
“WAML”	designates Westfield America Management Limited (ABN 66 072 780 619).
“WAT”	designates Westfield America Trust (ARSN 092 058 449).

“WAT Trust Scheme”	designates the trust scheme under Australian law pursuant to which all of the WAT unitholders will transfer their WAT units to U.S. Newco and, in return, WAT unitholders will receive cash plus Newco Class A Shares, such shares to be transferred to them by Unibail-Rodamco.
“WCL Share Scheme”	designates the company scheme of arrangement under Australian law pursuant to which all of the WCL shareholders will transfer their WCL shares and the Transfer Nominee will transfer all of its TH Newco shares to Unibail-Rodamco and, in return, WCL shareholders will receive cash plus newly issued Unibail-Rodamco shares.
“WCL”	designates Westfield Corporation Limited (ABN 12 166 995 197).
“WEA”	designates Westfield America, Inc.
“Westfield”	designates each of WCL, WAT and WFDT (and where applicable includes their subsidiaries and WAML in its capacity as responsible entity of WAT or WFDT, as applicable), or all of them as the context requires.
“Westfield Board”	designates the board of directors of each of WCL and WAML as responsible entity of WAT and WFDT.
“Westfield Group”	designates Westfield and its subsidiaries.
“Westfield Securities” or “Westfield Security”	designates the stapled securities or a stapled security comprising a WCL share, a WAT unit and a WFDT unit.
“Westfield Securityholder”	designates a holder of Westfield Securities or of a Westfield Security.
“WFDT”	designates WFD Trust (ARSN 168 765 875).
“WFDT Trust Scheme”	designates the trust scheme under Australian law pursuant to which all of the WFDT unitholders will transfer their WFDT units to TH Newco and, in return, there will be an issue on a 1:1 basis of TH Newco shares to a Transfer Nominee who will hold legal title to the TH Newco shares with Westfield Securityholders (other than ineligible foreign holders or minimum holders) having beneficial title.

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Appendix 1

Contribution appraisers' report

Dominique MAHIAS
28 avenue Hoche
75008 PARIS

Olivier PERONNET
14 rue de Bassano
75116 PARIS

Jean-Jacques DEDOUIT
19 rue Clément Marot
75008 PARIS

UNIBAIL-RODAMCO

Société Européenne au capital de 499.283.380 euros

7 place du Chancelier Adenauer

75016 PARIS

RCS de Paris n° 682 024 096

**APPORT DE TITRES DES SOCIETES WESTFIELD CORPORATION LIMITED
ET UNIBAIL-RODAMCO TH B.V.
EFFECTUE PAR LES ACTIONNAIRES DU GROUPE WESTFIELD
AU PROFIT DE LA SOCIETE UNIBAIL-RODAMCO**

RAPPORT DES COMMISSAIRES AUX APPORTS

*Ordonnance de Monsieur le Président
du Tribunal de Commerce de Paris
du 1^{er} février 2018*

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RAPPORT DES COMMISSAIRES AUX APPORTS

Assemblée Générale des Actionnaires de la société UNIBAIL-RODAMCO

Mesdames, Messieurs les Actionnaires,

En exécution de la mission qui nous a été confiée par Ordonnance de Monsieur le Président du Tribunal de Commerce de Paris en date du 1^{er} février 2018, concernant l'apport de titres des sociétés WESTFIELD CORPORATION LIMITED et UNIBAIL-RODAMCO TH B.V., devant être effectué par les actionnaires du groupe WESTFIELD, au profit de la société UNIBAIL-RODAMCO (ci-après l'« Apport »), nous avons établi le présent rapport sur la valeur de l'Apport, prévu par l'article L225-147 du code de commerce.

La valeur de l'Apport est mentionnée dans le Projet de document, établi par la société UNIBAIL-RODAMCO en vue de votre assemblée générale extraordinaire, en application de l'article 212-34 du Règlement Général de l'Autorité des Marchés Financiers (ci-après « Projet de Document E »), qui nous a été communiqué par la société UNIBAIL-RODAMCO en date du 28 mars 2018.

Nous attirons votre attention sur le fait que l'ensemble des considérations développées et conclusion émise dans le présent rapport ne s'entendent que si la version définitive du document précité correspond au Projet de Document E qui nous a été communiqué. En cas de différence entre la version définitive et la version qui nous a été communiquée, les considérations développées et conclusion émise dans le présent rapport pourraient être modifiées.

Il nous appartient d'exprimer une conclusion sur le fait que la valeur de l'Apport n'est pas surévaluée. A cet effet, nous avons effectué nos diligences selon la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes applicable à cette mission ; cette doctrine professionnelle requiert la mise en œuvre de diligences destinées à apprécier la valeur de l'Apport, à s'assurer que celle-ci n'est pas surévaluée et à vérifier qu'elle correspond au moins à la valeur nominale des actions à émettre par la société bénéficiaire de l'Apport augmentée de la prime d'apport.

Notre mission prenant fin avec le dépôt de notre rapport, il ne nous appartient pas de mettre à jour celui-ci pour tenir compte des faits et circonstances postérieurs à sa date de signature.

Le présent rapport est émis en application du code de commerce français et est destiné à des personnes soumises à la loi française, en l'espèce les actionnaires de la société UNIBAIL-RODAMCO. Il répond aux exigences de cette législation, mais pas à celles de la réglementation australienne dont bénéficient les actionnaires du groupe WESTFIELD, quand bien même notre rapport serait porté à la connaissance de toutes les parties concernées par l'opération de rapprochement entre les groupes UNIBAIL-RODAMCO et WESTFIELD.

Par ailleurs, notre rapport ne dispense pas de la lecture de l'ensemble de la documentation publique d'ores et déjà disponible ou qui sera mise à disposition, relative à cette opération.

A aucun moment nous ne nous sommes trouvés dans l'un des cas d'incompatibilité, d'interdiction ou de déchéance prévus par la loi.

Nous vous prions de prendre connaissance de nos constatations et conclusion présentées, ci-après, selon le plan suivant :

1 – Présentation de l'opération et description de l'Apport

2 – Diligences et appréciation de la valeur de l'Apport

3 – Conclusion

1. PRESENTATION DE L'OPERATION ET DESCRIPTION DE L'APPORT

1.1. Contexte de l'opération

Par communiqué de presse commun en date du 12 décembre 2017, les groupes UNIBAIL-RODAMCO et WESTFIELD ont annoncé leur projet de rapprochement, par acquisition du groupe WESTFIELD par la société UNIBAIL-RODAMCO (ci-après l'« Opération »), devant donner naissance au « *premier créateur et opérateur mondial de centres de shopping de destination* ».

L'Opération, dont les conditions sont mentionnées dans un *Implementation Agreement* signé par les dirigeants des groupes UNIBAIL-RODAMCO et WESTFIELD en date du 12 décembre 2017, (ci-après l'« *Implementation Agreement* ») doit être réalisée au travers d'une procédure de *Company and Trust Schemes of Arrangement* (ci-après les « *Schemes of Arrangement* »), régie par le droit australien.

Au terme de cette procédure, les actionnaires du groupe WESTFIELD, qui, à ce jour, sont détenteurs de titres « jumelés » (*stapled shares*) des entités WESTFIELD CORPORATION LIMITED (ci-après « WCL »), WESTFIELD AMERICA TRUST (ci-après « WAT ») et WFD TRUST (ci-après « WFDT ») :

- deviendraient détenteurs de titres « jumelés » des sociétés UNIBAIL-RODAMCO et WFD UNIBAIL-RODAMCO N.V.
- et percevraient un montant en numéraire.

Ainsi, les actionnaires du groupe WESTFIELD recevraient, en échange d'un triplet de titres WCL, WAT et WFDT :

- 0,01844 couple de titres UNIBAIL-RODAMCO et WFD UNIBAIL-RODAMCO N.V. ;
- 2,67 dollars américains

(ci-après, ensemble, la « Rémunération globale de l'Opération »).

Parmi les étapes de cette procédure figure une opération d'apport (l'Apport), régie par l'article L225-147 du code de commerce français, constituée de l'apport, à la société UNIBAIL-RODAMCO, par les actionnaires du groupe WESTFIELD :

- de leurs titres WCL ;
- d'une partie des actions (représentant 87,95% environ du capital) de la société UNIBAIL-RODAMCO TH B.V. (ci-après « TH NEWCO »), qu'ils auront, aux termes de l'*Implementation Agreement*, préalablement reçues en échange de leurs titres WFDT¹.

C'est dans ce contexte que le présent rapport s'inscrit, afin, en application de la loi française, de vérifier que l'Apport, sur lequel les actionnaires de la société UNIBAIL-RODAMCO sont appelés à se prononcer, n'est pas surévalué.

Nous précisons, par ailleurs, que, par courriel en date du 23 février 2018, l'Autorité des Marchés Financiers a, au vu de sa Position - Recommandation 2011-11, demandé à la société UNIBAIL-RODAMCO que la mission des commissaires aux apports soit étendue à l'appréciation de l'équité

¹ Il est également précisé que, préalablement à l'Apport et aux termes du Projet de Document E, l'activité OneMarket fera l'objet d'une scission partielle, WESTFIELD n'en conservant que 10% d'intérêts (ci-après la « Scission OneMarket »).

de la Rémunération globale de l'Opération, aux fins de « *garantir une bonne information des actionnaires qui sont appelés à accepter une dilution par leur vote lors de l'approbation d'un apport* ».

Cette extension de mission fait l'objet d'un rapport complémentaire de notre part.

1.2. Entités concernées par l'opération

1.2.1. WESTFIELD

Le groupe WESTFIELD est une entité économique composée des trois entités juridiques faitières WCL, WFDT et WAT, dont les actions ou parts respectives sont « jumelées », aux termes de leurs statuts respectifs et d'un acte (*stapling deed*) en date du 30 juin 2014.

Ainsi, à chacune des actions ou parts des entités WCL, WFDT ou WAT, correspond une action ou part dans les deux autres entités, si bien que tout actionnaire du groupe WESTFIELD est juridiquement et concomitamment détenteur d'un certain nombre de triplets de titres WCL, WFDT et WAT.

2.078.089.686 triplets d'actions et parts WCL, WFDT et WAT sont admis aux négociations sur l'*Australian Securities Exchange*. Par ailleurs, 22.381.487 triplets supplémentaires sont susceptibles d'être émis, en application de plans d'intéressement du personnel.

Au 31 décembre 2017, les actions existantes sont détenues principalement par² :

- la famille LOWY, à hauteur de 9,6% environ ;
- le groupe VANGUARD, à hauteur de 8,0% environ ;
- le groupe BLACKROCK, à hauteur de 7,2% environ ;
- le groupe STATE STREET CORPORATION, à hauteur de 5,0% environ.

WESTFIELD est « *un groupe de centres commerciaux intégré verticalement, menant des activités de détention, de création, de design, de construction, de gestion de fonds et d'actifs, de gestion immobilière, de location et de commercialisation et employant environ 2 000 personnes dans le monde.* » (source : communiqué de presse du 12 décembre 2017). Il est implanté, notamment, au Royaume-Uni et aux Etats-Unis et détient une participation dans 35 centres commerciaux en activité, positionnés sur un segment de qualité supérieure.

Son activité principale repose sur la création, le développement et l'exploitation d'actifs « *flagship* », principaux véhicules de la marque WESTFIELD et offrant une expérience distinctive aux clients, aux enseignes et aux marques dans des marchés majeurs. Il compte ainsi 17 flagships qui représentent 84% des actifs sous gestion (source : présentation des résultats annuels 2017 de WESTFIELD).

Au titre de l'exercice clos le 31 décembre 2017, le groupe WESTFIELD a réalisé un chiffre d'affaires consolidé de 2,1 milliards de dollars américains environ (incluant la quote-part du chiffre d'affaires des sociétés mises en équivalence) et un résultat net consolidé part du groupe de 1,55 milliard de dollars américains environ. Ses capitaux propres consolidés, part du groupe, s'établissent à 10,8 milliards de dollars américains environ. A fin 2017, le groupe WESTFIELD emploie près de 2.000 employés.

² Source : états financiers du groupe WESTFIELD

1.2.1.1. WCL (société dont les titres sont apportés)

WCL, référencée sous l'*Australian Business Number* 12 166 995 197, est une société (*public company limited by shares*) de droit australien, dont le siège est situé Level 29, 85 Castlereagh Street, à Sidney.

Elle a été constituée le 16 décembre 2013.

Son exercice social débute le 1^{er} janvier et s'achève le 31 décembre.

Au titre de l'exercice clos le 31 décembre 2017, WCL a réalisé un résultat net de 24 millions de dollars américains environ. Ses capitaux propres s'établissent à 1,5 milliard de dollars américains environ.

WCL détient, notamment, des participations dans des centres commerciaux londoniens, ainsi qu'une participation de 17,41% dans WESTFIELD AMERICA, INC. (ci-après « WEA »), telle que présentée ci-après.

Les titres de WCL font l'objet de l'Apport.

1.2.1.2. WFDT

WFDT, référencé sous l'*Australian Registered Scheme Number* 168 765 875, est un *trust* de droit australien, représenté par la société WESTFIELD AMERICA MANAGEMENT LIMITED, dont le siège est situé Westfield Towers, 100 William Street, à Sidney.

Il a été constitué le 26 mars 2014.

Son exercice social débute le 1^{er} janvier et s'achève le 31 décembre.

Au titre de l'exercice clos le 31 décembre 2017, WFDT a réalisé un résultat net de 224 millions de dollars américains environ. Ses capitaux propres s'établissent à près de 5 milliards de dollars américains.

WFDT détient, notamment, des participations dans des centres commerciaux londoniens.

Les parts de WFDT ne font pas l'objet de l'Apport. Cependant, aux termes de l'*Implementation Agreement* et des projets de *Schemes of Arrangement*, les parts de WFDT doivent être apportées, par leurs détenteurs, à la société néerlandaise TH NEWCO (telle que présentée ci-après), qui percevront, en rémunération de cet apport, autant de titres de la société TH NEWCO (ci-après l'« Apport TH NEWCO »). Aux termes du Projet de Document E, parmi les 2.078.089.686 actions TH NEWCO perçues en rémunération de l'Apport TH NEWCO, 1.827.597.167 font l'objet de l'Apport (environ 87,95%).

1.2.1.3. TH NEWCO (société dont les titres sont apportés)

TH NEWCO, constituée sous la référence 70943559, est une *besloten vennootschap met beperkte aansprakelijkheid* de droit néerlandais, dont le siège est situé Schiphol Boulevard 371, à Schiphol.

Elle a été constituée le 21 février 2018.

Son exercice social débute le 1^{er} janvier et s'achève le 31 décembre.

TH NEWCO a été constituée dans le cadre de l'Opération afin, comme mentionné au paragraphe précédent, de recueillir les titres WFDT apportés par leurs détenteurs.

Comme indiqué au paragraphe précédent, 1.827.597.167 titres TH NEWCO (87,95% environ du capital) font (par l'intermédiaire d'un tiers mandataire (*transfer nominee*)) l'objet de l'Apport.

Aux termes du Projet de Document E, le solde du capital de TH NEWCO sera cédé à la société UNIBAIL-RODAMCO.

1.2.1.4. WAT

WAT, référencé sous l'*Australian Registered Scheme Number* 092 058 449, est un *trust* de droit australien, représenté par la société WESTFIELD AMERICA MANAGEMENT LIMITED, telle que précédemment évoquée.

Il a été constitué le 26 mars 2014.

Son exercice social débute le 1^{er} janvier et s'achève le 31 décembre.

Au titre de l'exercice clos le 31 décembre 2017, WAT a réalisé un résultat net consolidé part du groupe de 935 millions de dollars américains environ. Ses capitaux propres consolidés, part du groupe, s'établissent à près de 4 milliards de dollars américains.

WAT détient essentiellement une participation de 82,59% dans WEA, société de droit américain dotée du statut fiscal de *Real Estate Investment Trust*, elle-même détentrice de centres commerciaux américains.

Les parts de WAT ne font pas l'objet de l'Apport. Aux termes de l'*Implementation Agreement* et des projets de *Schemes of Arrangement*, les détenteurs de parts de WAT seront amenés, dans le cadre de l'Opération, à céder celles-ci à une entité de droit américain, qui sera détenue *in fine* par les actionnaires des groupes UNIBAIL-RODAMCO et WESTFIELD.

1.2.2. UNIBAIL-RODAMCO

UNIBAIL-RODAMCO est une société européenne à directoire et conseil de surveillance de droit français. Son siège est situé 7 place du Chancelier Adenauer – 75016 PARIS. Elle est immatriculée au registre du commerce et des sociétés de Paris sous le numéro 682 024 096.

UNIBAIL-RODAMCO a été constituée le 23 juillet 1968, pour une durée de 99 ans, sauf prorogation ou dissolution anticipée.

Son exercice social débute le 1^{er} janvier et s'achève le 31 décembre.

Le capital social d'UNIBAIL-RODAMCO s'établit à 499.283.380 euros, divisé en 99.856.676 actions, entièrement libérées, de 5 euros de valeur nominale chacune. Par ailleurs, 53.983 actions supplémentaires sont susceptibles d'être émises, par conversion ou exercice d'instruments financiers.

Les actions de la société UNIBAIL-RODAMCO sont admises aux négociations sur les marchés NYSE Euronext Paris et Amsterdam.

Au 31 décembre 2017, elles sont détenues principalement par (source : UNIBAIL-RODAMCO) :

- le groupe APG ASSET MANAGEMENT, à hauteur de 6,0% environ ;
- le groupe BLACKROCK, à hauteur de 4,6% environ³ ;
- le groupe DEUTSCHE ASSET MANAGEMENT INVESTMENT, à hauteur de 3,4% environ.

UNIBAIL-RODAMCO est le premier groupe européen coté du secteur de l'immobilier commercial, propriétaire d'un portefeuille de 43,1 milliards d'euros au 31 décembre 2017. Il est « présent sur 3 segments majeurs de l'immobilier commercial : le développement, l'investissement et la gestion opérationnelle. Le Groupe applique sa stratégie à trois classes d'actifs : les centres commerciaux, les bureaux et les centres de congrès-expositions » (source : site internet).

Au titre de l'exercice clos le 31 décembre 2017, le groupe UNIBAIL-RODAMCO a enregistré des loyers nets consolidés de 1,6 milliard d'euros environ et réalisé un résultat net consolidé, part du groupe, de 2,4 milliards d'euros environ. Ses capitaux propres consolidés, part du groupe, s'établissent à 18,9 milliards d'euros environ. A fin 2017, le groupe UNIBAIL-RODAMCO emploie plus de 2.000 employés.

1.3. Description et évaluation de l'opération

1.3.1. Description de l'Apport

Aux termes du Projet de Document E, l'Apport est constitué :

- des 2.078.089.686 actions qui composent le capital de WCL ;
- de 1.827.597.167 actions qui, au moment de la réalisation de l'Apport, auront été émises par la société TH NEWCO et qui représenteront environ 87,95% de son capital ; ces titres seront émis, de pair à égal, en échange des titres WFDT apportés à TH NEWCO par les actionnaires du groupe WESTFIELD.

1.3.2. Evaluation de l'Apport

Aux termes du Projet de document E, l'Apport est valorisé à sa valeur réelle. La valeur de l'Apport s'établit à 8.197.172.977 euros.

1.4. Rémunération de l'Apport

Aux termes du Projet de document E, la société UNIBAIL-RODAMCO, en contrepartie de l'Apport, émettra 38.319.974 actions nouvelles de 5 euros de valeur nominale et procédera ainsi à une augmentation de capital social de 191.599.870 euros.

La différence entre la valeur de l'Apport, soit 8.197.172.977 euros, et le montant de l'augmentation de capital de la société UNIBAIL-RODAMCO, soit 191.599.870 euros, constituera une prime d'apport, dont le montant s'établit à 8.005.573.107 euros.

³ 10,01% au 19 janvier 2018 (source : déclaration de franchissement de seuil en date du 22 janvier 2018).

L'appréciation de la rémunération de l'Apport n'est, aux termes de l'article L.225-147 du code de commerce, pas incluse dans notre mission légale.

En revanche, et comme mentionné au paragraphe 1.1. *in fine*, la Rémunération globale de l'Opération, fait l'objet d'une appréciation de notre part, à la demande de l'Autorité des Marchés Financiers. Cette appréciation fait l'objet d'un rapport complémentaire de notre part.

1.5. Principaux aspects juridiques et fiscaux de l'opération

Aux termes du Projet de document E :

- l'Apport constitue un apport simple, régi par les dispositions du code de commerce relatives aux augmentations de capital par voie d'apport en nature, en particulier l'article L225-147 dudit code ;
- l'Apport prendra effet juridique, de manière immédiate, à la date à laquelle il sera réalisé ;
- sur le plan fiscal, les modalités de l'Apport sont précisées au paragraphe 2.2.1.6. du Projet de Document E.

Par ailleurs, la réalisation de l'Apport est soumise aux conditions suspensives prévues aux articles 2.2. et 3.1. de l'*Implementation Agreement*, sur renvois successifs de la section 3.7.2. du document établi par la société UNIBAIL-RODAMCO en application de l'article L412-1 du code monétaire et financier, dont un projet nous a été communiqué en date du 28 mars 2018 (ci-après le « Projet de prospectus »), et de l'article 2.2.1.2. du Projet de Document E, soit, notamment et cumulativement, et sans préjudice de la liste exacte et exhaustive des conditions mentionnées dans ces documents :

- la consultation des instances représentatives du personnel d'UNIBAIL-RODAMCO ;
- l'approbation des autorités boursières compétentes ;
- l'approbation des *Schemes of Arrangement* par les actionnaires du groupe WESTFIELD ;
- l'approbation de l'Opération par les actionnaires de la société UNIBAIL-RODAMCO ;
- l'approbation de la forme définitive du Projet de prospectus par l'Autorité des Marchés Financiers ;
- l'approbation de l'Opération par la juridiction australienne compétente, en application de la législation australienne ;
- l'obtention d'un rapport de l'expert indépendant australien désigné en application de la réglementation australienne applicable, concluant que la procédure de *Schemes of Arrangement* est dans le meilleur intérêt des actionnaires de WESTFIELD ;
- l'absence de survenance d'un « *Prescribed Event* » ou d'un « *Material Adverse Effect* », tels que définis dans le Projet de prospectus ;
- l'autorisation d'admission à la cote des titres financiers devant être créés au terme de l'Opération.

2. DILIGENCES ET APPRECIATION DE LA VALEUR DE L'APPORT

2.1. Diligences mises en œuvre par les commissaires aux apports

En exécution de la mission qui nous a été confiée, nous avons effectué les diligences que nous avons estimé nécessaires selon la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes relative à cette mission. Cette doctrine requiert la mise en œuvre de diligences à l'effet :

- de contrôler la réalité de l'Apport ;
- d'analyser les valeurs individuelles proposées ;
- de vérifier l'absence de surévaluation de la valeur de l'Apport considéré dans son ensemble ;
- de vérifier, jusqu'à la date d'émission du présent rapport, l'absence de faits ou d'événements susceptibles de remettre en cause la valeur de l'Apport.

Notre mission a pour objet d'éclairer les actionnaires de la société bénéficiaire de l'Apport quant à la valeur de l'Apport envisagé. Elle ne saurait être assimilée à une mission de « *due diligence* » effectuée pour un prêteur ou un acquéreur et ne comporte pas tous les travaux nécessaires à ce type d'intervention. Notre rapport ne peut pas être utilisé dans ce contexte.

Par ailleurs, l'opération qui est soumise à votre approbation constitue une réorganisation sur laquelle il vous appartient de vous prononcer et sur laquelle nous ne formulons aucun avis d'ordre financier, patrimonial, fiscal, juridique ou comptable, de quelque nature que ce soit.

Comme il est d'usage, nous avons considéré sincères et exhaustifs les informations et les documents qui nous ont été communiqués par les sociétés UNIBAIL-RODAMCO et WESTFIELD, et leurs conseils respectifs.

Nous avons, en particulier, effectué les travaux suivants :

- nous nous sommes entretenus avec les responsables des groupes WESTFIELD et UNIBAIL-RODAMCO en charge de l'opération proposée, ainsi qu'avec leurs conseils, aussi bien au niveau opérationnel qu'au niveau financier, tant pour prendre connaissance de son contexte que pour appréhender ses modalités économiques, comptables, juridiques et fiscales ;
- nous avons procédé à des visites physiques de plusieurs sites significatifs exploités par le groupe WESTFIELD, appartenant aux sociétés dont les titres sont inclus dans l'Apport ;
- nous avons pris connaissance des principales composantes de la documentation juridique afférente à l'Opération ;
- nous avons pris connaissance du Projet de Document E ;
- nous avons pris connaissance de la communication financière des groupes WESTFIELD et UNIBAIL-RODAMCO ;
- nous avons analysé les rapports de *due diligence* effectués, ainsi que les autres avis rendus, à la demande du groupe UNIBAIL-RODAMCO, dans le cadre de l'Opération ;

- nous avons pris connaissance des comptes consolidés du groupe WESTFIELD, du bilan consolidé de WCL, des comptes individuels de WFDT et des comptes consolidés de WAT, arrêtés aux 31 décembre 2016, 30 juin 2017 et 31 décembre 2017 ; nous avons pris connaissance des opinions de l'auditeur légal y afférentes ;
- nous avons analysé l'état de rapprochement entre les capitaux propres consolidés du groupe WESTFIELD et les contributions respectives de WCL, WFDT et WAT à ces capitaux propres ; nous avons pris connaissance de l'opinion de l'auditeur légal y afférente ;
- nous avons analysé les travaux d'évaluation du groupe WESTFIELD effectués par la société UNIBAIL-RODAMCO et ses conseils ;
- nous avons analysé la répartition des valeurs ainsi déterminées, effectuée par la société UNIBAIL-RODAMCO, entre les entités WCL, WFDT et WAT ;
- nous avons analysé l'évolution du cours de bourse de l'action WESTFIELD avant l'annonce de l'Opération ;
- nous avons analysé, par sondage, les rapports des experts immobiliers mandatés par le groupe WESTFIELD pour évaluer ses actifs, dans le cadre de l'arrêté de ses états financiers ; nous avons recueilli les explications complémentaires que nous avons estimé nécessaires ;
- nous avons analysé les projections de résultats du groupe WESTFIELD, telles que les envisage UNIBAIL-RODAMCO à la suite de son analyse ;
- nous avons analysé les prévisions de résultats des analystes financiers en charge du suivi de l'action WESTFIELD, ainsi que leurs objectifs de cours de bourse pour cette action ;
- nous avons procédé à nos propres travaux d'évaluation et à des tests de sensibilité des évaluations réalisées à la variation des hypothèses afférentes aux principaux paramètres d'évaluation ;
- nous nous sommes entretenus avec l'expert financier australien, chargé d'apprécier l'opération en application de la réglementation australienne ;
- nous avons pris connaissance des prévisions de synergies devant naître de l'Opération ;
- nous avons demandé aux dirigeants des groupes WESTFIELD et UNIBAIL-RODAMCO de nous confirmer, par écrit, l'exhaustivité des informations transmises afférentes à cette opération ;
- nous nous sommes également appuyés sur les travaux que nous avons réalisés dans le cadre de notre appréciation de la Rémunération globale de l'Opération, à la demande de l'Autorité des Marchés Financiers, en application de sa Position-Recommandation 2011-11 ;
- nous avons effectué les diligences complémentaires que nous avons estimé nécessaires.

2.2. Mode de comptabilisation de l'Apport retenu par la société UNIBAIL-RODAMCO

Comme exposé au paragraphe 1.3.2. du présent rapport, l'Apport est comptabilisé à sa valeur réelle.

A ce titre :

- l'Apport constitue un apport en nature au sens de l'article L225-147 du code de commerce ;
- l'Apport constitue un apport de titres de participation conférant le contrôle de ces participations à la société bénéficiaire de l'Apport, au sens de l'article 710-2 du Règlement 2014-03 de l'Autorité des Normes Comptables relatif au Plan comptable général, tel que modifié ;
- dès lors, l'Apport est soumis aux dispositions du Titre VII dudit Règlement ;
- s'agissant des apports effectués par des personnes physiques, ils sont, par principe, comptabilisés à la valeur réelle ;
- s'agissant des apports effectués par des personnes morales, ils constituent :
 - des apports réalisés entre entités sous contrôle distinct, au sens de l'article 741-1 du Règlement précité ;
 - des apports à l'endroit, au sens de l'article 742-1 du Règlement précité, dans la mesure où la société initiatrice de l'Opération est la société bénéficiaire de l'Apport ;
- aussi, en application de l'article 743-1 du Règlement 2014-03 précité, l'Apport est comptabilisé à la valeur réelle.

2.3. Réalité de l'Apport

Nous avons apprécié la réalité de l'Apport des actions WCL et TH NEWCO au regard de l'absence d'éléments susceptibles de remettre en cause son caractère transférable.

Il convient de relever que la réalisation de l'Apport est soumise à la levée des conditions suspensives mentionnées résumées au paragraphe 1.5. ci-avant.

En particulier, la réalisation de l'Apport nécessite (i) l'obtention d'un rapport de l'expert indépendant australien, désigné en application de la réglementation australienne, concluant que l'Opération est dans le meilleur intérêt des actionnaires de WESTFIELD, (ii) l'obtention des décisions des autorités boursières nécessaires, (iii) la décision d'approbation des *Schemes of Arrangement* par la juridiction australienne compétente, en application de la réglementation applicable et (iv) l'approbation des *Schemes of Arrangement* par les actionnaires du groupe WESTFIELD.

Par ailleurs, comme exposé au paragraphe 1.2.1.2. ci-avant, l'existence et la consistance des actions TH NEWCO, objet de l'Apport, nécessite la remise préalable desdites actions aux actionnaires de WESTFIELD, au titre de l'Apport TH NEWCO, en échange de leurs titres WFDT, dans le cadre de la mise en œuvre de l'*Implementation Agreement*.

2.4. Valeur de l'Apport

Aux termes du Projet de Document E, la valeur de l'Apport s'établit à 8.197.172.977 euros.

2.4.1. Travaux d'évaluation de l'Apport effectués par la société UNIBAIL-RODAMCO

Pour déterminer la valeur de l'Apport, la société UNIBAIL-RODAMCO a procédé en deux étapes :

1. Détermination de la valeur totale du groupe WESTFIELD, mise en œuvre selon une approche multicritères, utilisant :
 - la méthode de l'actif net réévalué déterminée selon la méthode de l'EPRA (*European Public Real estate Association*) ;
 - la méthode des flux de trésorerie actualisés ;
 - la méthode du cours de bourse de l'action WESTFIELD, avant l'annonce de l'Opération ;
 - la méthode des cours cibles des analystes financiers, avant l'annonce de l'Opération.

2. Détermination de la valeur de l'Apport, soit la valeur des actions WCL et TH NEWCO⁴ apportées (à l'exclusion de la valeur des titres WAT, qui ne font pas l'objet de l'Apport), sur la base :
 - de leur contribution respective aux capitaux propres consolidés du groupe WESTFIELD au 31 décembre 2017, qui s'établissent à 67,21% pour l'ensemble WCL et WFDT et 32,79% pour WAT ;
 - de la quote-part de leur capital apportée.

Sur la base de ces travaux d'évaluation, aux termes du paragraphe 2.4.4.3. du Projet de Document E, « *Compte tenu de la prépondérance immobilière d'Unibail-Rodamco, c'est essentiellement la NAV qui a été retenue pour déterminer la valeur de l'Apport, ainsi que la méthode du DCF hors impact des synergies. Par ailleurs, les différentes méthodes de valorisation utilisées ne tiennent compte d'aucune prime de contrôle, ni de la valorisation des synergies attendues, ni même de la valorisation de la marque Westfield. En conséquence, la valeur de l'Apport a été retenue dans la fourchette entre la NAV et la valeur du DCF, hors impact des synergies* » (traduction libre).

La valeur de l'Apport a ainsi été fixée à la somme de 8.197.172.977 euros.

⁴ Comme indiqué au paragraphe 1.2.1.2. ci-avant, au moment de l'Apport, le patrimoine de la société TH NEWCO sera constitué des seuls titres WFDT, à elle apportés au titre de l'Apport TH NEWCO.

2.4.2. Appréciations quant aux méthodes de valorisation mises en œuvre et travaux des commissaires aux apports

Nous constatons que les méthodes de valorisation de l'Apport, mises en œuvre pour déterminer la valeur de l'Apport, relèvent de méthodes usuelles en matière de valorisation d'entreprise, et pertinentes pour des entreprises immobilières telles que le groupe WESTFIELD.

a) Actif net réévalué

La méthode de l'actif net réévalué consiste à valoriser une société :

- sur la base de ses capitaux propres consolidés, tels qu'ils apparaissent dans ses états financiers ;
- réévalués des plus-values latentes estimées, non reconnues dans les capitaux propres consolidés, en vertu de la réglementation comptable applicable.

Nous observons que :

- la méthode de l'actif net réévalué est usuellement retenue en matière de valorisation de sociétés foncières ;
- les principes de son application sont notamment régis par une association professionnelle reconnue, l'EPRA (« *European Public Real estate Association* »), qui promeut les bonnes pratiques les plus utilisées en Europe en matière de publication financière ;
- dans les comptes consolidés du groupe WESTFIELD, les actifs correspondant à des immeubles de placement sont évalués à la juste valeur, sur la base d'expertises immobilières externes ;
- les capitaux propres consolidés du groupe WESTFIELD retenus intègrent la valeur des sociétés mises en équivalence, sur la base de la quote-part détenue par le groupe dans les capitaux propres de ces sociétés, après réévaluation de leurs immeubles de placement à la juste valeur, sur la base d'expertises immobilières externes ;
- cette méthode permet d'appréhender la valeur d'une société foncière, sur la base, pour les actifs immobiliers, de valorisations résultant d'expertises immobilières effectuées par des évaluateurs spécialisés, les éléments contribuant à son calcul étant ensuite soumis à la revue des auditeurs légaux dans le cadre de leur mission légale ;
- en outre, la société UNIBAIL-RODAMCO a valorisé (i) les projets immobiliers en cours de développement, estimés sur la base de leurs coûts et revenus futurs et (ii) les activités de services exercées par le groupe WESTFIELD, elles-mêmes valorisées par la méthode des flux de trésorerie actualisés, corroborée par l'observation des niveaux de multiples induits.

Nous avons :

- pris connaissance du processus mis en œuvre pour le calcul de l'actif net réévalué du groupe WESTFIELD ;
- pris connaissance, par sondage, des rapports d'expertise immobilière sur lesquels se fondent les évaluations des immeubles détenus ; corroboré ces évaluations avec les montants retenus dans les comptes consolidés du groupe WESTFIELD ; recueilli les précisions complémentaires que nous avons estimé nécessaire d'obtenir ;
- analysé les valorisations des projets immobiliers en développement et des activités de service, effectuées par la société UNIBAIL-RODAMCO ; nous nous sommes entretenus avec les opérationnels en charge de ces évaluations et avons recueilli les précisions complémentaires que nous avons estimé nécessaires ;
- effectué les vérifications arithmétiques que nous avons estimé nécessaires ;
- effectué les tests de sensibilité de la valorisation effectuée selon la méthode de l'actif net réévalué, aux principaux paramètres concourant à sa détermination ;
- pris en compte les dernières données financières disponibles du groupe WESTFIELD, soit celles au 31 décembre 2017 ;
- effectué les autres diligences que nous avons estimé nécessaires.

b) Flux de trésorerie actualisés

Cette méthode permet d'appréhender la valeur d'une société sur la base, à la fois :

- de sa rentabilité prévisionnelle, elle-même fondée sur des prévisions d'exploitation à moyen terme ;
- de l'appréciation du risque de son activité par le marché, à travers l'utilisation d'un taux d'actualisation ;
- de sa situation financière, au travers du niveau d'endettement net retenu.

Dans la mesure où elle est fondée sur des prévisions d'activité, cette méthode est pertinente dès lors que l'évaluation porte sur une participation majoritaire, ce qui est le cas en l'espèce pour l'Apport.

Nous observons que :

- en l'absence d'information publique, la société UNIBAIL-RODAMCO, pour déterminer les flux de trésorerie futurs nécessaires à la mise en œuvre de cette méthode, dont les résultats figurent dans le Projet de Document E, s'est fondée sur les prévisions émises en la matière par deux analystes financiers chargés du suivi de l'action WESTFIELD ;

- la société UNIBAIL-RODAMCO a, par ailleurs, modélisé sa propre appréciation des prévisions financières de WESTFIELD, sur la base des informations recueillies au cours du processus de préparation de l'Opération ;
- les résultats de la méthode des flux de trésorerie sont particulièrement sensibles aux paramètres retenus dans sa mise en œuvre, en particulier le taux d'actualisation et le taux de croissance à l'infini.

Nous avons :

- pris connaissance des prévisions d'activité retenues par les analystes financiers ;
- pris connaissance des prévisions d'activité modélisées par la société UNIBAIL-RODAMCO, sur la base des informations recueillies au cours du processus de préparation de l'Opération ;
- pris connaissance des modalités de détermination du taux d'actualisation retenu et procédé à nos propres analyses ;
- pris connaissance de l'endettement net retenu ;
- effectué les vérifications arithmétiques que nous avons estimé nécessaires ;
- effectué les tests de sensibilité de la valorisation effectuée selon la méthode des flux de trésorerie actualisés, aux principaux paramètres concourant à sa détermination ;
- pris en compte les dernières données financières disponibles du groupe WESTFIELD, soit celles au 31 décembre 2017 ;
- effectué les autres diligences que nous avons estimé nécessaires.

c) Cours de bourse

Ce critère permet d'appréhender directement la valeur d'une société sur la base du cours de bourse de son action.

Il présente l'avantage de résulter, de manière directe, de la confrontation de l'offre et de la demande, sur un marché régulé et organisé.

En revanche :

- il ne permet d'approcher la valeur d'une société que de manière imparfaite, si les caractéristiques existantes et potentielles de ladite société ne sont pas parfaitement appréhendées par les opérateurs de marché ;
- s'agissant des sociétés foncières, leur cours de bourse est souvent affecté d'une décote, au regard de la valeur de leurs actifs immobiliers ;
- il constitue une approche mesurant la valeur d'actions détenues à titre minoritaire et n'intègre pas la prime de contrôle que confère la détention majoritaire d'une entité, comme celle qui doit résulter de l'Apport.

Nous avons :

- pris connaissance des cours de bourse de l'action WESTFIELD observés par la société UNIBAIL-RODAMCO préalablement à l'annonce de l'Opération ;
- procédé à nos propres analyses de ces cours de bourse ;
- pris connaissance de la pertinence du cours de bourse de l'action WESTFIELD, au regard du volume de transactions réalisées sur cette action ;
- effectué les autres diligences que nous avons estimé nécessaires.

d) Objectifs de cours de bourse des analystes financiers

Cette méthode permet d'appréhender directement la valeur d'une société sur la base des objectifs de cours de bourse, publiés par les analystes financiers qui assurent le suivi de l'action de ladite société.

Elle permet de bénéficier de l'analyse d'opérateurs de marchés spécialistes de la société évaluée. Elle présente, en revanche, l'inconvénient de ne reposer que sur des prévisions, par principe sujettes à aléas, et dont l'analyse sous-jacente n'est, de surcroît, pas toujours aisée à rationaliser. En outre, elle constitue, comme la méthode du cours de bourse, une approche de valorisation de titres minoritaires.

Nous avons :

- pris connaissance des objectifs de cours de bourse de l'action WESTFIELD publiés par les analystes financiers, préalablement à l'annonce de l'Opération, retenus par la société UNIBAIL-RODAMCO ;
- procédé à nos propres observations ;
- pris connaissance du nombre et de la qualité des analystes financiers retenus ;
- effectué les autres diligences que nous avons estimé nécessaires.

e) Modalités d'affectation de la valeur totale de WESTFIELD aux entités incluses dans l'Apport, WCL et WFDT

La valeur de l'Apport a été déterminée en affectant la valeur de la totalité du groupe WESTFIELD (constitué des trois entités WCL, WFDT et WAT), déterminée selon les méthodes décrites aux a) à d) ci-avant, aux deux entités incluses dans l'Apport, WCL et WFDT⁵, sur la base de leur contribution aux capitaux propres consolidés du groupe WESTFIELD, au 31 décembre 2017.

⁵ Comme indiqué au paragraphe 1.2.1.2. ci-avant, au moment de l'Apport, le patrimoine de la société TH NEWCO sera constitué des seuls titres WFDT, apportés à elle au titre de l'Apport TH NEWCO.

Nous avons :

- pris connaissance des calculs d'affectation effectués par la société UNIBAIL-RODAMCO ;
- pris connaissance du rapport de procédures convenues, établi par l'auditeur légal du groupe WESTFIELD, relatif aux contributions respectives des entités WCL, WFDT et WAT, aux capitaux propres consolidés du groupe WESTFIELD au 31 décembre 2017 ;
- relevé que ces capitaux propres consolidés :
 - o comprenaient la juste valeur des propriétés immobilières du groupe WESTFIELD (y compris pour la quote-part de celles détenues par des sociétés mises en équivalence), retenues sur la base de rapports d'experts immobiliers ;
 - o correspondaient aux montants mentionnés dans les états financiers certifiés sans réserve par l'auditeur légal ;
- procédé à des simulations alternatives sur la base d'une affectation plus effective de la valeur des actifs et passifs du groupe WESTFIELD aux entités dont les titres sont apportés ;
- effectué les autres diligences que nous avons estimé nécessaires.

f) Méthodes d'évaluation non retenues

La méthode des multiples de sociétés comparables cotées et la méthode des multiples de transactions réalisées n'ont pas été retenues par la société UNIBAIL-RODAMCO, en raison (i) de l'absence de société identifiée véritablement comparable au groupe WESTFIELD, en matière, notamment, de niveau qualitatif des centres commerciaux exploités et de niveau de projets en développement, et (ii) du manque d'information, quant à ces caractéristiques, des sociétés susceptibles d'être considérées comme comparables à WESTFIELD.

Nous observons, en outre, que les caractéristiques comptables des sociétés foncières et le rythme de reconnaissance de leur résultat (en fonction de la mise en exploitation ponctuelle d'actifs, puis de l'évolution, non linéaire, de la juste valeur de leurs actifs) rendent délicate la mise en œuvre de cette méthode sur des bases consistantes, que nous n'avons pas non plus retenue.

2.4.3. Résultat des travaux des commissaires aux apports

Sur la base des travaux que nous avons effectués, tels que mentionnés au paragraphe 2.4.2. ci-avant, il convient de relever les éléments suivants :

2.4.3.1. Méthodes de valorisation

Pour les raisons exposées au paragraphe 2.4.2. ci-avant, pour apprécier la valorisation du groupe WESTFIELD :

- les méthodes qui nous semblent devoir être privilégiées sont celles de l'actif net réévalué et des flux de trésorerie actualisés ;
- la méthode des cours de bourse et la méthode des objectifs de cours des analystes nous semblent devoir être considérées à titre de recoupement, en prenant en compte le fait qu'elles se fondent sur des analyses de valeurs de participations minoritaires ;
- les méthodes de multiples de sociétés comparables (sociétés cotées ou transactions) ne nous apparaissent pas pouvoir être mises en œuvre de manière appropriée.

Nous avons également considéré la prime liée au contrôle du groupe WESTFIELD qu'octroierait l'Opération, ainsi que les synergies attendues de l'Opération.

A titre de recoupement, nous avons également observé la valeur du groupe WESTFIELD induite par la Rémunération globale de l'Opération, compte tenu du cours de bourse de l'action UNIBAIL-RODAMCO et de la parité euro/dollar au jour de l'annonce de l'Opération. Nous observons que la Rémunération globale de l'Opération résulte d'une offre effectuée, par un professionnel de l'immobilier, soumis à la surveillance des autorités administratives boursières, à l'aide de ses conseils financiers, à l'issue d'un processus d'acquisition organisé.

2.4.3.2. Valeurs individuelles

Aux termes du Projet de document E, les valeurs individuelles des apports ne sont pas mentionnées. Nous ne formulons donc pas d'observation y afférente.

2.4.3.3. Points d'attention des commissaires aux apports

Sur la base des travaux que nous avons effectués, tels que mentionnés au paragraphe 2.4.2. ci-avant, il convient de relever les éléments suivants :

- nous rappelons que l'activité exercée par les entités WCL et WFDT (dont les titres doivent être transférés à TH NEWCO), et la valeur de l'Apport qui en résulte, sont soumises aux facteurs de risques mentionnés au chapitre 5.3.5. du Projet de Document E ;
- les résultats de la méthode des flux de trésorerie actualisés (dans une large mesure) et de la méthode de l'actif net réévalué (dans une moindre mesure) reposent sur des prévisions d'activité des entités dont les titres sont apportés ; par principe, ces prévisions sont soumises à aléas ;
- en particulier, la valeur de l'Apport repose en partie sur la capacité des centres commerciaux exploités par WCL et WFDT à appréhender les mutations actuelles des

activités de distribution et, notamment leur digitalisation progressive ; les actions entreprises par le groupe WESTFIELD en ce sens, orientées notamment vers le développement de l'« expérience client », sont destinées à répondre à cet enjeu ; c'est dans l'hypothèse d'une réussite de ces actions que la valeur de l'Apport a été appréciée ;

- les résultats de la méthode de l'actif net réévalué reposent en grande partie sur le maintien du niveau actuel des marchés américain et britannique de l'immobilier commercial ; en cas de variation négative substantielle, non connue à ce jour, ces résultats seraient amenés à être révisés, le cas échéant de manière significative, à la baisse ;
- la valeur de l'Apport repose en partie sur le maintien du régime fiscal spécifique aux *Real Estate Investment Trusts*, actuellement applicable aux activités du groupe WESTFIELD au Royaume-Uni et aux Etats-Unis ; c'est dans l'hypothèse d'un maintien de ce régime que la valeur de l'Apport a été appréciée ;
- la valeur de l'Apport, exprimée en euros, repose en partie sur le maintien de parités monétaires de l'euro à l'égard du dollar américain et de la livre sterling, à des niveaux comparables à ceux actuellement observés.

2.4.3.4. Appréciation de la valeur globale de l'Apport

Sur la base des diligences que nous avons effectuées, notre appréciation des méthodes d'évaluation mises en œuvre permet d'encadrer la valeur de l'Apport, cette dernière se situant entre la valeur issue de la méthode de l'actif net réévalué et celle issue de la méthode DCF.

La méthode de l'actif net réévalué est particulièrement pertinente pour la valorisation d'une société foncière. Pour tenir compte des autres éléments qui n'y sont pas intégrés, tels que la marque, et pour refléter également la valeur de prise de contrôle d'un vaste portefeuille d'actifs, le fait de considérer, comme l'a fait UNIBAIL-RODAMCO, que la valeur de l'Apport se situe entre le résultat de la méthode de l'actif net réévalué et celui de la méthode DCF, établi sur la base du consensus des analystes, hors synergies, n'appelle pas de commentaire de notre part.

En conséquence, nos diligences ne remettent pas en cause la valeur de l'Apport.

La valeur globale de l'Apport n'appelle pas d'autre observation de notre part.

3. CONCLUSION


Sur la base de nos travaux et à la date du présent rapport, nous sommes d'avis que la valeur de l'Apport retenue s'élevant à 8.197.172.977 euros n'est pas surévaluée et, en conséquence, que la valeur de l'Apport est au moins égale au montant de l'augmentation de capital de la société bénéficiaire majorée de la prime d'apport.

Fait à Paris, le 28 mars 2018

Les commissaires aux apports


Dominique MAILLARD


Olivier PERONNET


Jean-Jacques DEDOUIT

Appendix 2

Contribution appraisers' report

Dominique MAHIAS
28 avenue Hoche
75008 PARIS

Olivier PERONNET
14 rue de Bassano
75116 PARIS

Jean-Jacques DEDOUIT
19 rue Clément Marot
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UNIBAIL-RODAMCO

Société Européenne au capital de 499.283.380 €
7 place du Chancelier Adenauer
75016 Paris
RCS de Paris n° 682 024 096

Rapport des Commissaires aux apports afférent au caractère équitable de la rémunération globale proposée par la société UNIBAIL-RODAMCO en contrepartie des titres du groupe WESTFIELD

*Ordonnance de Monsieur le Président
du Tribunal de Commerce de Paris
du 1^{er} février 2018*

*Mission complémentaire
sollicitée par l'Autorité des Marchés Financiers
en date du 23 février 2018*

**Rapport des Commissaires aux apports
afférent au caractère équitable de la rémunération
globale proposée par la société UNIBAIL-RODAMCO en
contrepartie des titres du groupe WESTFIELD**

Mesdames, Messieurs les actionnaires,

Par Ordonnance de Monsieur le Président du Tribunal de Commerce de Paris en date du 1^{er} février 2018, nous avons été désignés commissaires aux apports dans le cadre de l'apport de titres des sociétés WESTFIELD CORPORATION LIMITED et UNIBAIL-RODAMCO TH B.V., devant être effectué par les actionnaires du groupe WESTFIELD, au profit de la société UNIBAIL-RODAMCO.

Par courriel en date du 23 février 2018, l'Autorité des Marchés Financiers (AMF) a, au vu de sa Position - Recommandation 2011-11, demandé à la société UNIBAIL-RODAMCO que la mission des commissaires aux apports soit étendue à l'appréciation du caractère équitable de la rémunération globale dans le cadre de l'opération de rapprochement entre les groupes WESTFIELD et UNIBAIL-RODAMCO. A cette fin, nous avons établi le présent rapport sur la rémunération globale du rapprochement entre les groupes WESTFIELD et UNIBAIL-RODAMCO. Notre appréciation sur la valeur des apports fait l'objet d'un rapport distinct.

La rémunération résulte des modalités de l'Opération (telle que définie ci-après), décrites dans le projet de note d'opération qui nous a été communiqué en date du 28 mars 2018 (« Projet de Document E »), et qui ont été arrêtées dans un accord cadre (« *Implementation Agreement* ») signé par les représentants des groupes UNIBAIL-RODAMCO et WESTFIELD en date du 12 décembre 2017. Cette Opération porte sur l'acquisition des titres du groupe WESTFIELD par UNIBAIL-RODAMCO, par voie d'échange de titres et paiement en numéraire (ci-après l'Opération).

Il nous appartient d'exprimer un avis sur le caractère équitable de la rémunération. A cet effet, nous avons effectué nos diligences selon la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes applicable à cette mission. Cette doctrine professionnelle requiert la mise en œuvre de diligences destinées, d'une part, à vérifier que les valeurs relatives attribuées aux titres des sociétés participant à l'opération sont pertinentes, et d'autre part, à analyser le positionnement de la rémunération globale par rapport aux valeurs relatives jugées pertinentes.

Notre mission prenant fin avec le dépôt du présent rapport, il ne nous appartient pas de mettre à jour celui-ci pour tenir compte des faits et circonstances postérieurs à sa date de signature.

Le présent rapport est prévu par la Position-Recommandation 2011-11 de l'AMF relative à la mission du commissaire aux apports, et est destiné à des personnes soumises à la loi française, en l'espèce les actionnaires d'UNIBAIL-RODAMCO. Il répond aux exigences de cette réglementation mais pas à celles de la réglementation australienne, dont bénéficient les actionnaires de WESTFIELD, quand bien même notre rapport serait porté à la connaissance de toutes les parties concernées par l'Opération.

Par ailleurs, notre rapport ne dispense pas de la lecture de l'ensemble de la documentation publique d'ores et déjà disponible, ou qui sera mise à disposition, relative à cette Opération.

A aucun moment nous ne nous sommes trouvés dans l'un des cas d'incompatibilité, d'interdiction ou de déchéance prévus par la loi.

Nos constatations et conclusions sont présentées ci-après selon le plan suivant :

- 1. Présentation de l'Opération**
- 2. Vérification de la pertinence des valeurs relatives attribuées aux titres des sociétés participant à l'Opération**
- 3. Appréciation du caractère équitable de la rémunération globale proposée**
- 4. Synthèse**
- 5. Conclusion**

1. Présentation de l'Opération

1.1 Contexte de l'Opération

Par communiqué de presse commun en date du 12 décembre 2017, les groupes UNIBAIL-RODAMCO et WESTFIELD ont annoncé leur projet de rapprochement par acquisition du groupe WESTFIELD par la société UNIBAIL-RODAMCO, devant donner naissance au « *premier créateur et opérateur mondial de centres de shopping de destination* ».

Le groupe WESTFIELD est composé de trois entités : WESTFIELD CORPORATION LIMITED (ci-après « WCL »), WESTFIELD AMERICA TRUST (ci-après « WAT »), et WFD TRUST (ci-après « WFDT »), dont les titres font l'objet d'un jumelage (*stapled securities*), tout actionnaire de WESTFIELD détenant ainsi un même nombre de titres de chacune des trois entités. Ces titres ainsi jumelés, font l'objet d'une cotation unique sur l'*Australian Securities Exchange* (ASX).

L'Opération comporte des opérations de réorganisation préalables, aussi bien au sein d'UNIBAIL-RODAMCO que de WESTFIELD, et l'acquisition des trois entités composant actuellement WESTFIELD, sera principalement réalisée sous la forme de plusieurs *Schemes of arrangement* de droit australien :

1. Déjumelage des titres WCL, WAT et WFDT ;
2. Acquisition de WAT par US NEWCO, société nouvelle de droit américain créée par UNIBAIL-RODAMCO (*WAT Trust Scheme*) ;
3. Apport par UNIBAIL-RODAMCO des actions US NEWCO à NEWCO BI (qui deviendra WFD UNIBAIL-RODAMCO N.V.), société nouvelle de droit néerlandais ;
4. Apport des titres WFDT représentatifs de 100% de son capital, à une société nouvelle de droit néerlandais, UNIBAIL-RODAMCO TH B.V. (ci-après « TH NEWCO ») ;
5. Apport de titres WCL et TH NEWCO à UNIBAIL-RODAMCO conformément au *Share Scheme* (l'Apport), étant précisé que l'activité OneMarket¹ aura fait l'objet d'une scission à hauteur de 90% préalablement à l'Apport (ci-après « Scission OneMarket »).

¹ OneMarket, anciennement Westfield Retail Solutions, est la plateforme technologique de WESTFIELD.

L'opération de déjumelage et les différents *schemes* sont conditionnés de sorte que le déjumelage ne peut avoir lieu que si les *schemes* sont mis en place, et vice-versa.

Notre désignation en qualité de commissaires aux apports s'inscrit dans le cadre de l'Apport. Le présent rapport sur la rémunération globale de l'Opération constitue une annexe à notre rapport émis sur la valeur des apports ; il porte sur l'Opération globale, et non sur le seul périmètre de l'Apport.

Au terme de cette procédure, les actionnaires du groupe WESTFIELD :

- deviendront détenteurs de titres jumelés des sociétés UNIBAIL-RODAMCO, et WFD UNIBAIL-RODAMCO N.V. ;
- et percevront un montant en numéraire.

Ainsi, les actionnaires du groupe WESTFIELD recevront, en échange d'une unité de titres jumelés WCL, WAT et WFDT :

- 0,01844 unité de titres jumelés UNIBAIL-RODAMCO et WFD UNIBAIL-RODAMCO N.V. ;
- 2,67 dollars américains,

(ci-après, ensemble, la « Rémunération »).

A l'issue de l'Opération, les anciens actionnaires d'UNIBAIL-RODAMCO et de WESTFIELD détiendront respectivement, environ 72%, et 28%² du capital d'UNIBAIL-RODAMCO.

² Ces taux sont donnés à titre d'illustration sur une base complètement diluée et sur la base des capitalisations respectives au 11 décembre 2017, et dépendront du nombre d'actions en circulation d'UNIBAIL-RODAMCO et de WESTFIELD à la date d'effet.

1.2 Présentation des sociétés en présence

1.2.1 Westfield

Le groupe WESTFIELD (ci-après « WESTFIELD ») est une entité économique composée des trois entités juridiques WCL, WFDT et WAT, dont les actions ou parts respectives font l'objet d'un jumelage (*stapled securities*), aux termes des statuts respectifs de ces trois entités et d'un acte (*stapling deed*) en date du 30 juin 2014.

Ainsi, à chacune des actions ou parts des entités WCL, WFDT ou WAT, correspond une action ou part dans les deux autres entités, si bien que tout actionnaire du groupe WESTFIELD est juridiquement et concomitamment détenteur d'un certain nombre de triplets d'actions ou parts de chacune des trois entités.

A la date du présent rapport, 2.078.089.686³ triplets d'actions et parts font l'objet d'une cotation unique sur l'*Australian Securities Exchange* (ASX). Par ailleurs, 22.381.487⁴ triplets supplémentaires sont susceptibles d'être émis, en application de plans d'intéressement du personnel.

Au 31 décembre 2017⁵, ils sont détenus principalement par :

- la famille LOWY, à hauteur de 9,6% ;
- le groupe VANGUARD, à hauteur de 8,0% environ ;
- le groupe BLACKROCK, à hauteur de 7,2% environ ;
- le groupe STATE STREET CORPORATION, à hauteur de 5,0% environ.

WESTFIELD est « *un groupe de centres commerciaux intégré verticalement, menant des activités de détention, de création, de design, de construction, de gestion de fonds et d'actifs, de gestion immobilière, de location et de commercialisation et employant environ 2 000 personnes dans le monde.* »⁶

Il est implanté principalement aux Etats-Unis et au Royaume-Uni, et détient une participation dans 35 centres commerciaux.

³ Source : Etats financiers du groupe WESTFIELD au 31 décembre 2017.

⁴ Source : projet de Securityholder Booklet du 13 mars 2018.

⁵ Source : Etats financiers du groupe WESTFIELD au 31 décembre 2017.

⁶ Source : Communiqué de presse publié par UNIBAIL-RODAMCO en date du 12 décembre 2017.

Son activité principale repose sur la création, le développement et l'exploitation d'actifs « *flagship* », principaux véhicules de la marque Westfield, et offrant une expérience distinctive aux clients, aux enseignes et aux marques dans des marchés majeurs. Il compte ainsi 17 *flagships*⁷, qui représentent 84%⁸ des actifs sous gestion.

Au titre de l'exercice clos le 31 décembre 2017, le groupe WESTFIELD a enregistré un chiffre d'affaires consolidé de 2,1 milliards de dollars américains⁹ (incluant la quote-part du chiffre d'affaires des sociétés mises en équivalence), et un résultat net consolidé part du groupe de 1,55 milliard de dollars américains. Ses capitaux propres consolidés, part du groupe, s'établissent à 10,8 milliards de dollars américains.

1.2.2 Unibail-Rodamco

UNIBAIL-RODAMCO est une société européenne à Directoire et Conseil de surveillance de droit français. Son siège est situé 7 place du Chancelier Adenauer - 75016 Paris. Elle est immatriculée au Registre du Commerce et des Sociétés de Paris sous le numéro 682 024 096.

UNIBAIL-RODAMCO a été constituée le 23 juillet 1968, pour une durée de 99 ans, sauf prorogation ou dissolution anticipée.

Son exercice social débute le 1^{er} janvier, et s'achève le 31 décembre.

Au 31 décembre 2017, le capital social d'UNIBAIL-RODAMCO s'établit à 499.283.380 euros, divisé en 99.856.676 actions, entièrement libérées, de 5 euros de valeur nominale chacune. Par ailleurs, 53.983 actions supplémentaires sont susceptibles d'être émises, par conversion d'instruments financiers.

Les actions de la société UNIBAIL-RODAMCO sont admises aux négociations sur les marchés NYSE Euronext Amsterdam et Paris.

⁷ Source : Westfield Corporation, *full year results presentation 2017*.

⁸ Source : *Ibid.*

⁹ Source : Etats financiers du groupe WESTFIELD au 31 décembre 2017.

Au 31 décembre 2017¹⁰, elles sont détenues principalement par :

- le groupe APG ASSET MANAGEMENT, à hauteur de 6,0% ;
- le groupe BLACKROCK, à hauteur de 4,6%¹¹ ;
- le groupe DEUTSCHE ASSET MANAGEMENT INVESTMENT, à hauteur de 3,4%.

UNIBAIL-RODAMCO est le premier groupe européen coté du secteur de l'immobilier commercial, propriétaire d'un portefeuille de 43,1 milliards d'euros au 31 décembre 2017. Il est « *présent sur 3 segments majeurs de l'immobilier commercial : le développement, l'investissement et la gestion opérationnelle. Le Groupe applique sa stratégie à trois classes d'actifs : les centres commerciaux, les bureaux et les centres de congrès-expositions* »¹².

Au titre de l'exercice clos le 31 décembre 2017, le groupe UNIBAIL-RODAMCO a enregistré des loyers nets consolidés de 1,58 milliard d'euros et un résultat net consolidé, part du groupe, de 2,44 milliards d'euros. Ses capitaux propres consolidés, part du groupe, s'établissent à 18,92 milliards d'euros.

1.2.3 Liens entre les sociétés

À la date du présent rapport, UNIBAIL-RODAMCO détient un *cash-settled equity swap* (tel que défini dans le glossaire du Projet de Document E), portant sur environ 4,90% des intérêts économiques du groupe WESTFIELD.

1.3 Description de l'Opération

Comme indiqué précédemment, l'Opération s'inscrit dans le cadre du rapprochement des groupes UNIBAIL-RODAMCO et WESTFIELD, qui sera formalisé par plusieurs *Schemes of arrangement* devant permettre l'acquisition des titres du groupe WESTFIELD par UNIBAIL-RODAMCO.

Compte tenu de la forte complémentarité géographique des deux groupes, ce rapprochement doit permettre la création d'un leader global de l'immobilier commercial positionné stratégiquement dans 27 des métropoles les plus dynamiques au monde.

¹⁰ Source : UNIBAIL-RODAMCO.

¹¹ La participation de BLACKROCK est passée à 10,01% au 19 janvier 2018 (source : déclaration de franchissement de seuil en date du 22 janvier 2018).

¹² Source : Site internet d'UNIBAIL-RODAMCO.

Par ailleurs, cette opération doit permettre de réaliser progressivement des synergies estimées par le management d'UNIBAIL-RODAMCO à hauteur de 100 millions d'euros en année pleine, dont 40 millions générés par les revenus, et 60 millions par l'optimisation des frais de structure¹³.

Date d'effet de l'Opération

Conformément au *Corporations Act*, les *Schemes of Arrangement* deviendront effectifs dès que la Cour fédérale australienne (Sydney Registry) aura statué sur leur approbation. Cette approbation est attendue en mai 2018.

1.4 Conditions suspensives

L'Opération est soumise aux conditions suspensives prévues aux articles 3 des *Schemes of Arrangement*, soit, cumulativement :

- la consultation des instances représentatives du personnel d'UNIBAIL-RODAMCO ;
- l'approbation des autorités boursières compétentes ;
- l'approbation des *Schemes of Arrangement* par les actionnaires du groupe WESTFIELD ;
- l'approbation de l'Opération par les actionnaires de la société UNIBAIL-RODAMCO ;
- l'approbation de la forme définitive du Projet de prospectus par l'Autorité des Marchés Financiers ;
- l'approbation de l'Opération par la juridiction australienne compétente, en application de la législation australienne ;
- l'obtention d'un rapport de l'expert indépendant australien désigné en application de la réglementation australienne applicable, concluant que la procédure de *Schemes of Arrangement* est dans le meilleur intérêt des actionnaires de WESTFIELD ;
- l'absence de survenance d'un « *Prescribed Event* » ou d'un « *Material Adverse Effect* », tels que définis dans le Projet de prospectus ;
- l'autorisation d'admission à la cote des titres financiers devant être créés au terme de l'Opération.

¹³ Source : communiqué de presse du 12 décembre 2017.

2. Vérification de la pertinence des valeurs relatives attribuées aux titres des sociétés participant à l'Opération

2.1 Diligences mises en œuvre par les commissaires aux apports

Notre mission prévue par la réglementation, ne relève ni d'une mission d'audit, ni d'une mission d'examen limité. Elle n'a donc pour objectif ni de nous permettre de formuler une opinion sur les comptes, ni de procéder à des opérations spécifiques concernant le respect du droit des sociétés. Elle ne saurait être assimilée à une mission de « due diligence » effectuée pour un prêteur ou un acquéreur, et ne comporte pas tous les travaux nécessaires à ce type d'intervention.

Nous avons effectué les diligences que nous avons estimé nécessaires par référence à la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes afin d'apprécier la pertinence des valeurs relatives attribuées aux titres des sociétés participant à l'Opération et le positionnement de la Rémunération par rapport aux valeurs relatives jugées pertinentes.

Comme il est d'usage, nous avons considéré sincères et exhaustifs les informations, et les documents qui nous ont été communiqués par les sociétés UNIBAIL-RODAMCO et WESTFIELD, et leurs conseils respectifs.

Nous avons en particulier effectué les travaux suivants :

- nous nous sommes entretenus avec les représentants et les conseils des sociétés concernées, tant pour prendre connaissance de l'opération globale de rapprochement et du contexte dans lequel elle se situe, que pour analyser les modalités comptables, financières et juridiques envisagées ;
- nous avons examiné l'*Implementation Agreement* du 12 décembre 2017 et les différents *Schemes of Arrangement* qui y sont annexés ;
- nous avons examiné les projets de prospectus devant être déposés auprès du régulateur du marché français (AMF) ;
- nous avons pris connaissance des informations juridiques et comptables servant de base à l'Opération ;
- nous avons pris connaissance des comptes consolidés du groupe WESTFIELD pour 2016 et 2017, ainsi que du document de référence 2016 et des projets de comptes annuels et consolidés 2017 d'UNIBAIL-RODAMCO ;
- nous avons pris connaissance de l'information publiée par le groupe WESTFIELD, groupe coté à la bourse de Sydney, ainsi que des notes d'analystes et du consensus sur son titre ;

- nous nous sommes entretenus avec l'expert indépendant mandaté par WESTFIELD chargé d'apprécier l'Opération en application de la réglementation australienne ;
- nous avons analysé et discuté les analyses financières qui figurent en section 2.4 de du Projet de document E, établies avec l'assistance des banques conseil d'UNIBAIL-RODAMCO ;
- nous avons analysé la pertinence des critères retenus, revu les paramètres de leur mise en œuvre, procédé à différentes analyses de sensibilité, et mis en œuvre nos propres approches des valeurs telles que nous les avons estimées appropriées ;
- nous avons obtenu une lettre d'affirmation de la part des dirigeants des sociétés concernées par l'Opération confirmant l'exhaustivité des informations transmises y afférentes ;
- nous avons retenu comme une hypothèse de travail l'absence d'incidences fiscales significatives propres à l'Opération ;
- enfin, nous avons accompli des diligences spécifiques au contrôle de l'Apport, dont nous rendons compte dans un rapport distinct.

2.2 Méthodes d'évaluation retenues pour déterminer la Rémunération

Conformément à l'*Implementation Agreement* signé par les représentants des parties en date du 12 décembre 2017 et ses annexes, la Rémunération s'établit à 0,01844 unité de titres jumelés UNIBAIL-RODAMCO et WFD UNIBAIL-RODAMCO N.V., et 2,67 dollars américains pour 1 triplet de titres WESTFIELD (par commodité, nous désignerons ci-après chaque triplet de titres WESTFIELD par « action WESTFIELD », et chaque unité de titres jumelés UNIBAIL-RODAMCO et WFD UNIBAIL-RODAMCO N.V. par « action UNIBAIL-RODAMCO »).

Dans son approche de valorisation multicritères établie avec l'aide de ses banques conseils, UNIBAIL-RODAMCO a retenu les critères suivants :

- la valeur de l'actif net réévalué (Actif net EPRA¹⁴ ou EPRA NAV¹⁵) ;
- la méthode d'actualisation des flux de trésorerie prévisionnels (DCF¹⁶) ;
- les cours de bourse préalablement à l'annonce, et historiques ;
- les objectifs de cours de bourse des analystes financiers.

¹⁴ European Public Real estate Association.

¹⁵ Net Asset Value.

¹⁶ Discounted Cash Flows.

Le projet de Document E présente l'opération d'Apport, en termes de valorisation et de rémunération, et élargit l'analyse à la Rémunération de l'Opération globale de rapprochement (section 2.4.4.4).

Le présent rapport analyse la Rémunération de l'Opération globale, telle que la demande en a été formulée par l'AMF.

2.2.1 Actif net réévalué EPRA (EPRA NAV)

La méthode de l'actif net réévalué consiste à corriger l'actif net comptable des plus-values latentes estimées, non reconnues dans les capitaux propres consolidés en vertu de la réglementation comptable applicable. Les principes de son application sont notamment régis par l'EPRA, association professionnelle reconnue dans le secteur immobilier.

La valeur de l'actif net EPRA par action WESTFIELD a été calculée par UNIBAIL-RODAMCO sur la base des informations financières fournies par WESTFIELD. L'actif net EPRA par action WESTFIELD estimé par UNIBAIL-RODAMCO ressort, après impact de la Scission OneMarket, à 6,99 dollars américains au 30 juin 2017.

L'actif net EPRA par action UNIBAIL-RODAMCO, tel que publié dans ses comptes consolidés, s'élève à 206,20€, soit 243,34 dollars américains¹⁷ au 30 juin 2017.

2.2.2 Actualisation des flux futurs de trésorerie (DCF)

Cette méthode consiste à déterminer la valeur intrinsèque d'une entreprise par l'actualisation des flux de trésorerie d'exploitation issus de son plan d'affaires à un taux qui reflète l'exigence de rentabilité du marché vis-à-vis de l'entreprise, en tenant compte d'une valeur terminale à l'horizon de ce plan.

L'analyse a été menée sur la base des données prévisionnelles issues d'un consensus d'analystes pour la période 2017-2019, qui ont ensuite été extrapolées par UNIBAIL-RODAMCO sur la période 2020-2023.

Compte tenu du « bridge » EV/Eq¹⁸ de 9.208 millions dollars américains, la valeur centrale des fonds propres de WESTFIELD ainsi calculée ressort à 16.658 millions de dollars américains. Sur la base de 2.078,1 millions d'actions, la valeur de l'action WESTFIELD ressort à 8,02 dollars américains.

¹⁷ En retenant un taux EUR/USD de 1,18 au 11 décembre 2017.

¹⁸ Bridge EV/Eq : éléments de passage de la valeur d'entreprise à la valeur des capitaux propres.

Compte tenu du « bridge » EV/Eq de 16.202 millions d’euros, la valeur centrale des fonds propres d’UNIBAIL-RODAMCO ainsi calculée ressort à 26.051 millions d’euros, soit 30.740 millions de dollars américains¹⁹. Sur la base de 100,6 millions d’actions, la valeur de l’action UNIBAIL-RODAMCO ressort à 305,59 dollars américains.

2.2.3 Cours de bourse, préalablement à l’annonce de l’Opération, et historiques

Les cours de bourse analysés sont :

- le cours spot du 11 décembre 2017, préalablement à l’annonce de l’Opération ;
- le CMPV²⁰ 1 mois ;
- le CMPV 2 mois ;
- le CMPV 3 mois ;
- le CMPV 6 mois.

Sur la base de ce critère, les valeurs de l’action WESTFIELD, telles que présentées dans le Projet de Document E, sont les suivantes :

	Cours de bourse (AUD)	Taux de change AUD/USD	Cours de bourse (USD)	Scission OneMarket (USD)	Cours de bourse ajusté (USD)
	A	B	C=A/B	D	=C-D
Spot 11/12/2017	8,50	1,327	6,41	0,09	6,32
CMPV 1 mois	8,35	1,318	6,34	0,09	6,25
CMPV 2 mois	8,09	1,305	6,20	0,09	6,11
CMPV 3 mois	7,94	1,291	6,15	0,09	6,06
CMPV 6 mois	7,94	1,287	6,17	0,09	6,09

Les cours de bourse WESTFIELD sont exprimés en dollars australiens. Ils ont été convertis en dollars américains, et ajustés de l’impact de la Scission OneMarket²¹.

¹⁹ En retenant un taux EUR/USD de 1,18 au 11 décembre 2017.

²⁰ CMPV : Cours moyen pondéré par les volumes.

²¹ La Scission OneMarket aura un impact de 180 millions de dollars américains, soit 0,09 dollar américain par action WESTFIELD.

Sur la base du critère du cours de bourse, les valeurs de l'action UNIBAIL-RODAMCO, telles que présentées dans le Projet de Document E, sont les suivantes :

	Cours de bourse (EUR)	Taux de change EUR/USD	Cours de bourse (USD)
Spot 11/12/2017	224,1	1,180	264,5
CMPV 1 mois	218,7	1,181	258,4
CMPV 2 mois	215,4	1,175	253,2
CMPV 3 mois	212,8	1,178	250,7
CMPV 6 mois	215,5	1,166	251,3

2.2.4 Objectifs de cours de bourse des analystes financiers

Cette méthode consiste à déterminer la valeur d'une société sur la base des objectifs de cours publiés par les analystes financiers.

Selon ce critère, les valeurs de l'action WESTFIELD, telles que présentées dans le Projet de Document E, s'établissent comme suit :

Date	Analyste	Cours cible (AUD)	Taux de change AUD/USD	Cours cible (USD)	Scission OneMarket (USD)	Cours cible ajusté (USD)
		A	B	C=A/B	D	=C-D
11-déc-17	JP Morgan	10.60	1.327	7.99	0.09	7.90
14-nov-17	Macquarie	9.59	1.310	7.32	0.09	7.23
09-nov-17	UBS	9.35	1.302	7.18	0.09	7.09
27-oct-17	Goldman Sachs	8.42	1.303	6.46	0.09	6.38
06-oct-17	Morgan Stanley	7.40	1.287	5.75	0.09	5.66
16-août-17	Credit Suisse	8.95	1.262	7.09	0.09	7.01
Moyenne		9.05		6.97	0.09	6.88

Selon ce critère, les valeurs de l'action UNIBAIL-RODAMCO, telles que présentées dans le Projet de Document E, s'établissent comme suit :

Date	Analyste	Cours cible (EUR)	Taux de change EUR/USD	Cours cible (USD)
11-déc-17	Jefferies	224,0	1,177	263,6
11-déc-17	Barclays	240,0	1,177	282,5
30-nov-17	Exane BNP Paribas	240,0	1,190	285,7
27-oct-17	Société Générale	260,0	1,161	301,8
27-oct-17	Kempen & Co	245,0	1,161	284,4
27-oct-17	HSBC	270,0	1,161	313,4
27-oct-17	ING Bank	255,0	1,161	296,0
27-oct-17	Kepler Cheuvreux	220,0	1,161	255,4
27-oct-17	Bank Degroof Petercam	235,0	1,161	272,8
26-oct-17	JP Morgan	270,0	1,165	314,6
23-oct-17	Crédit Suisse	222,3	1,175	261,2
Moyenne		243,8		284,7

2.2.5 Méthodes d'évaluation non retenues

La méthode des multiples de sociétés comparables cotées et la méthode des multiples de transactions réalisées n'ont pas été retenues par la société UNIBAIL-RODAMCO pour la valorisation du groupe WESTFIELD en raison, (i) de l'absence de société identifiée véritablement comparable au groupe WESTFIELD, en matière, notamment, de niveau qualitatif des centres commerciaux exploités et de niveau de projets en développement, et (ii) du manque d'information quant à ces caractéristiques des sociétés susceptibles d'être considérées comme comparables à WESTFIELD.

Nous observons en outre, que les caractéristiques comptables des sociétés foncières et le rythme de reconnaissance de leur résultat (en fonction de la mise en exploitation ponctuelle d'actifs, puis de l'évolution, non linéaire, de la juste valeur de leurs actifs) rendent délicate la mise en œuvre de ces méthodes sur des bases consistantes.

Pour des raisons de comparabilité, les mêmes méthodes ont été écartées pour la valorisation d'UNIBAIL-RODAMCO. Nous ne les avons pas retenues non plus.

2.2.6 Synthèse des valeurs relatives

Nous présentons ci-dessous la synthèse des valeurs relatives d'une action WESTFIELD et d'une action UNIBAIL-RODAMCO, issues du Projet de Document E :

	WESTFIELD	UNIBAIL-RODAMCO	Rémunération implicite par action WESTFIELD	Prime induite par les termes de l'Opération
	Valeur par action (USD) ¹	Valeur par action (USD) ²	(USD)	Composante titres : 0.0184 (action Unibail par action Westfield) Composante cash (USD) : 2.67
	A	B	C = 0,01844 x B + 2,67	D = C / A - 1
NAV EPRA	6.99	243.34	7.16	2.3 %
DCF	8.02	305.59	8.31	3.6 %
Cours Spot 11/12/2017	6.32	264.46	7.55	19.4 %
CMPV 1 mois	6.25	258.41	7.44	19.0 %
CMPV 2 mois	6.11	253.16	7.34	20.0 %
CMPV 3 mois	6.06	250.67	7.29	20.3 %
CMPV 6 mois	6.09	251.32	7.30	20.0 %
Objectifs de cours	6.88	284.67	7.92	15.1 %

¹ Taux de change AUD/USD 11/12/2017 : 1,327

² Taux de change EUR/USD 11/12/2017 : 1,180

2.3 Commentaires et observations sur les évaluations exposées dans le Projet de Document E

2.3.1 Sur les valeurs de WESTFIELD

WESTFIELD possède un important portefeuille de développements futurs, ainsi que des activités aéroportuaires, de gestion immobilière et de gestion de projets actuellement non valorisées dans son bilan IFRS. La valeur d'actif net EPRA de WESTFIELD inclut la valeur attribuable à ce portefeuille et à ces activités, et apparaît donc comme un critère particulièrement pertinent pour valoriser le groupe.

La méthode par actualisation des flux de trésorerie futurs nous paraît également particulièrement appropriée pour apprécier le potentiel du groupe WESTFIELD, dans la mesure où un certain nombre de projets sont actuellement en cours de développement. Nous observons qu'en l'absence de plan d'affaires communiqué par le management de WESTFIELD, la société UNIBAIL-RODAMCO s'est fondée sur les prévisions d'analystes financiers pour déterminer les flux de trésorerie futurs.

S'agissant d'une société cotée dont le flottant est significatif, le critère du cours de bourse nous paraît devoir être analysé.

La référence aux objectifs de cours de bourse des analystes financiers nous semble également une référence pertinente dans la mesure où ce critère reflète les prévisions d'évolution du cours des actions WESTFIELD.

2.3.2 Sur les valeurs d'UNIBAIL-RODAMCO

La valeur de l'action UNIBAIL-RODAMCO a été déterminée en retenant une approche similaire à celle retenue pour l'évaluation de l'action WESTFIELD. Dans le contexte de la présente Opération, qui consiste en un rapprochement de deux groupes du même secteur, cette approche nous paraît pertinente.

La valeur d'actif net EPRA d'UNIBAIL-RODAMCO fait ressortir la pleine valeur de son actif net.

La méthode par actualisation des flux de trésorerie futurs permet d'apprécier le potentiel d'UNIBAIL-RODAMCO.

Le critère du cours de bourse nous paraît pertinent pour l'actionnaire qui va recevoir en échange de ses actions WESTFIELD, des actions de la société UNIBAIL-RODAMCO, laquelle dispose d'un flottant et d'une liquidité qui rendent la référence à son cours de bourse pertinente.

La référence aux objectifs de cours de bourse des analystes financiers traduit également une appréciation pertinente du point de vue de l'actionnaire d'UNIBAIL-RODAMCO.

2.4 Appréciation des valeurs relatives

2.4.1 Propos liminaire

Nous examinons ci-après la rémunération induite par les 4 méthodes qui nous semblent les plus pertinentes dans le cadre de ce projet de rapprochement :

- l'actif net réévalué EPRA (EPRA NAV) ;
- l'actualisation des flux futurs de trésorerie (DCF) ;
- le critère des cours de bourse ;
- la référence aux objectifs de cours de bourse des analystes financiers.

Les deux sociétés en présence opérant dans le même secteur d'activité, l'appréciation de la Rémunération suppose d'utiliser des méthodes de valorisation identiques, et de mettre en œuvre des hypothèses homogènes.

Les critères ainsi retenus par les parties et leurs banques conseils, nous paraissent adéquats pour procéder à la détermination des valeurs relatives. Nous commentons ci-après nos propres analyses.

2.4.2 Actif net réévalué EPRA (EPRA NAV)

L'actif net EPRA de WESTFIELD au 30 juin 2017 a été établi selon les principes régis par l'*European Public Real estate Association*, sur la base d'un rapport de due diligence mené dans le contexte de la présente Opération.

Nous avons validé la construction de l'EPRA NAV, et n'avons pas apporté de modifications significatives.

La référence à l'actif net EPRA d'UNIBAIL-RODAMCO, qui est une donnée publique, n'appelle pas de commentaires particuliers quant à sa détermination. Il convient de noter que, contrairement à la plupart des sociétés foncières, l'actif net EPRA d'UNIBAIL-RODAMCO se situe en dessous du cours de bourse de la société.

Les actifs nets réévalués présentés dans le Projet de Document E ont été établis au 30 juin 2017. Compte tenu du calendrier de l'Opération et de la mise à disposition des informations, l'analyse de l'actif net réévalué EPRA de WESTFIELD n'a pu être mise à jour au 31 décembre 2017.

Pour information, l'actif net réévalué EPRA d'UNIBAIL-RODAMCO a évolué de +2,3% entre le 30 juin 2017 (206,2 € par action) et le 31 décembre 2017 (211,0 € par action).

2.4.3 Cours de bourse

S'agissant de sociétés cotées, dont le flottant est significatif (respectivement de l'ordre de 99,3%²² et 92,5%²³ au 31 décembre 2017 pour UNIBAIL-RODAMCO et WESTFIELD), et dont les titres font l'objet de volumes de transaction suffisants, la référence au cours de bourse nous paraît justifiée et pertinente.

L'historique des cours de bourse et de la rémunération induite sur les deux dernières années se présente comme suit :

Westfield - Analyse du cours de bourse

	Cours de bourse (AUD)	Taux de change AUD/USD	Cours de bourse (USD)	Scission OneMarket (USD)	Cours de bourse ajusté (USD)
	A	B	C=A/B	D	=C-D
Spot 11/12/2017	8,50	1,327	6,41	0,09	6,32
CMPV 1 mois	8,35	1,318	6,34	0,09	6,25
CMPV 2 mois	8,11	1,306	6,21	0,09	6,12
CMPV 3 mois	7,94	1,290	6,16	0,09	6,07
CMPV 6 mois	7,93	1,286	6,17	0,09	6,08
CMPV 12 mois	8,39	1,310	6,40	0,09	6,31
CMPV 24 mois	9,11	1,328	6,86	0,09	6,77

Source : Capital IQ

Unibail-Rodamco - Analyse du cours de bourse

	Cours de bourse (EUR)	Taux de change EUR/USD	Cours de bourse (USD)
Spot 11/12/2017	224,1	1,180	264,5
CMPV 1 mois	218,8	1,183	258,8
CMPV 2 mois	215,6	1,175	253,3
CMPV 3 mois	212,8	1,178	250,6
CMPV 6 mois	215,5	1,166	251,3
CMPV 12 mois	218,6	1,120	245,0
CMPV 24 mois	224,8	1,114	250,4

Source : Capital IQ

²² Source : Capital IQ.

²³ *Ibid.*

Sur ces bases, la rémunération implicite de WESTFIELD se présente ainsi :

Rémunération implicite par action Westfield

USD	Cours de bourse ajusté Westfield	Cours de bourse Unibail- Rodamco	Rémunération implicite par action Westfield	Prime induite par les termes de l'Opération
	A	B	$C = 0,01844 \times B + 2,67$	$D = C / A - 1$
Spot 11/12/2017	6,32	264,5	7,55	19,5 %
CMPV 1 mois	6,25	258,8	7,44	19,1 %
CMPV 2 mois	6,12	253,3	7,34	19,9 %
CMPV 3 mois	6,07	250,6	7,29	20,2 %
CMPV 6 mois	6,08	251,3	7,30	20,2 %
CMPV 12 mois	6,31	245,0	7,19	13,9 %
CMPV 24 mois	6,77	250,4	7,29	7,7 %

Source : Capital IQ, analyses CAA

Il convient de noter qu'il apparaît des écarts non significatifs entre les cours de bourse présentés ici, et ceux mentionnés dans le projet de Document E. Ces écarts proviennent de l'utilisation de bases de données différentes (Capital IQ versus Bloomberg/Factset).

2.4.4 Objectifs de cours de bourse des analystes financiers

Les titres WESTFIELD et UNIBAIL-RODAMCO sont suivis par une dizaine d'analystes financiers, soit un nombre que nous estimons suffisant pour la mise en œuvre du critère des objectifs de cours de bourse.

Nous avons retenu les dernières notes d'analystes publiées avant l'annonce de l'Opération, pour lesquelles des explications relatives à l'objectif de cours mentionné sont détaillées.

Westfield - Objectif de cours des analystes

Date	Analyste	Cours cible (AUD)	Taux de change AUD/USD	Cours cible (USD)	Scission OneMarket (USD)	Cours cible ajusté (USD)
		A	B	$C=A/B$	D	$=C-D$
11-déc-17	J.P Morgan	10.60	1.327	7.99	0.09	7.90
14-nov-17	Macquarie	9.59	1.310	7.32	0.09	7.23
09-nov-17	UBS	9.35	1.302	7.18	0.09	7.09
27-oct-17	Goldman Sachs	8.42	1.303	6.46	0.09	6.38
16-août-17	Credit Suisse	8.95	1.262	7.09	0.09	7.00
	Moyenne	9.38		7.21		7.12

Sources : Bloomberg, Capital IQ

Unibail-Rodamco - Objectif de cours des analystes

Date	Analyste	Cours cible (EUR)	Taux de change EUR/USD	Cours cible (USD)
11-déc-17	Jefferies	224,0	1,177	263,6
11-déc-17	Barclays	240,0	1,177	282,5
15-nov-17	UBS	215,0	1,184	254,6
27-oct-17	Société Générale	260,0	1,161	301,9
27-oct-17	Kempen & Co	245,0	1,161	284,4
27-oct-17	HSBC	270,0	1,161	313,5
27-oct-17	ING Bank	255,0	1,161	296,1
27-oct-17	Kepler Cheuvreux	220,0	1,161	255,4
27-oct-17	Bank Degroof Petercam	235,0	1,161	272,8
27-oct-17	Natixis	248,0	1,161	287,9
26-oct-17	J.P. Morgan	270,0	1,165	314,6
	Moyenne	243,8		284,3

Sources : Bloomberg, Capital IQ et Banque de France

La rémunération induite par cette méthode ressort à 7,91 dollars américains par action WESTFIELD, et extériorise ainsi une prime de 11,1%.

2.4.5 Actualisation des flux futurs de trésorerie (*Discounted cash-flows* ou « DCF »)

Construction des plans d'affaires

Les sociétés n'ayant pas communiqué de plan d'affaires pour les besoins de leur valorisation, la construction des plans d'affaires a été réalisée à partir des données prévisionnelles issues d'un consensus d'analystes pour la période 2017-2019, qui ont ensuite été extrapolées par le management d'UNIBAIL-RODAMCO sur la période 2020-2023, en lien avec ses banques conseils.

Appréciation des principales hypothèses d'évaluation par les commissaires aux apports

Nous avons procédé à la revue des principales hypothèses retenues pour l'estimation des flux futurs de trésorerie, et avons mis en œuvre notre propre évaluation, dont nous détaillons les analyses de sensibilité ci-après.

A la lumière de la documentation obtenue et des réunions de travail organisées avec les managements respectifs d'UNIBAIL-RODAMCO et de WESTFIELD, il ne nous a pas semblé nécessaire de procéder à des corrections significatives des données prévisionnelles. Nous avons néanmoins complété le consensus WESTFIELD de prévisions d'analystes complémentaires.

Dans le cadre de la mise en œuvre de notre approche DCF, nous avons positionné nos valorisations au 31 décembre 2017, et avons donc retenu la situation de dette nette à cette même date.

La position de dette nette pour UNIBAIL-RODAMCO et WESTFIELD a été calculée sur la base des comptes consolidés au 31 décembre 2017 des deux sociétés.

Enfin, le nombre d'actions retenu pour le calcul de la valeur par action a été déterminé sur la base du dernier nombre d'actions en circulation connu²⁴, retraité de l'impact éventuel des ORNANE, ORA, stock-options, actions de performance et augmentation de capital réservée aux salariés.

Nous avons retenu le coût moyen pondéré du capital des sociétés concernées pour actualiser les flux futurs de trésorerie qui ressortent, respectivement à 6,12%, et 6,73% pour UNIBAIL-RODAMCO et WESTFIELD.

Nous avons réalisé des analyses de sensibilité relatives, (i) au niveau de croissance à l'infini, et (ii) au taux d'actualisation.

Sur la base de notre évaluation par la méthode des DCF, les valeurs relatives des actions UNIBAIL-RODAMCO et WESTFIELD s'établissent respectivement dans des fourchettes²⁵ allant de 274,92 à 369,00 dollars américains²⁶ et de 6,99 à 9,28 dollars américains, avec des valeurs centrales de respectivement 317,38 dollars américains²⁷ et 8,03 dollars américains.

²⁴ Au 31/12/2017 pour WESTFIELD et au 26/03/2018 pour UNIBAIL-RODAMCO.

²⁵ Fourchettes basses calculées à partir d'une variation de +0,1 point du taux d'actualisation et de -0,3 point du taux de croissance à l'infini.

²⁶ En retenant un taux EUR/USD de 1,18 au 11 décembre 2017.

²⁷ En retenant un taux EUR/USD de 1,18 au 11 décembre 2017.

2.4.6 Synthèse des valeurs relatives et de la rémunération induite

Les critères examinés (ANR, cours de bourse, objectifs de cours, actualisation des flux de trésorerie) apparaissent pertinents pour apprécier la Rémunération.

Les résultats de la mise en œuvre de la valorisation multicritères²⁸ sont les suivants :

	WESTFIELD	UNIBAIL-RODAMCO	Rémunération implicite par action WESTFIELD	Prime induite par les termes de l'Opération
	Valeur par action (USD) ¹ Commissaires aux apports	Valeur par action (USD) ² Commissaires aux apports	(USD)	Composante titres : 0,0184 (action Unibail par action Westfield) Composante cash (USD) : 2,67
	A	B	C = 0,01844 x B + 2,67	D = C / A - 1
NAV EPRA	6.99	243.34	7.16	2.3 %
DCF	8.03	317.38	8.52	6.1 %
Cours Spot 11/12/2017	6.32	264.49	7.55	19.5 %
CMPV 1 mois	6.25	258.76	7.44	19.1 %
CMPV 2 mois	6.12	253.28	7.34	19.9 %
CMPV 3 mois	6.07	250.65	7.29	20.2 %
CMPV 6 mois	6.08	251.25	7.30	20.2 %
CMPV 12 mois	6.31	244.96	7.19	13.9 %
CMPV 24 mois	6.77	250.38	7.29	7.7 %
Objectifs de cours	7.12	284.30	7.91	11.1 %

¹ Taux de change AUD/USD 11/12/2017 : 1,327

² Taux de change EUR/USD 11/12/2017 : 1,180

Les valeurs relatives des actions d'UNIBAIL-RODAMCO et de WESTFIELD sont ainsi appréciées sur la base d'une approche multicritères. Les critères que nous avons retenus permettent de refléter la valeur des entités en présence, avec une pertinence relative différente pour chacun d'entre eux dans le contexte de l'Opération, et en fonction des modalités de leur mise en œuvre.

²⁸ Le cours de change retenu pour le calcul de la Rémunération correspond au taux spot au 11 décembre 2017.

3. Appréciation du caractère équitable de la rémunération proposée

3.1 Diligences effectuées pour vérifier le caractère équitable de la Rémunération

Nous avons mis en œuvre les principales diligences suivantes :

- nous avons analysé le positionnement de la Rémunération par rapport aux valeurs relatives jugées pertinentes ;
- nous avons également appréhendé l'incidence de la Rémunération de l'Opération sur la situation future des actionnaires d'UNIBAIL-RODAMCO.

3.2 Appréciation et positionnement de la rémunération proposée

Selon les modalités de l'*Implementation Agreement*, la rémunération proposée ressort à 0,01844 action UNIBAIL-RODAMCO augmentée de la composante en numéraire de 2,67 dollars américains, pour 1 action WESTFIELD.

Sur la base d'un cours de référence au 11 décembre 2017 de 224,1 euros de l'action UNIBAIL-RODAMCO et d'un taux de change de référence €/ \$ de 1,18:

- la valeur implicite de l'action WESTFIELD s'établit à 7,55 dollars américains ;
- la parité implicite s'établit à 0,02855, déterminée comme suit : $7,55 / (224,1 \times 1,18)$.

Cette Rémunération fait ressortir les primes suivantes, par référence aux valeurs relatives déterminées par chacun des critères ci-dessus :

Prime induite par les termes de l'Opération

Composante titres :	0.0184
(action Unibail par action Westfield)	
Composante cash (USD) :	2.67

NAV EPRA	2.3 %
DCF	6.1 %
Cours Spot 11/12/2017	19.5 %
CMPV 1 mois	19.1 %
CMPV 2 mois	19.9 %
CMPV 3 mois	20.2 %
CMPV 6 mois	20.2 %
CMPV 12 mois	13.9 %
CMPV 24 mois	7.7 %
Objectifs de cours	11.1 %

L'ensemble des critères et méthodes observés fait ressortir une prime pour l'actionnaire WESTFIELD comprise entre 2,3% (EPRA NAV), et 20,2% (par référence aux CMPV 3 et 6 mois).

Dans le cadre de l'appréciation de l'équité de cette Rémunération, il convient de rappeler l'intérêt et l'incidence de l'Opération pour les différents groupes d'actionnaires.

Pour les actionnaires de WESTFIELD, la Rémunération leur permet d'accéder à la liquidité avec une prime de contrôle sur tous les critères mis en œuvre, et significative sur le critère du cours de bourse. La composante en titres permettra aux actionnaires de WESTFIELD de détenir des actions d'un groupe international parmi les leaders dans ses marchés. Ils bénéficieront ainsi des synergies générées par l'Opération et des perspectives favorables d'UNIBAIL-RODAMCO. Dans le cadre de la présente Opération, la composante en titres représente environ 28% du nombre total d'actions d'UNIBAIL-RODAMCO, qui jouissent d'une forte liquidité.

Pour les actionnaires d'UNIBAIL-RODAMCO, la prime extériorisée consentie provient de la référence à son cours de bourse supérieur à sa valeur NAV EPRA ou DCF. L'Opération lui confère le contrôle d'un portefeuille de grande qualité dans des zones géographiques complémentaires, à savoir les marchés américains et britanniques. Cette opération constitue une opportunité de création de valeur pour UNIBAIL-RODAMCO, reposant, outre la complémentarité géographique des deux groupes, sur la forte notoriété de la marque WESTFIELD, susceptible de générer des revenus additionnels.

3.3 Incidence de la rémunération proposée sur la situation des actionnaires

Il est utile pour l'appréciation de l'équité de l'Opération, d'examiner, en sus de l'intérêt industriel de l'Opération, les synergies qu'elle est susceptible de dégager selon un phasage qui peut avoir une incidence sur la dilution ou la relation du bénéficiaire par action à des termes prévisibles pour l'actionnaire d'UNIBAIL-RODAMCO, compte tenu de la Rémunération arrêtée entre les parties.

Les synergies annuelles identifiées par UNIBAIL-RODAMCO ont été chiffrées à 100M€²⁹ en année pleine, à partir de l'année 2021, après une phase d'implémentation progressive. Un montant annuel d'environ 40M€ de synergies devrait être généré par des revenus liés à la politique de commercialisation, à l'utilisation de la marque Westfield notamment. 60M€ annuels additionnels devraient provenir de l'optimisation des frais de structure.

La complémentarité des zones géographiques couvertes par les deux groupes ne devrait pas, sur la base des analyses préliminaires en cours, poser de difficultés devant les Autorités de concurrence et affecter la mise en œuvre des synergies.

Il apparaît que, grâce aux synergies importantes identifiées, la présente Opération devrait être relative sur le ratio FFO (*Funds From Operations*) pour l'actionnaire d'UNIBAIL-RODAMCO dès 2019.

²⁹ Source : communiqué de presse commun du 12 décembre 2017.

4. Synthèse

L'acquisition objet du présent rapport est une opération stratégique qui vise à créer un leader global de l'immobilier commercial, sur la base de la forte complémentarité géographique des deux groupes, au bénéfice de leurs actionnaires respectifs.

Les deux parties ont négocié de façon indépendante les termes financiers du rapprochement. La rémunération retenue, soit 0,01844 action UNIBAIL-RODAMCO et 2,67 dollars américains pour 1 action WESTFIELD, aboutirait à ce que les actionnaires d'UNIBAIL-RODAMCO et de WESTFIELD détiennent respectivement environ 72% et 28% du nouvel ensemble³⁰.

Ces termes financiers appellent les remarques suivantes :

1/ Les critères et méthodes de valorisation analysés reflètent selon nous, de façon pertinente les caractéristiques clés des deux groupes en présence.

2/ Pour l'actionnaire de WESTFIELD, la Rémunération lui permet d'accéder à la liquidité partielle de son investissement ; en outre, la valeur de son titre bénéficie d'une prime sur les différents critères d'évaluation. Cette prime oscille entre 2,3% et 6,1% pour les critères les plus significatifs (NAV EPRA et DCF), et de 7,7% à 20,2% pour les critères de cours de bourse.

3/ Pour autant, on constate pour l'actionnaire d'UNIBAIL-RODAMCO, que la prime extériorisée sur les critères de la NAV EPRA et du DCF est très raisonnable, s'agissant d'une prise de contrôle. La prime la plus élevée reflète la pleine valorisation du cours de l'action UNIBAIL-RODAMCO, qui extériorise une surcote significative sur sa NAV EPRA.

4/ De plus, sur la base des synergies telles qu'identifiées et chiffrées par le management d'UNIBAIL-RODAMCO, l'Opération serait relative en termes de ratio FFO (*Funds From Operations*) par action dès 2019.

³⁰ Ces taux sont donnés à titre d'illustration sur la base des capitalisations respectives au 11 décembre 2017, et dépendront du nombre d'actions en circulation d'UNIBAIL RODAMCO et de WESTFIELD à la date d'effet.

5. Conclusion

Sur la base de nos travaux, et à la date du présent rapport, nous considérons que la rémunération de 0,01844 action UNIBAIL-RODAMCO et 2,67 dollars américains contre 1 action WESTFIELD présente un caractère équitable.

Fait à Paris, le 28 mars 2018
Les Commissaires aux Apports


Dominique MAHIAS


Olivier PERONNET


Jean-Jacques DEDOUIT

Commissaires aux comptes
Membres de la Compagnie Régionale de Paris

Appendix 3

Consolidated financial statements of WFDT for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 and related Independent Auditors' reports



WFDTrust
Annual Financial Report
31 December 2015

Annual Financial Report

WFD TRUST

For the Financial Year ended 31 December 2015

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 ¹ US\$million
Revenue			
Investment income		83.3	1.0
Expenses			
Overheads		(2.0)	(1.1)
Interest income	21	0.5	–
Currency gain/(loss)		(1.3)	0.2
Financing costs	21	(7.9)	(0.3)
Net fair value gain/(loss) on interest rate derivatives	21	(1.7)	1.9
Revaluation of investments		265.5	286.2
Gain in respect of capital transactions	3	23.9	–
Charges in respect of the Restructure and Merger	4	–	(29.0)
Profit before tax for the period		360.3	258.9
Tax expense		–	–
Profit after tax for the period attributable to the members of the WFD Trust (WFDT)		360.3	258.9
		US cents	US cents
Basic earnings per WFD Trust unit	6	17.34	12.46
Diluted earnings per WFD Trust unit	6	17.34	12.46

¹ Comprised of earnings for the period from 9 April 2014 to 31 December 2014.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 US\$million	31 Dec 14 ¹ US\$million
Profit after tax for the period	360.3	258.9
Other comprehensive income/(loss)		
<i>Movement in foreign currency translation reserve</i>		
– Net exchange difference from the use of a presentation currency other than the functional currency	(581.3)	(733.8)
Total comprehensive income/(loss) for the period	(221.0)	(474.9)

¹ Comprised of earnings for the period from 9 April 2014 to 31 December 2014.

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
Current assets			
Cash and cash equivalents		13.4	6.4
Receivables	7	2,908.0	3,374.7
Total current assets		2,921.4	3,381.1
Non current assets			
Investments	8	2,110.6	1,787.2
Total non current assets		2,110.6	1,787.2
Total assets		5,032.0	5,168.3
Current liabilities			
Payables and other creditors	9	338.4	–
Total current liabilities		338.4	–
Total liabilities		338.4	–
Net assets		4,693.6	5,168.3
Equity attributable to members of WFD Trust			
Contributed equity	10	5,643.2	5,643.2
Reserves	12	(1,315.1)	(733.8)
Retained profits	13	365.5	258.9
Total equity attributable to members of WFD Trust		4,693.6	5,168.3

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Comprehensive Income 31 Dec 15 US\$million	Equity and Reserves 31 Dec 15 US\$million	Total 31 Dec 15 US\$million	Total 31 Dec 14 US\$million
Changes in equity attributable to members of the WFD Trust				
Opening balance of contributed equity	–	5,643.2	5,643.2	–
– Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	–	–	–	5,643.2
Closing balance of contributed equity	–	5,643.2	5,643.2	5,643.2
Opening balance of reserves	–	(733.8)	(733.8)	–
– Movement in foreign currency translation reserve	(581.3)	–	(581.3)	(733.8)
Closing balance of reserves	(581.3)	(733.8)	(1,315.1)	(733.8)
Opening balance of retained profits	–	258.9	258.9	–
– Profit after tax for the period	360.3	–	360.3	258.9
– Distributions paid	–	(253.7)	(253.7)	–
Closing balance of retained profits	360.3	5.2	365.5	258.9
Closing balance of equity attributable to members of WFD Trust	(221.0)	4,914.6	4,693.6	5,168.3

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 ¹ US\$million
Cash flows used in operating activities			
Distributions received from investments		2.7	1.0
Payments in the course of operations (including sales tax)		(27.4)	(1.1)
Net cash flows used in operating activities	14(b)	(24.7)	(0.1)
Cash flows used in investing activities			
Proceeds from the disposition of investments		84.4	–
Payments for investments		(178.8)	–
Net cash flows used in investing activities		(94.4)	–
Cash flows from financing activities			
Receipts from Restructure and Merger		–	3,898.9
Loans from/(advanced to) related entities		386.8	(3,892.1)
Interest paid		(6.7)	(0.3)
Distributions paid		(253.7)	–
Net cash flows from financing activities		126.4	6.5
Net increase in cash and cash equivalents held		7.3	6.4
Add opening cash and cash equivalents brought forward		6.4	–
Effects of exchange rate changes on opening cash and cash equivalents brought forward		(0.3)	–
Cash and cash equivalents at the end of the period	14(a)	13.4	6.4

¹ Comprised of cash flows for the period from 9 April 2014 to 31 December 2014.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the WFD Trust (WFDT), comprising WFDT and its controlled entities (the Trust) for the year ended 31 December 2015 was approved in accordance with a resolution of the Board of Directors of Westfield America Management Limited as responsible entity of WFDT (Responsible Entity) on 16 March 2016.

WFDT was constituted on 26 March 2014 and was registered as a managed investment scheme on 9 April 2014 as part of the Westfield Group Restructure and Merger (refer Note 1(b)).

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

(b) Detail on the Restructure and Merger

On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

- Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and
- Westfield Corporation – comprising Westfield Group's international business.

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

The Restructure and Merger was implemented in three main stages:

- A restructure stage (Restructure), where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;
- A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and
- A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

(c) Presentation currency

The Trust's financial report has adopted US dollars as its presentation currency. The change in presentation currency has been accounted for as a change in accounting policy which is accounted for retrospectively.

Assets and liabilities denominated in non-US dollar currencies were translated into US dollars at the closing rates of exchange on the relevant balance sheet date;

Non-US dollar income and expenditure were translated at the average rates of exchange prevailing for the relevant period;

Contributed equity was translated at the historic rates prevailing at 1 July 2014 and subsequent transactions have been translated at the rates prevailing on the date of each transaction.

(d) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2014 except for the changes required due to amendments to the accounting standards noted below.

The Trust has adopted the following new or amended standards which became applicable on 1 January 2015.

- AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and
- AASB 2014-1 Part A Annual Improvements to IFRS 2011 - 2013 Cycle.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Trust is currently assessing the impact of this standard.

- AASB 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust is currently assessing the impact of this standard.

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

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

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);
- AASB 2014-1 Amendments to Australian Accounting Standards - Part E: Financial Instruments (effective from 1 January 2018);
- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations. (AASB 1 & AASB 11) (effective from 1 January 2016);
- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2016);
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012 - 2014 Cycle. (effective from 1 January 2016);
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016); and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015).

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

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

(e) Basis of Accounting

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

(f) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires Management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Receivables

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

(b) Investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Trust's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(c) Contributed equity

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

(d) Revenue recognition

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

(e) Taxation

The Trust is a non taxable entity. Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with WFDT's constitution.

(f) Earnings per unit

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

(g) Foreign currency translation

i) Translation of foreign currency transactions

The functional currency of WFDT and its Australian subsidiaries is Australian dollars. Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise.

ii) Presentation currency

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

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

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

(h) Rounding

In accordance with ASIC Class Order 98/0100, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 US\$million	31 Dec 14 US\$million
NOTE 3 GAIN IN RESPECT OF CAPITAL TRANSACTIONS		
Asset dispositions		
– proceeds from asset dispositions	84.4	
– less: carrying value of assets disposed and other capital costs	(60.5)	
Gain in respect of asset dispositions	23.9	–

NOTE 4 CHARGES IN RESPECT OF THE RESTRUCTURE AND MERGER

Transaction costs in respect of the Restructure and Merger	–	(29.0)
	–	(29.0)

NOTE 5 TAXATION

Tax expense

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

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

Profit before income tax	360.3	258.9
Prima facie tax expense at 30%	(108.1)	(77.7)
Revaluation of investments not assessable	79.7	85.9
Trust income not taxable - tax payable by unitholders	28.4	(8.2)
Tax expense	–	–
	US cents	US cents

NOTE 6 EARNINGS PER UNIT

(a) Summary of earnings per unit

Basic earnings per unit attributable to members of the WFD Trust	17.34	12.46
Diluted earnings per unit attributable to members of the WFD Trust	17.34	12.46

(b) Income and unit data

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

	US\$million	US\$million
Earnings used in calculating basic earnings per unit	360.3	258.9
Adjustment to earnings on options which are considered dilutive	–	–
Earnings used in calculating diluted earnings per unit	360.3	258.9

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

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

(c) Conversions, calls, subscription or issues after 31 December 2015

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

	Note	US\$million	US\$million
NOTE 7 RECEIVABLES			
Current			
Receivables from related entities		2.0	46.8
Non-interest bearing loans receivables from related entities		2,906.0	3,327.9
	19,21	2,908.0	3,374.7

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
NOTE 12 RESERVES			
Foreign currency translation reserve	2(g)	(1,315.1)	(733.8)
		(1,315.1)	(733.8)
Movement in foreign currency translation reserve			
The foreign currency translation reserve represents net exchange differences arising from the translation of the income statement and balance sheet from its functional currency to its presentation currency.			
Balance at the beginning of the year		(733.8)	–
Foreign exchange movement			
– accumulated exchange differences resulting from the use of a presentation currency other than the functional currency		(581.3)	(733.8)
Balance at the end of the year		(1,315.1)	(733.8)
NOTE 13 RETAINED PROFITS			
Movement in retained profits			
Balance at the beginning of the year		258.9	–
Profit after tax for the year		360.3	258.9
Distributions paid		(253.7)	–
Balance at the end of the year		365.5	258.9
NOTE 14 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		13.4	6.4
(b) Reconciliation of profit after tax to net cash flows used in operating activities			
Profit after tax		360.3	258.9
Revaluation of investments		(265.5)	(286.2)
Net fair value (gain)/loss on interest rate derivatives		1.7	(1.9)
Financing costs		7.9	0.3
Interest income		(0.5)	–
Currency (gain)/loss		1.3	(0.2)
Gain in respect of capital transactions		(23.9)	–
Charges in respect of the Restructure and Merger		–	29.0
Accrued income from investments		(80.6)	–
Increase in working capital attributable to operating activities		(25.4)	–
Net cash flows used in operating activities		(24.7)	(0.1)
NOTE 15 DISTRIBUTIONS			
(a) Final distribution paid			
Distribution in respect of the 6 months to 31 December 2015			
Ordinary units: 0.10 US cents per unit, 54% estimated tax deferred		2.1	–
Distribution in respect of the 6 months to 31 December 2014			
Ordinary units: 8.66 US cents per unit, 92% tax deferred (includes 8% CGT concession amount)		–	180.0
		2.1	180.0
Interim distribution was paid on 31 August 2015. Final distribution was paid on 29 February 2016. The record date for the final distribution was 5pm, 15 February 2016. No distribution reinvestment plan is operational for the distribution.			
(b) Interim distribution paid			
Distribution in respect of the 6 months to 30 June 2015 (30 June 2014: nil)			
Ordinary units: 3.55 US cents per unit, 54% estimated tax deferred		73.7	–
		73.7	–
NOTE 16 CONTINGENT LIABILITIES			
Guaranteed borrowings of associates of the Responsible Entity		4,649.9	4,523.3

NOTE 17 SEGMENT REPORTING

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

NOTE 18 EXCHANGE RATE RISK MANAGEMENT

	Note	31 Dec 15 million	31 Dec 14 million
Foreign currency net investments			
The Trust had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:			
British Pound			
£ net assets (investments and cash)		£1,441.0	£1,148.1
£ denominated net assets		£1,441.0	£1,148.1
US\$ equivalent		US\$2,123.6	US\$1,791.5
Australian Dollar			
A\$ net assets		A\$3,987.4	A\$4,118.1
A\$ borrowings from related entity	21	A\$(461.5)	-
A\$ denominated net assets		A\$3,525.9	A\$4,118.1
US\$ equivalent		US\$2,569.0	US\$3,376.8

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

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

Foreign currency sensitivity		31 Dec 15 US\$million	31 Dec 14 US\$million
The sensitivity of £ denominated net assets to changes in the year end US\$/£0.6786 (31 December 2014: 0.6409) rate is as follows:	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	887.5	812.8
	- 10 pence	367.1	331.2
	- 5 pence	168.9	151.6
	+ 5 pence	(145.7)	(129.7)
	+ 10 pence	(272.8)	(241.8)
	+ 20 pence	(483.4)	(426.1)
The sensitivity of A\$ denominated net assets to changes in the year end US\$/A\$1.3725 (31 December 2014: 1.2195) rate is as follows:	US\$/A\$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	438.2	662.4
	- 10 cents	201.9	301.6
	- 5 cents	97.1	144.4
	+ 5 cents	(90.3)	(133.0)
	+ 10 cents	(174.5)	(255.9)
	+ 20 cents	(326.7)	(475.8)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 18 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Cross currency interest rate swaps to hedge the Trust's foreign currency cash flows

The Trust has entered into the following foreign currency derivative financial instruments with WAT to sell £ and purchase A\$ at floating interest rates on notional principals at fixed exchange rates.

The following table details the cross currency interest rate swaps outstanding at reporting date. These mitigate the impact of exchange rate movements on the Trust's cash flows and are ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14	31-Dec-14
£						
Contracts to receive A\$ and pay £	–	0.4270	–	–	A\$210.8	£(90.0)

At 31 December 2015, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2015, the aggregate fair value is nil (31 December 2014: a receivable of US\$1.7 million). The change in fair value for the financial year ended 31 December 2015 was US\$1.7 million (31 December 2014: US\$1.7 million).

Foreign currency sensitivity	31-Dec-15 US\$million		31-Dec-14 US\$million
	The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US\$/A\$1.3725 (31 December 2014: 1.2195) rate is as follows:	US\$/A\$ Currency movement	
	- 20 cents	–	0.4
	- 10 cents	–	0.2
	- 5 cents	–	0.1
	+ 5 cents	–	(0.1)
	+ 10 cents	–	(0.2)
	+ 20 cents	–	(0.3)
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US\$/£0.6786 (31 December 2014: 0.6409) rate is as follows:	US\$/£ Currency movement		Gain/(loss) to income statement
	- 20 pence	–	(0.2)
	- 10 pence	–	(0.1)
	- 5 pence	–	(0.0)
	+ 5 pence	–	0.0
	+ 10 pence	–	0.1
	+ 20 pence	–	0.1

NOTE 19 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 15 US\$million	31 Dec 14 US\$million	31 Dec 15 US\$million	31 Dec 14 US\$million
Consolidated assets				
Cash and cash equivalents	13.4	6.4	13.4	6.4
Receivables ⁽ⁱ⁾	2,908.0	3,373.0	2,908.0	3,373.0
Investments ⁽ⁱⁱ⁾	2,110.6	1,787.2	2,110.6	1,787.2
Derivative assets ⁽ⁱⁱ⁾	–	1.7	–	1.7
Consolidated liabilities				
Payables and other creditors ⁽ⁱ⁾	338.4	–	338.4	–

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

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

NOTE 19 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**Determination of fair value**

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

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

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

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

	31 Dec 15 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
Consolidated assets measured at fair value				
Investments				
– Listed investments	69.0	69.0	–	–
– Unlisted investments	2,041.6	–	–	2,041.6
Derivative assets				
– Interest rate derivatives - WAT	–	–	–	–

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

	31 Dec 14 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
Consolidated assets measured at fair value				
Investments				
– Listed investments	142.1	142.1	–	–
– Unlisted investments	1,645.1	–	–	1,645.1
Derivative assets				
– Interest rate derivatives - WAT	1.7	–	1.7	–

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

	Unlisted investments ⁽ⁱ⁾ 31 Dec 15 US\$million	Unlisted investments ⁽ⁱ⁾ 31 Dec 14 US\$million
Level 3 fair value movement		
Balance at the beginning of the year	1,645.1	–
Additions	329.3	1,399.4
Net fair value gain to income statement	264.7	245.7
Net exchange differences on translation of foreign investments	(197.5)	–
Balance at the end of the year	2,041.6	1,645.1

⁽ⁱ⁾ The fair value of the unlisted investments has been determined by reference to the fair value of the underlying independently appraised properties and underlying businesses.

	31 Dec 15 US\$000	31 Dec 14 US\$000
NOTE 20 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditors of the Trust for:		
– Audit or review of the financial reports	33.9	36.1
	33.9	36.1

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 21 RELATED PARTY DISCLOSURES

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

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

Westfield Corporation Limited and Westfield America Trust

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

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

- (a) Manager's service charges; and
- (b) Loans and financial derivatives

Manager's service charges

The Responsible Entity's manager's service charge for the twelve months ended 31 December 2015 was US\$1.0 million (31 December 2014: US\$1.0 million) of which US\$nil was payable at 31 December 2015 (31 December 2014: US\$nil).

Loans and financial derivatives

Loans from/to WCL

During the financial year, the Trust had A\$ interest bearing loans from/to WCL. The balance of these loans at year end is nil (31 December 2014: receivable of US\$4.4 million), with accrued interest receivable of nil (31 December 2014: US\$8,864). Interest accrued on these loans based on a floating rate. The net interest expense for the year in respect of the loans from/to WCL was US\$4.4 million (31 December 2014: interest income US\$0.1 million).

During the financial year, the Trust had £ interest bearing loans to WCL. The balance of these loans at year end is nil (31 December 2014: nil). Interest accrued on these loans based on a floating rate. The interest income for the year in respect of the loans to WCL was US\$81,974 (31 December 2014: nil).

During the financial year, the Trust had an A\$ non-interest bearing loan to WCL. The balance of the loan at year end is a receivable of US\$687.3 million (31 December 2014: US\$857.3 million).

During the period ended 30 June 2014, the Trust incurred transaction costs of US\$29.0 million in respect of the Restructure and Merger and this amount was paid to WCL during the financial year ended 31 December 2015.

Loans from/to WAT

During the financial year, the Trust had A\$ interest bearing loans from/to WAT. The balance of these loans at year end is a payable of US\$336.2 million (31 December 2014: receivable of US\$42.4 million), with accrued interest payable of US\$0.5 million (31 December 2014: receivable of US\$13,509). Interest accrues on these loans based on a floating rate. The net interest expense for the year in respect of the loans from/to WAT was US\$4.6 million (31 December 2014: interest income US\$0.6 million).

During the financial year, the Trust had an A\$ non-interest bearing loan to WAT. The balance of the loan at year end is a receivable of US\$2,218.7 million (31 December 2014: US\$2,497.0 million).

Cross currency swaps with WAT

The Trust had cross currency swaps with WAT during the financial year. The Trust paid to WAT, on a quarterly basis, floating rate on a notional principal of £90.0 million in exchange for WAT paying to the Trust, on a quarterly basis, floating rate on a notional principal of A\$210.8 million. The cross currency swap started in June 2014 and matured during the year.

The net interest expense including net fair value loss on interest rate derivatives of US\$1.7 million (31 December 2014: gain of US\$1.9 million) for the financial year in respect of cross currency swaps with WAT was US\$0.2 million (31 December 2014: net interest income US\$0.9 million).

Foreign currency contracts with WCL entities

The Trust and WCL entities entered into foreign currency contracts in 2015, at market rates. The Trust paid £48.0 million to WCL entities in exchange for WCL entities paying A\$100.7 million to the Trust. The foreign currency contracts matured during the year and the net gain from the contracts was US\$0.2 million.

Directors' Declaration

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that WFDT will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with accounting standards and regulations in accordance with section 296 of the Corporations Act 2001;
 - (ii) giving a true and fair view of the financial position as at 31 December 2015 and the performance of WFDT for the year ended on that date in accordance with section 297 of the Corporations Act 2001;
 - (iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cw/ith).

Made on 16 March 2016 in accordance with a resolution of the Board of Directors.



Frank Lowy AC
Chairman



Brian Schwartz AM
Director

Independent Audit Report

TO THE MEMBERS OF WFD TRUST



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Independent auditor's report to the members of WFD Trust Report on the Financial Report

We have audited the accompanying financial report of WFD Trust (the Trust), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Westfield America Management Limited, the Responsible Entity of the Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Westfield America Management Limited a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Opinion

In our opinion:

- a. the financial report of WFD Trust is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(d).

Ernst & Young

Graham Ezzy
Partner

Sydney, 16 March 2016

Directors' Report

The Directors of Westfield America Management Limited (**Responsible Entity**), the responsible entity of WFD Trust (**Trust**) submit the following report for the year ended 31 December 2015 (**Financial Year**).

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Trust reported a net profit of US\$360.3 million. The basic earnings per unit is US17.34 cents and the distribution per unit is US3.65 cents for the Financial Year.

During the Financial Year, the Trust reported a revaluation gain of US\$265.5 million reflecting the capital appreciation in its investments in entities that hold the Westfield Corporation's UK property assets. The Trust also reported a gain of US\$23.9 million in respect of the disposition of its listed investments.

In 2014, the Trust incurred transaction costs of US\$29.0 million in respect of the Restructure and Merger and this amount was paid to Westfield Corporation Limited during the year.

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

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

1.2 Principal Activities

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

1.3 Subsequent Events

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

1.4 Future Developments

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



WFDTrust
Annual Financial Report
31 December 2016

Annual Financial Report

WFD TRUST

For the Financial Year ended 31 December 2016

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US\$million	31 Dec 15 US\$million
Revenue			
Investment income		19.2	83.3
Expenses			
Overheads		(1.8)	(2.0)
Interest income	20	0.4	0.5
Currency loss		(4.0)	(1.3)
Financing costs	20	(6.0)	(7.9)
Net fair value loss on interest rate derivatives	20	–	(1.7)
Revaluation of investments		(142.6)	265.5
Gain/(loss) in respect of capital transactions	3	(0.6)	23.9
Profit/(loss) before tax for the period		(135.4)	360.3
Tax expense		–	–
Profit/(loss) after tax for the period attributable to members of WFD Trust (WFDT)		(135.4)	360.3
		US cents	US cents
Basic earnings/(loss) per WFD Trust unit	5	(6.52)	17.34
Diluted earnings/(loss) per WFD Trust unit	5	(6.52)	17.34

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 US\$million	31 Dec 15 US\$million
Profit/(loss) after tax for the period	(135.4)	360.3
Other comprehensive income/(loss)		
<i>Movement in foreign currency translation reserve</i>		
- Net exchange difference from the use of a presentation currency other than the functional currency	(47.2)	(581.3)
Total comprehensive income/(loss) for the period	(182.6)	(221.0)

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	31 Dec 16 US\$million	31 Dec 15 US\$million
Current assets			
Cash and cash equivalents		5.1	13.4
Receivables	6	2,144.6	2,908.0
Total current assets		2,149.7	2,921.4
Non current assets			
Investments	7	2,118.2	2,110.6
Receivables	6	450.0	–
Total non current assets		2,568.2	2,110.6
Total assets		4,717.9	5,032.0
Current liabilities			
Payables and other creditors	8	233.9	338.4
Total current liabilities		233.9	338.4
Total liabilities		233.9	338.4
Net assets		4,484.0	4,693.6
Equity attributable to members of WFD Trust			
Contributed equity	9	5,643.2	5,643.2
Reserves	11	(1,362.3)	(1,315.1)
Retained profits	12	203.1	365.5
Total equity attributable to members of WFD Trust		4,484.0	4,693.6

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Comprehensive Income 31 Dec 16 US\$million	Equity and Reserves 31 Dec 16 US\$million	Total 31 Dec 16 US\$million	Total 31 Dec 15 US\$million
Changes in equity attributable to members of WFD Trust				
Opening balance of contributed equity	–	5,643.2	5,643.2	5,643.2
Closing balance of contributed equity	–	5,643.2	5,643.2	5,643.2
Opening balance of reserves	–	(1,315.1)	(1,315.1)	(733.8)
– Movement in foreign currency translation reserve	(47.2)	–	(47.2)	(581.3)
Closing balance of reserves	(47.2)	(1,315.1)	(1,362.3)	(1,315.1)
Opening balance of retained profits	–	365.5	365.5	258.9
– Profit/(loss) after tax for the period	(135.4)	–	(135.4)	360.3
– Distributions paid	–	(27.0)	(27.0)	(253.7)
Closing balance of retained profits	(135.4)	338.5	203.1	365.5
Closing balance of equity attributable to members of WFD Trust	(182.6)	4,666.6	4,484.0	4,693.6

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US\$million	31 Dec 15 US\$million
Cash flows from/(used in) operating activities			
Distributions received from investments		70.7	2.7
Payments in the course of operations (including sales tax)		(1.3)	(27.4)
Interest paid		(5.8)	(6.7)
Net cash flows from/(used in) operating activities	13(b)	63.6	(31.4)
Cash flows used in investing activities			
Proceeds from the disposition of investments		–	84.4
Payments for investments		(236.4)	(178.8)
Net cash flows used in investing activities		(236.4)	(94.4)
Cash flows from financing activities			
Loans from related entities		193.9	386.8
Distributions paid		(27.0)	(253.7)
Net cash flows from financing activities		166.9	133.1
Net increase/(decrease) in cash and cash equivalents held		(5.9)	7.3
Add opening cash and cash equivalents brought forward		13.4	6.4
Effects of exchange rate changes on opening cash and cash equivalents brought forward		(2.4)	(0.3)
Cash and cash equivalents at the end of the period	13(a)	5.1	13.4

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the WFD Trust (WFDT), comprising WFDT and its controlled entities (the Trust) for the year ended 31 December 2016 was approved in accordance with a resolution of the Board of Directors of Westfield America Management Limited as responsible entity of WFDT (Responsible Entity) on 13 March 2017.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 2015 except for the changes required due to amendments to the accounting standards noted below.

The Trust has adopted the following new or amended standards which became applicable on 1 January 2016.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations. (AASB 1 & AASB 11);
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements;
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101; and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the year ended 31 December 2016. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)
This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.
- AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)
This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.
- IFRS 16 Leases (effective from 1 January 2019)
This standard specifies how an entity will recognise, measure, present and disclose leases. The Trust is currently assessing the impact of this standard.

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

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018);
- AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018); and
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2018).

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

(c) Basis of Accounting

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

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires Management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Receivables

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

(b) Investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Trust's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(c) Contributed equity

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

(d) Revenue recognition

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

(e) Taxation

The Trust is a non taxable entity. Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with WFDT's constitution.

(f) Earnings per unit

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

(g) Foreign currency translation

i) Translation of foreign currency transactions

The functional currency of WFDT and its Australian subsidiaries is Australian dollars. Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise.

ii) Presentation currency

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

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

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

(h) Rounding

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 US\$million	31 Dec 15 US\$million
NOTE 3 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS		
Asset dispositions		
– proceeds from asset dispositions	–	84.4
– less: carrying value of assets disposed and other capital costs	(0.6)	(60.5)
Gain/(loss) in respect of asset dispositions	(0.6)	23.9

NOTE 4 TAXATION

Tax expense

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

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

Profit before income tax	(135.4)	360.3
Prima facie tax expense at 30%	40.6	(108.1)
Revaluation of investments not assessable/(deductible)	(42.8)	79.7
Trust income not taxable – tax payable by unitholders	2.2	28.4
Tax expense	–	–
	US cents	US cents

NOTE 5 EARNINGS/(LOSS) PER UNIT

(a) Summary of earnings/(loss) per unit

Basic earnings/(loss) per unit attributable to members of WFD Trust	(6.52)	17.34
Diluted earnings/(loss) per unit attributable to members of WFD Trust	(6.52)	17.34

(b) Income and unit data

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

	US\$million	US\$million
Earnings/(loss) used in calculating basic earnings per unit	(135.4)	360.3
Adjustment to earnings on options which are considered dilutive	–	–
Earnings/(loss) used in calculating diluted earnings/(loss) per unit	(135.4)	360.3

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

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

(c) Conversions, calls, subscription or issues after 31 December 2016

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

	Note	US\$million	US\$million
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NOTE 6 RECEIVABLES

Current

Receivables from related entities	0.4	2.0
Non-interest bearing loans receivables from related entities	2,144.2	2,906.0
	18,20	2,144.6
		2,908.0

Non Current

Receivables from related entities	450.0	–
	18,20	450.0
		–

	Note	31 Dec 16 US\$million	31 Dec 15 US\$million
NOTE 7 INVESTMENTS			
Listed investments		297.8	69.0
Unlisted investments		1,820.4	2,041.6
	18	2,118.2	2,110.6

Movement in investments

Balance at the beginning of the year		2,110.6	1,787.2
Additions		236.4	329.3
Disposals		–	(60.5)
Distribution received from investments		(65.3)	–
Net revaluation increment/(decrement) to income statement		(142.6)	265.5
Retranslation of foreign operations		(20.9)	(210.9)
Balance at the end of the year		2,118.2	2,110.6

NOTE 8 PAYABLES AND OTHER CREDITORS

Current

Payables to related entities		232.1	336.7
Other creditors and accruals		1.8	1.7
		233.9	338.4
		Units	Units

NOTE 9 CONTRIBUTED EQUITY

(a) Number of units on issue

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

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

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

	31 Dec 16 US\$million	31 Dec 15 US\$million
(b) Amount of contributed equity		
Movement in contributed equity attributable to members of WFD Trust		
Balance at the beginning of the year	5,643.2	5,643.2
Balance at the end of the year	5,643.2	5,643.2

NOTE 10 SHARE BASED PAYMENTS

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

As at 31 December 2016, there were 13,297,289 (31 December 2015: 14,757,786) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights issued to employees of related entities of the Trust. Under the stapling arrangement, each of WCL, WAT and the Trust are required to issue securities/units on the vesting of those Rights. At 31 December 2016, the 13,297,289 (31 December 2015: 14,757,786) Executive Performance Rights, Partnership Incentive Rights and Target Incentive Rights issued to employees of related entities were convertible to 13,297,289 (31 December 2015: 14,757,786) Westfield Corporation stapled securities.

	Number of rights 31 Dec 16	Weighted average exercise price US\$ 31 Dec 16	Number of rights 31 Dec 15	Weighted average exercise price US\$ 31 Dec 15
Rights on issue				
– Executive Performance, Partnership Incentive and Target Incentive Rights	13,297,289	–	14,757,786	–
Vesting profile			Number of rights 31 Dec 16	Number of rights 31 Dec 15
2016			–	5,971,837
2017			4,492,580	5,023,093
2018			4,315,134	2,741,868
2019			3,000,818	1,020,988
2020			1,390,055	–
2021			98,702	–
			13,297,289	14,757,786

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 US\$million	31 Dec 15 US\$million
NOTE 11 RESERVES			
Foreign currency translation reserve	2(g)	(1,362.3)	(1,315.1)
		(1,362.3)	(1,315.1)

Movement in foreign currency translation reserve

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

Balance at the beginning of the year		(1,315.1)	(733.8)
Foreign exchange movement			
– accumulated exchange differences resulting from the use of a presentation currency other than the functional currency		(47.2)	(581.3)
Balance at the end of the year		(1,362.3)	(1,315.1)

NOTE 12 RETAINED PROFITS

Movement in retained profits

Balance at the beginning of the year		365.5	258.9
Profit/(loss) after tax for the year		(135.4)	360.3
Distributions paid		(27.0)	(253.7)
Balance at the end of the year		203.1	365.5

NOTE 13 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash		5.1	13.4
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(b) Reconciliation of profit/(loss) after tax to net cash flows from/(used in) operating activities

Profit/(loss) after tax		(135.4)	360.3
Revaluation of investments		142.6	(265.5)
Net fair value loss on interest rate derivatives		–	1.7
Currency loss		4.0	1.3
(Gain)/loss in respect of capital transactions		0.6	(23.9)
Accrued income from investments		51.7	(80.6)
(Increase)/decrease in working capital attributable to operating activities		0.1	(24.7)
Net cash flows from/(used in) operating activities		63.6	(31.4)

NOTE 14 DISTRIBUTIONS

(a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2016			
Ordinary units: 1.90 US cents per unit		39.5	–
Distribution in respect of the 6 months to 31 December 2015			
Ordinary units: 0.10 US cents per unit		–	2.1
		39.5	2.1

Interim distribution was paid on 31 August 2016. Final distribution was paid on 28 February 2017. The record date for the final distribution was 5pm, 14 February 2017. No distribution reinvestment plan is operational for the distribution.

(b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2016			
Ordinary units: 1.20 US cents per unit		24.9	–
Distribution in respect of the 6 months to 30 June 2015			
Ordinary units: 3.55 US cents per unit		–	73.7
		–	73.7

NOTE 15 CONTINGENT LIABILITIES

Guaranteed borrowings of associates of the Responsible Entity		5,435.6	4,649.9
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NOTE 16 SEGMENT REPORTING

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

NOTE 17 EXCHANGE RATE RISK MANAGEMENT

	Note	31 Dec 16 million	31 Dec 15 million
Foreign currency net investments			
The Trust had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:			
British Pound			
£ net assets		£1,719.6	£1,441.0
£ borrowings from related entity	20	£(187.5)	–
£ denominated net assets		£1,532.1	£1,441.0
US\$ equivalent		US\$1,890.7	US\$2,123.6
Australian Dollar			
A\$ net assets		A\$2,972.9	A\$3,987.4
A\$ borrowings from related entity	20	–	A\$(461.5)
A\$ denominated net assets		A\$2,972.9	A\$3,525.9
US\$ equivalent		US\$2,142.9	US\$2,569.0

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

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

		31 Dec 16 US\$million	31 Dec 15 US\$million
Foreign currency sensitivity			
The sensitivity of £ denominated net assets to changes in the year end US\$/£0.8103 (31 December 2015: 0.6786) rate is as follows:	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	619.5	887.5
	- 10 pence	266.2	367.1
	- 5 pence	124.3	168.9
	+ 5 pence	(109.9)	(145.7)
	+ 10 pence	(207.7)	(272.8)
	+ 20 pence	(374.3)	(483.4)
	The sensitivity of A\$ denominated net assets to changes in the year end US\$/A\$1.3873 (31 December 2015: 1.3725) rate is as follows:	US\$/A\$ Currency movement	Gain/(loss) to foreign currency translation reserve
- 20 cents		361.0	438.2
- 10 cents		166.5	201.9
- 5 cents		80.1	97.1
+ 5 cents		(74.5)	(90.3)
+ 10 cents		(144.1)	(174.5)
+ 20 cents		(270.0)	(326.7)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 16 US\$million	31 Dec 15 US\$million	31 Dec 16 US\$million	31 Dec 15 US\$million
Consolidated assets				
Cash and cash equivalents	5.1	13.4	5.1	13.4
Receivables ⁽ⁱ⁾	2,594.6	2,908.0	2,594.6	2,908.0
Investments ⁽ⁱⁱ⁾	2,118.2	2,110.6	2,118.2	2,110.6
Consolidated liabilities				
Payables and other creditors ⁽ⁱ⁾	233.9	338.4	233.9	338.4

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

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

Determination of fair value

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

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

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

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

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

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

	31 Dec 15 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
Consolidated assets measured at fair value				
Investments				
– Listed investments	69.0	69.0	–	–
– Unlisted investments	2,041.6	–	–	2,041.6

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

	Unlisted investments ⁽ⁱ⁾ 31 Dec 16 US\$million	Unlisted investments ⁽ⁱ⁾ 31 Dec 15 US\$million
Level 3 fair value movement		
Balance at the beginning of the year	2,041.6	1,645.1
Additions	–	329.3
Distribution received from investments	(65.3)	–
Net fair value gain/(loss) to income statement	(135.7)	264.7
Net exchange differences on translation of foreign investments	(20.2)	(197.5)
Balance at the end of the year	1,820.4	2,041.6

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

	31 Dec 16 US\$000	31 Dec 15 US\$000
NOTE 19 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditors of the Trust for:		
– Audit or review of the financial reports	34.2	33.9
	34.2	33.9

NOTE 20 RELATED PARTY DISCLOSURES

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

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

Westfield Corporation Limited and Westfield America Trust

Westfield Corporation Limited (WCL) and its subsidiaries, Westfield America Trust (WAT) and its subsidiaries are considered to be related parties of the Trust. Details of transactions with WCL and WAT for the Financial Period are set out below.

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

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

Manager's service charges

The Responsible Entity's manager's service charge for the twelve months ended 31 December 2016 was US\$1.0 million (31 December 2015: US\$1.0 million) of which US\$nil was payable at 31 December 2016 (31 December 2015: US\$nil).

Loans

Loans from/to WCL

During the financial year, the Trust had an A\$ non-interest bearing loan to WCL. The balance of the loan at year end is a receivable of US\$831.2 million (31 December 2015: US\$687.3 million).

During the financial year, the Trust had a £ interest bearing loan from WCL. The balance of this loan at year end is nil (31 December 2015: nil), with accrued interest payable of nil (31 December 2015: nil). Interest accrued on this loan based on a floating rate. The interest expense for the year in respect of the loan from WCL was US\$3,563 (31 December 2015: nil).

Loans from/to WAT and WAT entities

During the financial year, the Trust had an A\$ interest bearing loan from WAT. The balance of this loan at year end is nil (31 December 2015: a payable of US\$336.2 million), with accrued interest payable of nil (31 December 2015: US\$0.5 million). Interest accrued on this loan based on a floating rate. The interest expense for the year in respect of the loan from WAT was US\$5.1 million (31 December 2015: US\$4.6 million).

During the financial year, the Trust had an A\$ non-interest bearing loan to WAT. The balance of the loan at year end is a receivable of US\$1,313.0 million (31 December 2015: US\$2,218.7 million).

During the financial year, the Trust had a US\$ interest bearing loan to a WAT entity. The balance of this loan at year end is a receivable of US\$450.0 million (31 December 2015: nil), with accrued interest receivable of US\$0.4 million (31 December 2015: nil). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to a WAT entity was US\$0.4 million (31 December 2015: nil).

Loans from Westfield UK & Europe Finance PLC (WUKEF)

During the financial year, the Trust had a £ interest bearing loan from WUKEF. The balance of this loan at year end is a payable of US\$231.4 million (31 December 2015: nil), with accrued interest payable of US\$0.7 million (31 December 2015: nil). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from WUKEF was US\$0.9 million (31 December 2015: nil).

Foreign currency contract with a WCL entity

The Trust and a WCL entity entered into a foreign currency contract in 2016. The Trust paid £6.0 million to a WCL entity in exchange for a WCL entity paying AU\$12.2 million to the Trust. The foreign currency contract matured during the year and the gain from the contract was US\$0.1 million.

Foreign currency contract with WAT

The Trust and WAT entered into a foreign currency contract in 2016. The Trust paid AU\$611.6 million to WAT in exchange for WAT paying US\$450.0 million to the Trust. The foreign currency contract matured during the year and there was no gain or loss from the contract.

Directors' Declaration

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that WFDT will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with accounting standards and regulations in accordance with section 296 of the *Corporations Act 2001*;
 - (ii) giving a true and fair view of the financial position as at 31 December 2016 and the performance of WFDT for the year ended on that date in accordance with section 297 of the *Corporations Act 2001*;
 - (iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (c) they have been provided with the declarations required by section 295A of the *Corporations Act 2001* (Cwlth).

Made on 13 March 2017 in accordance with a resolution of the Board of Directors.



Frank Lowy AC
Chairman



Brian Schwartz AM
Director

Independent Audit Report

TO THE MEMBERS OF WFD TRUST



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

Opinion

We have audited the financial report of WFD Trust (the Trust), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Investments in Financial Assets

Why this matter is considered to be one of the most significant matters in the audit	How the matter was addressed in the audit
<p>The Group holds unlisted investments measured at fair value of \$1,820.4 million at 31 December 2016, which make up 38.6% of total assets. The investments represent interests in entities that hold Westfield Corporation's UK and European property assets and derives distributions from its investments in these entities.</p> <p>Fair values are determined each reporting period by reference to entity values which are driven by changes in fair value of underlying properties and businesses. Changes in fair value are recognised in the consolidated income statement and are based on the valuation of the underlying properties which have been independently appraised.</p> <p>Note 18 of the financial report discloses the method of determining the fair value of the investments.</p> <p>Refer to note 2(b) of the financial report for a description of the accounting policy treatment for these assets.</p>	<p>In considering the investment valuations, we assessed the extent to which we could use the work of independent valuers of the underlying properties. We consider, for a sample of the valuers, their competence and independence. We also evaluated the suitability of their valuation scope and methodology for the financial report.</p> <p>On a sample basis, we agreed data used in the property valuation to the actual and budgeted financial performance of the specific properties.</p> <p>We considered the key inputs and assumptions used by the property valuers by comparing this information to external market data obtained by our real estate valuation specialists.</p> <p>We compared the value of the investments in the financial report to the underlying asset registers for the investment entities.</p> <p>We assessed the key assumptions used by the Group in determining the fair value of other assets and liabilities contained within the underlying entities.</p>



Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Trust's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



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

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

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

Ernst & Young

Sydney, 13 March 2017

Graham Ezzy
Engagement Partner

Directors' Report

The Directors of Westfield America Management Limited (**Responsible Entity**), the responsible entity of WFD Trust (**Trust**) submit the following report for the year ended 31 December 2016 (**Financial Year**).

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Trust reported a net loss of US\$135.4 million. The basic loss per unit is US6.52 cents and the distribution per unit is US3.10 cents for the Financial Year.

During the Financial Year, the Trust reported a revaluation loss of US\$142.6 million reflecting the currency depreciation in its investments in entities that hold the Westfield Corporation's UK property assets.

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

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

1.2 Principal Activities

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

1.3 Subsequent Events

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

1.4 Future Developments

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



WFDTrust
Annual Financial Report
31 December 2017

Annual Financial Report

WFD TRUST

For the Financial Year ended 31 December 2017

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Balance Sheet

AS AT 31 DECEMBER 2017

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

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

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

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

(b) Proposed acquisition of Westfield Corporation

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

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

(c) Statement of Compliance

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

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

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

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the year ended 31 December 2017. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)
This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.
- AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)
This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust has assessed the impact of the adoption of this standard. It is not expected to have a significant impact on the amounts recognised in these financial statements.
- AASB 16 Leases (effective from 1 January 2019)
This standard specifies how an entity will recognise, measure, present and disclose leases. The Trust is currently assessing the impact of this standard.

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

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

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

(d) Basis of Accounting

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

(e) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires Management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

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

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

Controlled entities

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased.

(b) Receivables

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

(c) Investments

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Trust's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

(d) Contributed equity

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

(e) Revenue recognition

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

(f) Taxation

The Trust is a non taxable entity. Under current Australian income tax legislation, WFDT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with WFDT's constitution.

(g) Interest bearing liabilities

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

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

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

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

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

(h) Earnings per unit

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

(i) Foreign currency translation

i) Translation of foreign currency transactions

The functional currency of WFDT and its Australian subsidiaries is Australian dollars. Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise.

ii) Presentation currency

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

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

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

(j) Rounding

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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

NOTE 4 LOSS IN RESPECT OF CAPITAL TRANSACTIONS

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

NOTE 5 TAXATION

Tax expense

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

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

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

cents cents

NOTE 6 EARNINGS/(LOSS) PER UNIT

(a) Summary of earnings/(loss) per unit

Basic earnings/(loss) per unit attributable to members of WFD Trust	10.79	(6.52)
Diluted earnings/(loss) per unit attributable to members of WFD Trust	10.79	(6.52)

(b) Income and unit data

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

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

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

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

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

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

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

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

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

Movement in investments

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

NOTE 9 PAYABLES AND OTHER CREDITORS

Current

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

NOTE 10 INTEREST BEARING LIABILITIES

Non current

Unsecured

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

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

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

Financing facilities

Committed financing facilities available to the Trust:

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

Maturity profile of financing facilities

Maturity profile in respect of the above financing facilities:

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

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

NOTE 12 SHARE BASED PAYMENTS

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

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

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

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

Movement in foreign currency translation reserve

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

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

NOTE 14 RETAINED PROFITS

Movement in retained profits

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

NOTE 15 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash		11.2	5.1
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(b) Reconciliation of profit/(loss) after tax to net cash flows from operating activities

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

NOTE 16 DISTRIBUTIONS

(a) Final distribution paid

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

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

(b) Interim distribution paid

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

NOTE 17 CONTINGENT LIABILITIES

Guaranteed borrowings of related entities		5,572.7	5,435.6
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NOTE 18 SEGMENT REPORTING

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 19 EXCHANGE RATE RISK MANAGEMENT

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

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

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

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

NOTE 20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Determination of fair value

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 21 PARENT ENTITY

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

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

NOTE 22 AUDITOR'S REMUNERATION

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

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

NOTE 23 RELATED PARTY DISCLOSURES

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

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

Westfield Corporation Limited and Westfield America Trust

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

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

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

Manager's service charges

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

Loans and foreign currency contracts

Loans to/from WCL

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

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

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

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

Loans to/from WAT and a WAT entity

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

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

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

Loans to/from WUKEF

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

Foreign currency contracts with WCL and a WCL entity

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

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

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

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

Foreign currency contracts with WAT and a WAT entity

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

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

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

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

Directors' Declaration

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that WFDT will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with accounting standards and regulations in accordance with section 296 of the *Corporations Act 2001*;
 - (ii) giving a true and fair view of the financial position as at 31 December 2017 and the performance of WFDT for the year ended on that date in accordance with section 297 of the *Corporations Act 2001*;
 - (iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (c) they have been provided with the declarations required by section 295A of the *Corporations Act 2001* (Cwlth).

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



Sir Frank Lowy AC
Chairman



Brian Schwartz AM
Director



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

Opinion

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

In our opinion:

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

Basis for Opinion

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

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Investments in Financial Assets

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



Information Other than the Financial Statements and Auditor's Report

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



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

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

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

Ernst & Young

Sydney
13 March 2018

Graham Ezzy
Partner

Directors' Report

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

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

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

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

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

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

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

1.2 Principal Activities

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

1.3 Subsequent Events

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

1.4 Future Developments

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