Annual Financial Report

WESTFIELD AMERICA TRUST

For the financial year ended 31 December 2018

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	31 Dec 18 $million	31 Dec 17 $million
Revenue			
Rental income	3	**514.1**	487.0
Property development and project management revenue		**18.5**	44.0
Property management income		**41.1**	46.2
		573.7	577.2
Share of after tax profits of equity accounted entities			
Property revenue		**508.3**	557.9
Property revaluations		**(96.7)**	144.8
Property expenses, outgoings and other costs		**(138.5)**	(191.9)
Net interest expense		**(40.4)**	(46.7)
Gain/(loss) in respect of capital transactions		**(0.4)**	-
Tax expense		**(0.9)**	(0.4)
	8(a)	**231.4**	463.7
Expenses			
Property expenses, outgoings and other costs		**(239.1)**	(246.1)
Property development and project management costs		**(10.8)**	(38.8)
Property management costs		**(20.7)**	(18.3)
Overheads		**(110.1)**	(76.0)
		(380.7)	(379.2)
Interest income		**12.0**	12.8
Currency gain/(loss)		**(0.1)**	(2.8)
Financing costs	5	**153.8**	(217.9)
Gain/(loss) in respect of capital transactions			
- asset dispositions	4	**147.2**	4.1
- costs in respect of capital transactions	4	**(89.4)**	-
Property revaluations		**(43.8)**	452.0
Profit before tax for the period		**604.1**	909.9
Tax credit/(expense)	6	**1,358.3**	90.9
Profit after tax for the period		**1,962.4**	1,000.8
Profit after tax for the period attributable to:			
- Members of Westfield America Trust (WAT)		**1,939.0**	935.3
- Non controlling interests		**23.4**	65.5
Net profit after tax for the period		**1,962.4**	1,000.8

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2018

	31 Dec 18 $million	31 Dec 17 $million
Profit after tax for the period	**1,962.4**	1,000.8
Other comprehensive income		
Movement in foreign currency translation reserve [i]		
- Net exchange difference on translation of foreign operations	**120.5**	(102.8)
Total comprehensive income for the period	**2,082.9**	898.0
Total comprehensive income attributable to:		
- Members of WAT	**2,059.5**	832.5
- Non controlling interests	**23.4**	65.5
Total comprehensive income for the period	**2,082.9**	898.0

[i] These items may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2018

	Note	31 Dec 18 $million	31 Dec 17 $million
Current assets			
Cash and cash equivalents	17(a)	**44.6**	107.9
Trade debtors		**33.7**	35.5
Receivables		**66.2**	39.6
Inventories		**17.6**	6.7
Other		**14.7**	22.9
Total current assets		**176.8**	212.6
Non current assets			
Investment properties	7	**6,822.4**	7,041.7
Equity accounted investments	8(b)	**7,639.6**	7,480.1
Non current financial assets	9	**813.1**	438.1
Derivative assets		**5.1**	16.3
Receivables		**206.7**	207.4
Plant and equipment		**42.6**	94.8
Other		**31.4**	16.2
Total non current assets		**15,560.9**	15,294.6
Total assets		**15,737.7**	15,507.2
Current liabilities			
Trade creditors		**35.2**	41.5
Payables and other creditors	10	**356.8**	1,449.3
Interest bearing liabilities	11	**1,253.8**	193.9
Other financial liabilities	12	**2.4**	2.6
Tax payable		**-**	4.9
Total current liabilities		**1,648.2**	1,692.2
Non current liabilities			
Payables and other creditors		**63.3**	79.3
Interest bearing liabilities	11	**6,506.0**	6,446.9
Other financial liabilities	12	**961.1**	1,383.2
Deferred tax liabilities	6(b)	**284.3**	1,673.2
Total non current liabilities		**7,814.7**	9,582.6
Total liabilities		**9,462.9**	11,274.8
Net assets		**6,274.8**	4,232.4
Equity attributable to members of WAT			
Contributed equity	13(b)	**4,975.5**	4,957.5
Reserves	15	**611.5**	496.5
Retained profit/(losses)	16	**349.5**	(1,536.5)
Total equity attributable to members of WAT		**5,936.5**	3,917.5
Equity attributable to non controlling interests			
Contributed equity		**228.1**	228.1
Retained profits		**110.2**	86.8
Total equity attributable to non controlling interests		**338.3**	314.9
Total equity		**6,274.8**	4,232.4

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2018

	Comprehensive Income 31 Dec 18 $million	Equity and Reserves 31 Dec 18 $million	**Total 31 Dec 18 $million**	Total 31 Dec 17 $million
Changes in equity attributable to members of WAT				
Opening balance of contributed equity	-	4,957.5	**4,957.5**	4,957.5
- Movement in contributed equity	-	18.0	**18.0**	-
Closing balance of contributed equity	-	4,975.5	**4,975.5**	4,957.5
Opening balance of reserves	-	496.5	**496.5**	597.6
- Movement in foreign currency translation reserve (i) (ii)	120.5	-	**120.5**	(102.8)
- Movement in employee share plan benefits reserve (i)	-	(5.5)	**(5.5)**	1.7
Closing balance of reserves	120.5	491.0	**611.5**	496.5
Opening balance of accumulated losses	-	(1,536.5)	**(1,536.5)**	(2,038.5)
- Profit after tax for the period (ii)	1,939.0	-	**1,939.0**	935.3
- Dividend/distribution paid	-	(53.0)	**(53.0)**	(433.3)
Closing balance of accumulated profit/(losses)	1,939.0	(1,589.5)	**349.5**	(1,536.5)
Closing balance of equity attributable to members of WAT	2,059.5	3,877.0	**5,936.5**	3,917.5
Changes in equity attributable to non controlling interests				
Opening balance of equity	-	314.9	**314.9**	252.9
Total comprehensive income attributable to non controlling interests (ii)	23.4	-	**23.4**	65.5
Dividends paid or provided for	-	-	**-**	(3.5)
Closing balance of equity attributable to non controlling interests	23.4	314.9	**338.3**	314.9
Total equity	2,082.9	4,191.9	**6,274.8**	4,232.4

(i) Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of $120.5 million (31 December 2017 loss of $102.8 million) and net debit to the employee share plan benefits reserve of $5.5 million (31 December 2017: net credit of $1.7 million).

(ii) Total comprehensive income for the period amounts to a gain of $2,082.9 million (31 December 2017: gain of $898.0 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	31 Dec 18 $million	31 Dec 17 $million
Cash flows from operating activities			
Receipts in the course of operations		**592.3**	545.6
Payments in the course of operations		**(362.0)**	(350.2)
Dividends/distributions received from equity accounted associates		**287.1**	250.0
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
- normal course of operations		**(256.9)**	(105.5)
Interest received		**13.3**	10.3
Income and withholding taxes paid		**2.8**	(5.1)
Subtotal - cash flows from operating activities		**276.6**	345.1
Charges in respect of capital transactions		**(185.7)**	-
Net cash flows from operating activities	17(b)	**90.9**	345.1
Cash flows from investing activities			
Capital expenditure on property investments and plant and equipment - consolidated		**(137.5)**	(448.0)
Capital expenditure on property investments and plant and equipment - equity accounted		**(287.5)**	(344.2)
Capital distribution from equity accounted associates		**95.4**	-
Acquisition of property investments - consolidated		**-**	(8.0)
Acquisition of property investments - equity accounted		**(15.1)**	(98.5)
Capital contribution to fund repayment of loan by equity accounted investments		**(28.5)**	-
Proceeds from the disposition of property investments and plant and equipment - consolidated		**35.0**	9.3
Financing costs capitalised to qualifying development projects and construction in progress		**(16.8)**	(60.3)
Net cash flows used in investing activities		**(355.0)**	(949.7)
Cash flows from financing activities			
Net proceeds from interest bearing liabilities and other financial liabilities		**471.4**	421.7
Loans received from/(advanced to) related entities		**(216.5)**	627.9
Distributions paid		**(53.0)**	(433.3)
Dividends/distributions paid by controlled entities to non controlling interests		**(1.1)**	(2.4)
Net cash flows from financing activities		**200.8**	613.9
Net increase/(decrease) in cash and cash equivalents held		**(63.3)**	9.3
Add opening cash and cash equivalents brought forward		**107.9**	98.2
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**-**	0.4
Cash and cash equivalents at the end of the period	17(a)	**44.6**	107.9

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2018 was approved on 27 March 2019 in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as Trustee of WAT (Trustee).

(b) Acquisition of Westfield Corporation

On June 7, 2018, Unibail-Rodamco S.E. ("UR") announced it had completed the acquisition of Westfield Corporation ("WFD"), comprising Westfield Corporation Limited, Westfield America Trust and WFD Trust, to create Unibail-Rodamco-Westfield ("URW")

(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 2017 except for the changes required due to amendments to the accounting standards noted below.
The Group has adopted the following new or amended standards which became applicable on 1 January 2018.

- AASB 15 Revenue from Contracts with Customers

The Group is in compliance with AASB 15. Refer to Note 2(e) for information relating to revenue policies adopted under AASB 15 Revenue from Contracts with Customers.

- AASB 9 Financial Instruments

The Group is in compliance with AASB 9. Refer to Note 2(c) for information relating to financial instruments policies adopted under AASB 9 Financial Instruments.
The Group has also adopted the following amendments to and clarification of interpretations of, accounting standards:

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions;
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments; and
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2018. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

- AASB 16 Leases (effective from 1 January 2019)
  AASB 16 Leases replaces existing guidance, including AASB 117 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.
  The revised lease standard sets out a comprehensive model for identifying lease arrangements and subsequent measurement. Under the new standard, the lessee is required to recognise all right-of-use assets and corresponding lease liabilities on the balance sheet, with the exception of short term and low value leases. The right-of-use asset reflects the lease liability, direct costs and any adjustments for lease incentives or restoration.
  The lease liability is the net present value of future lease payments for the lease term, which incorporates any options reasonably expected to be exercised. The contracted cash flows are separated into principal repayments and interest components, using the effective interest rate method.
  An assessment has been performed based on each operating lease arrangement that exists in the current reporting period. The assessment confirmed that the new standard will not have a material impact on the Group
  Lessor accounting remains largely unchanged.
- AASB Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)
  The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments.
- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2022)
  The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

(d) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged

(e) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires Management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.
Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 7: Investment Properties and Note 28: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of WAT (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 Group. Where entities adopt accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Group.

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

i) Joint arrangements

Joint ventures

The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Group and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint venture.

ii) Controlled entities

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased. Non controlling interests are shown as a separate item in the consolidated financial statements.

(b) Investment properties

The Group's investment properties include shopping centre investments as well as development projects and construction in progress.

i) Shopping centre investments

The Group's shopping centre investment properties represent completed centres comprising freehold and leasehold land, buildings and leasehold improvements.

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to effluxion of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties together with related shopping centre leasing costs are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale. The carrying amount of investment properties includes components relating to lease incentives and receivables on rental income that have been recorded on a straight line basis

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

The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements

ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties.

Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors, and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 7 for further details on investment properties.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The nature and effects of the key changes to the Group's accounting policies resulting from the adoption of AASB 9 are summarised below.

i) Classification of financial assets and financial liabilities

On 1 January 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the carrying value of financial assets but has resulted in classification changes on initial application at 1 January 2018 which is shown in the following tables:

Financial assets	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 31 Dec 17 $m	Original carrying amount under AASB 9 31 Dec 17 $m
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	282.5	282.5
Derivative assets and non-current financial assets	Fair value through profit or loss	Financial assets at fair value through profit or loss	454.4	454.4

Trade and other receivables are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest. The simplified approach has been applied to record lifetime expected credit losses on trade and other receivables.

Non-current financial assets comprises of unlisted investments. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement. The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

Financial liabilities	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 31 Dec 17 $m	Original carrying amount under AASB 9 31 Dec 17 $m
Trade creditors, payables and other creditors	Amortised cost	Financial liabilities at amortised cost	1,570.1	1,570.1
Interest bearing liabilities	Amortised cost	Financial liabilities at amortised cost	6,640.8	6,640.8
Other financial liabilities	Fair value through profit or loss	Financial liabilities at fair value through profit or loss	1,385.8	1,385.8

Trade creditors, payables and other creditors are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

Interest bearing liabilities 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. Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks, finance leases and other non current financial liabilities is estimated by discounting future cash flows using rates that approximate the Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms. Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

Other financial liabilities include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement. The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial Instruments (continued)

ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset at amortised cost, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses from changes in fair value are recognised in the income statement unless they have been designated and qualify as cash flow or net investment hedging instruments, where the effective portion of changes in fair value is recognised in either a cash flow or foreign currency reserve within equity.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

AASB 9 requires that all financial liabilities be subsequently classified at amortised cost, except in certain circumstances. These circumstances only apply to other financial liabilities of the Group and accordingly there is no change to the classification and measurement of the Group's payables and borrowings on adoption of AASB 9.

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

Other financial liabilities are subsequently measured at fair value through profit or loss.

iii) Impairment

Under AASB 9, the Group's accounting for impairment losses for financial assets has been replaced with an incurred loss with a forward-looking expected credit loss (ECL) approach. The Group has applied the simplified approach and recorded lifetime expected losses on trade and other receivables. The impact of this change of approach was immaterial.

iv) Hedge accounting

As the Group did not have any hedge relationships that are designated as effective hedges in place as at 31 December 2018, there is no impact from the application of hedging requirements on the financial statements.

(d) Foreign currency translation

i) Presentation currency

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

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

The balance sheets of foreign subsidiaries and equity accounted associates are translated at exchange rates at the balance date and the income statements of foreign subsidiaries and equity accounted associates are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve. On consolidation, exchange differences and the related tax effect on foreign currency loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations and equity accounted associates, are taken directly to the foreign currency translation reserve.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue from Contracts with Customers

The requirements of AASB 15 replace AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

i) Classification and measurement of revenue

Revenue is recognised over time

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

The following table summarises the changes in terminology with respect to the timing of revenue recognition between AASB 111 and AASB 118 compared to AASB 15 and the new revenue recognition policies under AASB 15. From the Group's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under AASB 15.

Type of revenue	Description	Revenue recognition policy under AASB 11 and AASB 118	Revenue recognition policy under AASB 15
Service charge income	This represents the recoverable portion of property outgoings that tenants are contractually required to pay for. The lease contract between the lessee and lessor includes the recovery by the lessor of the lessee's proportion of outgoings, operating expenses and other charges including cleaning, security and common area energy from tenants. These are charged monthly based on either a fixed price, being a dollar amount per square foot, or a variable price based on the actual spend during the period. These services are specified in the lease agreements and separately invoiced. The Group has concluded that these services represent a series of daily services that are individually satisfied over time and will apply a time-elapsed measure of progress. The Group arranges for third parties to provide certain services to the tenants. AASB 15 requires assessment of whether the Group controls a specified good or service before it is transferred to the customer. The Group has determined that it controls the service before it is provided to the tenant.	Recognised on an accruals basis in the month in which is it earned	Over time
Property development and project management revenue	This represents revenue from the Group's design, development and construction projects carried out for third parties. The Group provides development management services to the owners of property assets in accordance with property development contracts. Revenue is calculated and recognised in accordance with the specific agreement.	Input method to measure the revenue recognised over time based on the contract terms	Over time
Property management income	The Group manages assets on behalf of third parties for which a management fee is received. The performance obligation is satisfied over time as the Group fulfils its duties as a manager by providing the services as agreed in the contract. On this basis, recognition of revenue over time is the most appropriate as it reflects the simultaneous benefit of the mall owner receiving the benefit of the services provided by the Group.	Recognised on a monthly basis as the Group can reliably estimate the fee they are due	Over time

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue from Contracts with Customers (continued)

ii) Transition

The Group has undertaken an analysis to scope out its revenue streams to identify specific impacts of the Standard. The majority of the Group's revenue streams have application under other relevant standards and therefore have no application under AASB 15 (for example rental income). Where the Standard does not apply, the Group has assessed that there will be no change to the recognition or measurement of revenue upon application of the Standard other than the reclassification of certain comparatives in the income statement for consistency with the current period's revenue classification. Revenue from third parties are recognised as goods are sold or as services are provided.

Changes in accounting policies resulting from the adoption of AASB 15 have been applied retrospectively. There has been no impact on the Group's previously reported financial position as a result of the adoption of AASB 15.

(f) Taxation

The Group comprises taxable and non taxable entities. A liability for current and deferred taxation and tax expense is only recognised in respect of taxable entities that are subject to income and potential capital gains tax. The Group's taxable and non taxable entities are detailed below.

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with WAT's constitution.

Westfield America, Inc. (WEA), a subsidiary of WAT, is a Real Estate Investment Trust (REIT) for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders.

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

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

During the year after UR acquired WFD, Management elected WAT to be a disregarded entity for US tax purposes. Instead UR and it's related entities will bear any liability for US withholding and capital gain tax as it relates to WEA and its controlled entities. As a consequence of this election WAT derecognised $1,400 million of its deferred tax balance during the year ended 31 December 2018.

(g) Financing costs

Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the financing costs are capitalised.

Refer to Note 2(k) for other items included in financing costs.

(h) Contributed equity

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

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily converted to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(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.

	31 Dec 18 $million	31 Dec 17 $million
NOTE 3 RENTAL INCOME		
Shopping centre rental income and other property income (i)	**529.4**	507.1
Amortisation of leasing incentives and related leasing costs	**(15.3)**	(20.1)
	514.1	487.0

(i) Non leased component included in property revenue amounted to $91.7 million (31 December 2017: $72.1 million).

	31 Dec 18 $million	31 Dec 17 $million
NOTE 4 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS		
Asset dispositions		
- proceeds from asset dispositions	**407.7**	4.9
- less: carrying value of assets disposed and other capital costs	**(260.5)**	(0.8)
Costs in respect of capital transactions	**(89.4)**	-
Gain/(loss) in respect of asset dispositions	**57.8**	4.1

	31 Dec 18 $million	31 Dec 17 $million
NOTE 5 FINANCING COSTS		
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)	**(249.5)**	(153.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	**(12.6)**	(42.0)
Finance leases interest expense	**(2.7)**	(2.7)
Interest expense on other financial liabilities	**(20.6)**	(30.0)
Net fair value gain/(loss) on other financial liabilities	**422.4**	(49.7)
Financing costs capitalised to qualifying development projects, construction in progress and	**16.8**	60.3
	153.8	(217.9)

NOTE 6 TAXATION

(a) Tax expense

	31 Dec 18 $million	31 Dec 17 $million
Current - underlying operations	**4.2**	(4.6)
Deferred tax (i) (ii)	**1,354.1**	95.5
	1,358.3	90.9

(i) 31 December 2018: includes a release of deferred tax (refer to note 2(f))

(ii) 31 December 2017: Includes a one time deferred tax credit of $237.0 million following the restructure of the United States corporate tax rate from 35% to 21%.

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

	31 Dec 18 $million	31 Dec 17 $million
Profit/(loss) before income tax	**604.1**	909.9
Prima facie withholding tax expense on profit at 15%	**(90.6)**	(136.5)
Trust income not taxable for the Group - tax payable by unitholders	**(10.4)**	(2.0)
Differential of tax rates on foreign income	**(7.1)**	(8.2)
Capital transactions not deductible	**23.1**	0.6
Fair value adjustments not assessable	**43.2**	-
Release of deferred tax	**1,400.1**	-
Deferred tax - change in tax rates	**-**	237.0
Tax expense	**1,358.3**	90.9

(b) Deferred tax liabilities

	31 Dec 18 $million	31 Dec 17 $million
Tax effect of book value in excess of the tax cost base of investment properties	**-**	1,649.5
Unrealised fair value gain on financial derivatives	**-**	1.9
Other	**284.3**	21.8
	284.3	1,673.2

	31 Dec 18 $million	31 Dec 17 $million
NOTE 7 INVESTMENT PROPERTIES		
Shopping centre investments	**6,584.4**	6,768.3
Development projects and construction in progress	**238.0**	273.4
	6,822.4	7,041.7
Movement in total investment properties		
Balance at the beginning of the year	**7,041.7**	5,982.7
Disposal of properties	**(236.6)**	(0.8)
Redevelopment costs	**5.7**	607.8
Net revaluation increment/(decrement)	**11.6**	452.0
Balance at the end of the year [(i)]	**6,822.4**	7,041.7

[(i)] The fair value of investment properties at the end of the year of US$6,822.4 million (31 December 2017: $7,041.7 million) comprises investment properties at market value of $6,783.8 million (31 December 2017: $7,002.6 million) and ground leases included as finance leases of $38.6 million (31 December 2017: $39.1 million).

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by Uniform Standards of Professional Appraisal Practice. The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

- Altus Group
- Cushman & Wakefield
- Duff & Phelps

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 8 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	31 Dec 18 $million	31 Dec 17 $million
(a) Details of the Group's aggregate share of equity accounted entities' net profit		
Property revenue	**508.3**	557.9
Share of after tax profit of equity accounted entities	**231.4**	463.7
(b) Details of the Group's aggregate share of equity accounted entities assets and liabilities		
Cash	**45.5**	35.8
Shopping centre investments	**8,685.4**	8,760.2
Development projects and construction in progress	**698.6**	500.8
Other assets	**77.9**	45.3
Total assets	**9,507.4**	9,342.1
Payables	**(239.2)**	(199.1)
Interest bearing liabilities - current [i]	**(6.9)**	(34.3)
Interest bearing liabilities - non current [i]	**(1,621.7)**	(1,628.6)
Total liabilities	**(1,867.8)**	(1,862.0)
Net assets	**7,639.6**	7,480.1

[i] The fair value of interest bearing liabilities was $1,580.8 million compared to the book value of $1,628.6 million (31 December 2017: $1,668.8 million compared to the book value of $1,662.9 million).

(c) Equity accounted entities' economic interest

Name of investments [i]	Type of equity	Balance date	Economic interest 31 Dec 18	Economic interest 31 Dec 17
Annapolis [ii]	Partnership units	31 Dec	**55.0%**	55.0%
Brandon	Membership units	31 Dec	**50.0%**	50.0%
Broward	Membership units	31 Dec	**50.0%**	50.0%
Citrus Park	Membership units	31 Dec	**50.0%**	50.0%
Countryside	Membership units	31 Dec	**50.0%**	50.0%
Culver City [ii]	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [ii]	Partnership units	31 Dec	**-**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [ii]	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge [ii]	Partnership units	31 Dec	**55.0%**	55.0%
Palm Desert [ii]	Partnership units	31 Dec	**52.6%**	52.6%
Plaza Bonita [ii]	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota	Membership units	31 Dec	**50.0%**	50.0%
Southcenter [ii]	Partnership units	31 Dec	**55.0%**	55.0%
Southgate	Membership units	31 Dec	**50.0%**	50.0%
Topanga [ii]	Partnership units	31 Dec	**55.0%**	55.0%
Trumbull [ii]	Partnership units	31 Dec	**52.6%**	52.6%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Wheaton [ii]	Partnership units	31 Dec	**52.6%**	52.6%

[i] All equity accounted property partnerships operate solely as retail property investors in the United States.

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

	Note	31 Dec 18 $million	31 Dec 17 $million
NOTE 9 NON CURRENT FINANCIAL ASSETS			
Financial assets are measured at fair value through profit or loss.			
Unlisted investments		**263.1**	278.3
Investments in related entities		**550.0**	159.8
		813.1	438.1
Movement in non current financial assets			
Balance at the beginning of the year		**438.1**	470.3
Additions		**430.4**	6.4
Disposals		**-**	(8.6)
Net revaluation increment/(decrement) to income statement		**(55.4)**	(30.0)
Balance at the end of the year		**813.1**	438.1

	Note	31 Dec 18 $million	31 Dec 17 $million
NOTE 10 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**344.5**	475.4
Payables to related entities - WFDT	30(b)	**-**	965.6
Payables to related entities - WCL		**12.3**	8.3
		356.8	1,449.3

	Note	**31 Dec 18 $million**	31 Dec 17 $million
NOTE 11 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Notes payable - US$ denominated		**1,250.0**	-
Loans payable to related entities - WFDT	30(b)	**-**	190.4
Secured			
Bank loans and mortgages - US$ denominated (ii)		**3.8**	3.5
		1,253.8	193.9
Non current			
Unsecured			
Loans payable to related entities - URSE	30(b)	**1,146.4**	-
Notes payable - US$ denominated		**3,300.0**	3,550.0
Bank loans - US$ denominated (i)		**450.0**	975.0
Loans payable to related entities - WFDT	30(b)	**1,041.5**	1,350.0
Secured			
Bank loans and mortgages - US$ denominated (ii)		**568.1**	571.9
		6,506.0	6,446.9
Total interest bearing liabilities		**7,759.8**	6,640.8
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**1,253.8**	193.9
Due between one and five years		**2,738.6**	4825.9
Due after five years		**3,767.4**	1621
		7,759.8	6,640.8

(i) These instruments are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

(ii) Secured liabilities – US$

Current and non current secured liabilities are $571.9 million (31 December 2017: $575.4 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of $1,994.4 million (31 December 2017: $1,977.8 million). These properties and development projects are as follows: Galleria at Roseville, Old Orchard and San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer to Note 24 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

NOTE 11 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 18 $million	31 Dec 17 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**10,579.2**	8,718.1
Total interest bearing liabilities	**(7,759.8)**	(6,640.8)
Total bank guarantees	**(16.0)**	(47.7)
Available financing facilities	**2,803.4**	2,029.6
Cash	**44.6**	107.9
Financing resources available at the end of the year	**2,848.0**	2,137.5
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,253.8**	193.9
Due between one and five years	**5,558.0**	6903.2
Due after five years	**3,767.4**	1621
	10,579.2	8,718.1

These facilities comprise secured fixed rate facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities set out in Note 12. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling $2,803.4 million (31 December 2017: $2,029.6 million), are available to other members of the URW Group, including WAT, at year end. WAT is able to draw on these financing facilities, provided that they are unutilised by other members of the URW Group. These are interest only unsecured multicurrency multioption facilities.

For the year ended 31 December 2018 the Trust had a net current asset deficit of $1,471.4 million mainly due to the maturing of the notes payable of $1,250.0 million on 17 September 2019. The Trust is a party to a $3,000.0 million credit facility agreement, which to date has been drawn to $189.1 million, thus still has the amount of $2,810.9 million available to draw down. As a result of all of the above, the Trustee believes that the Trust will be able to meet its commitments as and when they fall due.

	Note	31 Dec 18 $million	31 Dec 17 $million
NOTE 12 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares/units	12(a)	**1.7**	2.0
Finance leases		**0.7**	0.6
		2.4	2.6
Non current			
Convertible redeemable preference shares/units	12(a)	**60.5**	71.1
Convertible redeemable preference shares/units held by WCL related entities	12(a)	**719.0**	1,124.2
Other redeemable preference shares/units	12(b)	**143.7**	149.4
Finance leases		**37.9**	38.5
		961.1	1,383.2
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Due within one year		**2.4**	2.5
Due between one and five years		**3.1**	2.9
Due after five years		**958.0**	1,380.4
		963.5	1,385.8

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series D convertible preference shares (Series D CPS); (ii) Series G partnership preferred units (Series G units) issued to the Jacobs Group; (iii) Series I partnership preferred units (Series I units); (iv) Series J partnership preferred units (Series J units); (v) Investor unit rights in the operating and property partnerships; (vi) Series F preferred shares; (vii) Foreign currency denominated common shares convertible into URW stapled securities, and (viii) WEA common shares.

i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of URW stapled securities into which the preference shares are then exchangeable.
   - Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business date of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.
   - The Series D CPS are redeemable by WEA at any time at 100% of the liquidation preference.

ii. As at 31 December 2018, the Jacobs Group holds 1,374,461 (31 December 2017: 1,456,574) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

iii. As at 31 December 2018, the previous owners of the Sunrise Mall hold 1,401,426 Series I units (31 December 2017: 1,401,426). At any time after the earlier of (i) 21 July 2005; (ii) dissolution of the operating partnership; or (iii) the death of the holder, such holder (or the holder's Estate) has the right to require the operating partnership to redeem its Series I units, at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for URW stapled securities); or (iii) a combination of both.

iv. As at 31 December 2018, 1,538,481 (31 December 2017: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for URW stapled securities); or (iii) a combination of both.

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

vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into URW stapled securities with the exercise of Series F – Special Options (refer Note 14).

vii. The foreign currency denominated common shares are able to be converted into URW stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 14).

viii. As at 31 December 2018, 739,565 (31 December 2017: 734,739) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for: (i) cash; (ii) URW stapled securities, or (iii) a combination of both.

(b) Other redeemable preference shares/units

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

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

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

	31 Dec 18 Units	31 Dec 17 Units
NOTE 13 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
	$million	$million
(b) Movement in contributed equity		
Balance at the beginning of the year	**4,957.5**	4,957.5
- Movement in contributed equity	**18.0**	-
Balance at the end of the year	**4,975.5**	4,957.5

	Note	Number of options and rights 31 Dec 18	Weighted average exercise price US$ 31 Dec 18	Number of options and rights 31 Dec 17	Weighted average exercise price US$ 31 Dec 17
NOTE 14 OPTIONS AND SHARE BASED PAYMENTS					
(a) Options and rights over units					
- Series F Special Options [(i)]		**52,500**	**1.77**	52,500	1.77
- Series G1 Special Options [(i)]		**277,778**	**1.12**	277,778	1.12
- Series H Special Options [(i)]		**11,805,862**	**1.27**	11,805,862	1.27
- Series I Special Options [(i)]		**13,260,859**	**1.22**	13,260,859	1.22
- Executive performance rights	14(b)(i)	**-**	**-**	2,454,938	-
- Partnership incentive rights	14(b)(ii)	**-**	**-**	3,139,952	-
- Target incentive rights	14(b)(iii)	**-**	**-**	560,648	-
- Executive performance and partnership incentive rights issued to employees of related parties	14(a)(i)	**-**	**-**	12,081,783	-
		25,396,999	**1.28**	43,634,320	1.28

[(i)] These special options are issued to WCL (formerly WHL) entities.

(i) Executive Performance, Partnership and Target Incentive Rights Issued to Employees of Related Parties
As a result of the transaction, all rights were vested on 6 June 2018 and there were no rights outstanding at 31 December 2018. At 31 December 2017, there were 12,081,783 Executive Performance, Partnership and Target Incentive Rights on issue to employees of related parties of Westfield Corporation. Under the stapling arrangement each of WCL, WFDT, and WAT are required to issue securities /units on the vesting of an Executive Performance, Partnership and Target Incentive Right. At 31 December 2017, the 12,081,783 Executive Performance, Partnership and Target Incentive Rights issued to employees of related parties were convertible to 12,081,783 Westfield Corporation stapled securities.

The share based payments information contained in this note relates to Westfield Corporation, which has been settled before the acquisition date.

NOTE 14 OPTIONS AND SHARE BASED PAYMENTS (CONTINUED)

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

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

	Number of rights 31 Dec 18	Number of rights 31 Dec 17
Movement in Executive Performance Rights		
Balance at the beginning of the year	**2,454,938**	2,463,615
Rights transferred on employee relocation	**-**	112,154
Rights issued during the year	**1,020,735**	1,322,799
Rights exercised during the year	**(3,445,236)**	(1,146,313)
Rights forfeited during the year	**(30,437)**	(297,317)
Balance at the end of the year	**-**	2,454,938

The EPR Plan was a plan in place until the acquisition of WFD by UR in which senior executives and high performing employees participated. The fair value of rights issued under the EPR Plan was measured at each grant date using a Black Scholes option pricing model. As a result of the transaction, all rights are vested on 6 June 2018. There are no rights outstanding at the end of the year.

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

	Number of rights 31 Dec 18	Number of rights 31 Dec 17
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**3,139,952**	2,901,998
Rights transferred on employee relocation	**-**	330,771
Rights issued during the year	**849,008**	1,265,343
Rights exercised during the year	**(3,988,960)**	(795,795)
Rights forfeited during the year	**-**	(562,365)
Balance at the end of the year	**-**	3,139,952

The senior leadership team of the Group participated in the PIR Plan. The fair value of rights issued under the PIR Plan was measured at each grant date using a Black Scholes option pricing model. As a result of the transaction, all rights are vested on 6 June 2018. There are no rights outstanding at the end of the year.

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

	Number of rights 31 Dec 18	Number of rights 31 Dec 17
Movement in Target Incentive Rights		
Balance at the beginning of the year	**560,648**	266,242
Rights issued during the year [i]	**-**	1,091,537
Rights exercised during the year	**(560,648)**	-
Rights forfeited during the year	**-**	(797,131)
Balance at the end of the year	**-**	560,648

Certain key executives were granted Target Incentive Rights. The fair value of rights issued under the TIR Plan was measured at each grant date using a Black Scholes option pricing model. As a result of the transaction, all rights are vested on 6 June 2018. There are no rights outstanding at the end of the year.

Accounting for equity settled Share Based Payments

During the year, $33.7 million (31 December 2017: $7.0 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

	31 Dec 18 US$million	31 Dec 17 US$million
NOTE 15 RESERVES		
Foreign currency translation reserve	**611.5**	491.0
Employee share plan benefits reserve	**-**	5.5
Balance at the end of the year	**611.5**	496.5

Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.

Balance at the beginning of the year	**491.0**	593.8
Foreign exchange movement		
- realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**120.5**	(102.8)
Balance at the end of the year	**611.5**	491.0

Movement in employee share plan benefits reserve

The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.

Balance at the beginning of the year	**5.5**	3.8
- Movement in equity settled share based payment	**(5.5)**	1.7
Balance at the end of the year	**-**	5.5

NOTE 16 RETAINED PROFIT/(LOSSES)

Movement in retained earnings/(accumulated losses)

Balance at the beginning of the year	**(1,536.5)**	(2,038.5)
Profit after tax for the period	**1,939.0**	935.3
Distributions paid	**(53.0)**	(433.3)
Balance at the end of the year	**349.5**	(1,536.5)

NOTE 17 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash	**44.6**	107.9
Total cash and cash equivalents	**44.6**	107.9

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

Profit after tax	**1,962.4**	1,000.8
Property revaluations	**43.8**	(452.0)
Share of equity accounted profit in deficit/(excess)of dividends/distributions	**55.7**	(213.7)
Deferred tax	**(1,354.1)**	(95.5)
Net fair value (gain)/loss on currency derivatives	**0.1**	2.8
Financing costs capitalised to qualifying development projects and construction in progress	**16.8**	60.3
Net fair value gain/(loss) on other financial liabilities and interest rate hedges	**(411.2)**	91.8
(Gain)/loss in respect of asset dispositions	**(147.4)**	(4.1)
(Increase)/decrease in working capital attributable to operating activities	**(75.2)**	(45.3)
Net cash flows from operating activities	**90.9**	345.1

NOTE 18 DIVIDENDS/DISTRIBUTIONS

(a) Final distributions paid

Distribution in respect of the 12 months to 31 December 2018		
- to be paid on 28 February 2019	**4.2**	-
Distribution in respect of the 6 months to 31 December 2017		
WAT: 2.55 cents per unit	**-**	53.0
	4.2	53.0

(b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2017		
WAT: 10.20 cents per unit	**-**	212.0
	-	212.0

	31 Dec 18 $million	31 Dec 17 $million

NOTE 19 LEASE RECEIVABLES AND PAYABLES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease receivables and payables.

Operating lease receivables

Substantially all of the property owned and leased by the Group is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

Future minimum rental revenues under non-cancellable operating retail property leases:	**31 Dec 18 $million**	31 Dec 17 $million
Due within one year	**572.0**	633.3
Due between one and five years	**1,895.0**	2,122.1
Due after five years	**1,528.0**	1,936.9
	3,995.0	4,692.3

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retailer sales in excess of stipulated minimums and do not include any recovery of outgoings.
Total operating lease receivables of $3,995.0 million (31 December 2017: $4,692.3 million) comprises $2,103.3 million (31 December 2017: $2,678.7 million) of consolidated and $1,891.7 million (31 December 2017: $2,013.6 million) of equity accounted operating lease receivables.

Operating lease payables

The following are prepared on a proportionate basis which includes both consolidated and equity accounted operating lease	**31 Dec 18 $million**	31 Dec 17 $million
Due within one year	**6.6**	45.4
Due between one and five years	**24.2**	205.1
Due after five years	**32.8**	482.8
	63.6	733.3

Total operating lease payables of $63.6 million (31 December 2017: $733.3 million) comprises $58.7 million (31 December 2017: $728.3 million) of consolidated and $4.9 million (31 December 2017: $5.0) of equity accounted operating lease payables.

NOTE 20 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Estimated capital expenditure committed at balance date but not provided for in relation to development projects:	**31 Dec 18 $million**	31 Dec 17 $million
Due within one year	**181.3**	242.5
Due between one and five years	**131.8**	390.2
	313.1	632.7

Total capital expenditure commitment of $313.1 million (31 December 2017: $632.7 million) comprises $72.7 million (31 December 2017: $243.9 million) of consolidated and $240.4 million (31 December 2017: $388.8 million) of equity accounted capital expenditure commitments.

NOTE 21 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 18 $million	31 Dec 17 $million
Performance guarantees	**42.5**	67.6
Guaranteed borrowings of related entities	**20,118.6**	2,128.7
	20,161.1	2,196.3

The Group's obligation with respect to performance guarantees may be called on at any time dependent upon the performance or non performance of certain third parties.

From time to time, in the normal course of business, the Group is involved in lawsuits. The Directors of the Trustee believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

NOTE 22 CAPITAL RISK MANAGEMENT

The Group seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Group entities:

- comply with capital and distribution requirements of their constitutions and/or trust deeds;
- comply with capital requirements of relevant regulatory authorities;
- maintain strong investment grade credit ratings; and
- continue to operate as going concerns.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

- sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;
- financing facilities for unforeseen contingencies are maintained; and
- distributions to members are maintained within the stated distribution policy.

The Group is able to alter its capital mix by issuing new securities and hybrid securities, activating its distribution reinvestment plan, adjusting the amount of distributions paid to members, activating a security buy-back program, returning capital, divesting assets or adjusting the timing of capital expenditure for its property redevelopment pipeline.

The Group also protects its equity in assets by taking out insurance.

NOTE 23 FINANCIAL RISK MANAGEMENT

The Group’s principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, non current financial assets and derivative financial instruments.

The Group manages its exposure to key financial risks in accordance with the Group’s treasury risk management policies. These policies have been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

The Group’s treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group at times may enter into derivative financial instruments, principally interest rate swaps, interest rate options, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group’s operations, cash flows, interest bearing liabilities and its net investments in foreign operations. The Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, and hedges of share based payments, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of derivatives have been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Gains or losses arising on the movements in the fair value of cross currency swaps which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a cross currency swap, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to the income statement.

NOTE 24 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 18 $million**	31 Dec 17 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	11	**1,253.8**	193.9
Non current interest bearing liabilities	11	**6,506.0**	6,446.9
Share of equity accounted entities interest bearing liabilities	8(c)	**1,628.6**	1,662.9
Principal amounts subject to interest rate payable exposure		**9,388.4**	8,303.7
Principal amounts of all interest bearing assets:			
Loans receivable from related entities	30(b)	**18.0**	13.1
Cash	17(a)	**44.6**	107.9
Share of equity accounted entities cash	8(c)	**45.5**	35.8
Principal amounts subject to interest rate receivable exposure		**108.1**	156.8
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**9,280.3**	8,146.9

NOTE 24 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	**31 Dec 18 $million**	31 Dec 17 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
- US$	24(ii)	**6,750.5**	5,759.8
Interest rate caps			
- US$	24(iii)	**-**	28.5
Principal amounts on which interest rate payable exposure has been hedged		**6,750.5**	5,788.3
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
- US$	24(ii)	**500.0**	500.0
Principal amounts on which interest rate receivable exposure has been hedged		**500.0**	500.0
Principal amounts on which net interest rate payable exposure has been hedged		**6,250.5**	5,288.3

At 31 December 2018, the Group has hedged 67% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 33% is exposed to floating rates on a principal payable of $3,029.8 million, at an average interest rate of 3.5%, including margin (31 December 2017: 65% hedged with floating exposure of $2,858.6 million at an average rate of 2.7%). Changes to derivatives due to interest rate movements are set out in Note 24(ii).

Interest rate sensitivity		**31 Dec 18 $million**	31 Dec 17 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**60.6**	57.2
	-1.0%	**30.3**	28.6
	-0.5%	**15.1**	14.3
	0.5%	**(15.1)**	(14.3)
	1.0%	**(30.3)**	(28.6)
	2.0%	**(60.6)**	(57.2)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 24 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

Notional principal or contract amounts and contracted rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 18 Notional principal amount million**	**31 Dec 18 Average rate**	**31 Dec 18 Principal amount million**	**31 Dec 18 Average rate including margin**	31 Dec 17 Notional principal amount million	31 Dec 17 Average rate	31 Dec 17 Principal amount million	31 Dec 17 Average rate including margin
US$ payable								
31 December 2017	-	-	-	-	-	-	US$(5,759.8)	3.75%
31 December 2018	-	-	**US$(6,750.4)**	**3.84%**	-	-	US$(5,750.4)	3.75%
31 December 2019	-	-	**US$(5,489.8)**	**4.10%**	-	-	US$(4,489.8)	4.03%
31 December 2020	-	-	**US$(4,829.1)**	**3.95%**	-	-	US$(3,829.1)	3.84%
31 December 2021	-	-	**US$(4,825.9)**	**3.95%**	-	-	US$(3,825.9)	3.84%
31 December 2022	-	-	**US$(4,047.6)**	**4.03%**	-	-	US$(3,047.6)	3.91%
31 December 2023	-	-	**US$(3,546.2)**	**4.05%**	-	-	US$(2,546.2)	3.92%
31 December 2024	-	-	**US$(2,108.7)**	**4.23%**	-	-	US$(1,108.7)	4.11%
31 December 2025	-	-	**US$(1,839.5)**	**4.30%**	-	-	US$(839.5)	4.20%
31 December 2026	-	-	**US$(1,500.0)**	**4.50%**	-	-	US$(500.0)	4.75%
31 December 2027	-	-	**US$(1,500.0)**	**4.50%**	-	-	US$(500.0)	4.75%
31 December 2028-43	-	-	**US$(1,000.0)**	**4.69%**	-	-	US$(500.0)	4.75%
31 December 2044-47	-	-	**US$(500.0)**	**4.63%**	-	-	-	-
US$ receivable								
31 December 2017	-	-	-	-	US$500.0	3.69%	-	-
31 December 2018	**US$500.0**	**3.69%**	-	-	US$500.0	3.69%	-	-
31 December 2019	**US$500.0**	**3.69%**	-	-	US$500.0	3.69%	-	-

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2018, the aggregate fair value is a receivable of $5.1 million (31 December 2017: $16.3 million). The change in fair value for the year ended 31 December 2018 was $11.2 million (31 December 2017: $36.5 million).

Fair value sensitivity		**31 Dec 18 $million**	31 Dec 17 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**10.4**	20.7
	-1.0%	**5.4**	10.2
	-0.5%	**2.7**	5.1
	0.5%	**(2.7)**	(5.0)
	1.0%	**(5.4)**	(10.0)
	2.0%	**(10.7)**	(19.6)

All fixed rate borrowings are carried at amortised cost, therefore increases or decreases arising from changes in fair value have not been recorded in these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 24 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

Notional principal of the Group's consolidated and share of equity accounted interest rate options:

Interest rate options contracted as at the reporting date and outstanding at	**Interest rate options** **31 Dec 18 Notional principal amount million**	**31 Dec 18 Average strike rates**	Interest rate options 31 Dec 17 Notional principal amount million	31 Dec 17 Average strike rate
US$ payable caps				
31 December 2017	**-**	-	US$(28.5)	3.50%

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2018, the aggregate fair value is nil (31 December 2017: a payable of $3,835.4). The change in fair value for the year ended 31 December 2018 was $3,835.4 (31 December 2017: $785.7).

NOTE 25 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	31 Dec 18 $million	31 Dec 17 $million
Foreign currency net investments		
Australian Dollar		
A$ net liabilities	**A$(35.5)**	A$(15.5)
A$ borrowings	**A$(1,623.9)**	A$(1,480.3)
A$ denominated net liabilities	**A$(1,659.4)**	A$(1,495.8)

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

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

Foreign currency sensitivity		**31 Dec 18 $million**	31 Dec 17 $million
The sensitivity of A$ denominated net liabilities to changes in the year end US$/A$1.41659 rate (31 December 2017: 1.2806) is as follows:	US$/A$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(192.6)**	(216.2)
	- 10 cents	**(89.0)**	(98.9)
	- 5 cents	**(42.9)**	(47.5)
	+ 5 cents	**39.9**	43.9
	+ 10 cents	**77.2**	84.6
	+ 20 cents	**144.9**	157.8

NOTE 26 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2018, the aggregate credit risk in respect of cash and cash equivalents (consolidated and equity accounted) is $90.1 million (31 December 2017: $143.7 million).

At 31 December 2018, the aggregate credit risk in respect of derivative financial instruments is $5.1 million (31 December 2017: $16.3 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 11.

NOTE 27 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 18 $million	31 Dec 17 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 11) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(1,516.7)**	(399.4)
Due between one and five years	**(3,509.8)**	(5,355.9)
Due after five years	**(4,980.6)**	(2,215.6)
	(10,007.1)	(7,970.9)
Comprising:		
- principal amounts of current and non current interest bearing liabilities	**(7,759.8)**	(6,640.8)
- aggregate future estimated nominal interest	**(2,247.3)**	(1,330.1)
	(10,007.1)	(7,970.9)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**4.6**	10.0
Due between one and five years	**0.5**	11.2
Due after five years	**-**	-
	5.1	21.2

Contingent liabilities are set out in Note 21 and are not included in the amounts shown above.

NOTE 28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 18 $million	31 Dec 17 $million	**31 Dec 18 $million**	31 Dec 17 $million
Consolidated assets				
Cash and cash equivalents	**44.6**	107.9	**44.6**	107.9
Trade debtors [(i)]	**33.7**	35.5	**33.7**	35.5
Receivables	**272.9**	247.0	**272.9**	247.0
Other investments [(ii)]	**813.1**	438.1	**813.1**	438.1
Derivative assets [(ii)]	**5.1**	16.3	**5.1**	16.3
Consolidated liabilities				
Trade creditors [(i)]	**35.2**	41.5	**35.2**	41.5
Payables and other creditors [(i)]	**420.1**	1,528.6	**420.1**	1,528.6
Interest bearing liabilities				
- Fixed rate debt	**5,096.9**	4,243.8	**5,121.9**	4,125.4
- Floating rate debt	**2,618.8**	2,508.2	**2,637.9**	2,515.4
Other financial liabilities [(ii)]	**963.5**	1,385.8	**963.5**	1,385.8

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

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

Determination of fair value

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

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

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

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

	31 Dec 18 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Other property investments				
- Unlisted investments	**813.1**	-	-	813.1
Derivative assets				
- Interest rate derivatives	**5.1**	-	5.1	-
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
- Fixed rate debt	**5,096.9**	-	5,096.9	-
- Floating rate debt	**2,618.8**	-	2,618.8	-
Other financial liabilities				
- Redeemable preference shares/units	**924.9**	-	698.6	226.3
- Finance leases	**38.6**	-	38.6	-
Derivative liabilities				
- Interest rate derivatives	**-**	-	-	-

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

Notes to the Financial Statements

NOTE 28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 17 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other property investments				
- Unlisted investments	438.1	-	-	438.1
Derivative assets				
- Interest rate derivatives	16.3	-	16.3	-
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
- Fixed rate debt	4,243.8	-	4,243.8	-
- Floating rate debt	2,508.2	-	2,508.2	-
Other financial liabilities				
- Redeemable preference shares/units	1,346.7	-	1,124.2	222.5
- Finance leases	39.1	-	39.1	-
Derivative liabilities				
- Interest rate derivatives	-	-	-	-

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

	Unlisted investments (i) **31 Dec 18 $million**	**Redeemable preference shares/units** (ii) **31 Dec 18 $million**	Unlisted investments (i) 31 Dec 17 $million	Redeemable preference shares/units (ii) 31 Dec 17 $million
Level 3 fair value movement				
Balance at the beginning of the year	**438.1**	**222.5**	470.3	226.4
Additions	**430.4**	**-**	6.4	-
Disposals	**-**	**-**	(8.6)	-
Net fair value gain/loss to income statement	**(55.4)**	**(16.6)**	(30.0)	(3.9)
Balance at the end of the year	**813.1**	**205.9**	438.1	222.5

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

(ii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2018, an increment of 1% to the earnings yield would result in an additional gain of $33.9 million (31 December 2017: $38.0 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $48.4 million (31 December 2017: $55.2 million) in the income statement.

Investment properties are also considered Level 3, refer to Note 7: Investment Properties for relevant fair value disclosures.

	31 Dec 18 $million	31 Dec 17 $million
NOTE 29 PARENT COMPANY		
(a) Assets		
Current assets	**0.3**	27.5
Non current assets (primarily investment in subsidiaries)	**7,090.6**	5,060.0
Total assets	**7,090.9**	5,087.5
(b) Liabilities		
Current liabilities	**8.0**	1,170.0
Non current liabilities	**1,146.4**	-
Total liabilities	**1,154.4**	1,170.0
(c) Total equity		
Contributed equity	**4,615.7**	4,597.7
Accumulated profit/(losses) and reserves	**1,320.8**	(680.2)
Total equity	**5,936.5**	3,917.5
(d) Comprehensive income		
Profit after tax for the period	**2,419.4**	53.1
Other comprehensive income	**(347.4)**	327.8
Total comprehensive income for the period	**2,072.0**	380.9
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**5,000.0**	4,525.0
Guaranteed borrowings of related entities	**20,118.6**	2,128.7
	25,118.6	6,653.7

NOTE 30 RELATED PARTY DISCLOSURES

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

(a) Related Party Investments

In December 2018 the ownership of Westfield Development, Inc., WALP Service, Inc. and Westfield Risk, LLC, was transferred from Westfield LLC ("WLLC") to a newly formed related company URW US Services, Inc. ("URW US Services") in exchange for non-voting preferred Series A ($322.7 million) and non-voting preferred Series B shares ($85.0 million) in URW US Services. The Series A Preferred Stock and Series B Preferred Stock have no fixed maturity, are non redeemable with a 6.5% fixed coupon and are classified as non current financial assets. As a result of this transaction a gain on sale for book accounting purposes was recognised of $147.2 million, whereas the transaction was a non-recognition transaction for US tax purposes.

(b) Other related party disclosures

The Trustee, a subsidiary of WCL, is considered to be a related party of the Group.

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

(i) Manager's service charges;

(ii) Reimbursement of expenses;

(iii) Construction contracts; and

(iv) Loans and financial derivatives.

The Trustee management fee for the year ended 31 December 2018 was $3.2 million (31 December 2017: $4.1 million) of which nil was payable at 31 December 2018 (31 December 2017: nil).

During the year, the Group paid to a subsidiary of WCL $14.7 million in respect of corporate service fees (31 December 2017: $4.8 million).

Foreign currency contract with WCL

WAT and WCL entered into foreign currency contracts in 2018. WAT paid A$14.9 million to WCL in exchange for WCL paying $11.0 million to WAT. The foreign currency contracts matured during the year and the loss from the contracts was $0.1 million.

Foreign currency contracts with WFDT

WAT and WFDT entered into a foreign currency contract in 2018. WAT paid A$27.1 million to WFDT in exchange for WFDT paying $20.0 million to WAT. The foreign currency contract matured during the year and the loss from the contract was $0.1 million.

Loans from WFDT

During the year, WAT had a US$ interest bearing loan from WFDT. The balance of the loan at year end is a payable of $1,041.5 million (31 December 2017: $1,350.0 million), with accrued interest payable of nil (31 December 2017: $0.5 million). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from WFDT was $33.9 million (31 December 2017: $17.2 million).

During the year, WAT had A$ interest bearing loans from WFDT. The balance of the loans and accrued interest was transferred to URSE on 19 December 2018 (31 December 2017: a payable of $190.4 million, accrued interest payable of $1.4 million). Interest accrued on those loans based on a floating rate. The interest expense for the year in respect of the loans from WFDT was $6.5 million (31 December 2017: $4.1 million).

During the year, WAT had an A$ non-interest bearing loan from WFDT and the loan was converted to interest bearing on 7 June 2018 and transferred to URSE on 19 December 2018 (31 December 2017: a non interest bearing payable of $965.6 million). Interest accrued on this loan based on a floating rate. The interest expense for the year in respect of the loan from WFDT was $15.0 million (31 December 2017: nil).

Loans from Unibail-Rodamco SE (URSE)

During the year, WAT had an A$ interest bearing loan from URSE. The balance of the loan at year end is a payable of $1,146.4 million, with accrued interest payable of $2.4 million. Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from URSE was $1.3 million.

Loans to URW America Inc. (URWAI)

During the year, WAT had a US$ interest bearing loan to URWAI. The balance of the loan at year end is a receivable of $18.0 million (31 December 2017: nil), with accrued interest receivable of $31,108 (31 December 2017: nil). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to URWAI was $31,108 (31 December 2017: nil).

Loans to WCL

During the year, WAT had a US$ interest bearing loan to WCL. The balance of the loan at year end is nil (31 December 2017: a receivable of $13.1 million), with accrued interest receivable of nil (31 December 2017: $76,075). Interest accrues on this loan based on a floating rate. The interest income for the year in respect of the loan to WCL was $34,807 (31 December 2017: $0.1 million).

NOTE 30 RELATED PARTY DISCLOSURES (CONTINUED)

(c) LFG

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family were considered to be related parties of Westfield Corporation up to 6 June 2018. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Sir Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

Westfield Corporation owned two aircraft for business use by its executives up to 6 June 2018. Westfield Corporation and LFG had entered into an aircraft interchange agreement, whereby Westfield Corporation provides its aircraft and flight crew to LFG in exchange for equal time usage of an aircraft and flight crew owned by LFG. In addition to the interchange agreement, there are a number of arrangements between Westfield Corporation and LFG including usage of the aircraft in excess of the interchange agreement, aircraft operation, maintenance, crew sharing and use of the hangar facility. These arrangements had been entered into on arm's length commercial terms. For the period up to 6 June 2018, $533,197 (31 December 2017: $1,418,855) was charged by Westfield Corporation to LFG in relation to the aircraft agreement and provision of aircraft services.

Westfield Corporation also provided security services to certain Directors during the financial year. For the period up to 6 June 2018, Westfield Corporation charged LFG $844,130 (31 December 2017: $1,729,653) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions. No amounts were owing to or from LFG at 31 December 2018 (31 December 2017: nil).

NOTE 31 DETAILS OF MATERIAL AND SIGNIFICANT SUBSIDIARIES

Name of entity	**Dec-18 interest Material and significant subsidiaries %**	Dec-17 interest Material and significant subsidiaries %
ENTITIES INCORPORATED IN AUSTRALIA		
Parent Entity		
Westfield America Trust	**100.0**	100.0
Consolidated Controlled Entities		
WFA Finance (Aust) Pty Limited	**100.0**	100.0
ENTITIES INCORPORATED IN UNITED STATES		
Consolidated Controlled Entities		
New WTC Retail Member, LLC	**100.0**	100.0
Head Acquisition, LP	**100.0**	100.0
Urban Shopping Centers, LP	**100.0**	100.0
WEA Finance, LLC	**100.0**	100.0
WEA Valley Fair UTC, LP	**100.0**	100.0
Westfield America, LP	**100.0**	100.0
Westfield America Shopping Centers, LP	**100.0**	100.0
Westfield America, Inc	**100.0**	100.0
Westfield Development, Inc.	**-**	100.0
Westfield Garden State, LLC	**100.0**	100.0
Westfield Growth, LP	**100.0**	100.0
Westfield Head, LP	**100.0**	100.0
Westfield, LLC	**100.0**	100.0
Westfield U.S. Holdings, LLC	**100.0**	100.0

NOTE 32 DIRECTORS OF WESTFIELD AMERICA MANAGEMENT LIMITED

The Directors of Westfield America Management Limited from 1 January 2018 to 7 June 2018 are set out below:

- Sir Frank Lowy AC retired 7 June 2018
- Brian Schwartz AM retired 7 June 2018
- Ilana Atlas retired 7 June 2018
- Roy Furman retired 7 June 2018
- Jeffrey Goldstein retired 7 June 2018
- Michael Gutman OBE retired 7 June 2018
- Mark G. Johnson retired 7 June 2018
- Mark R. Johnson AO retired 7 June 2018
- Donald Kingsborough retired 7 June 2018
- Peter Lowy retired 7 June 2018
- Steven Lowy AM retired 7 June 2018
- John McFarlane retired 7 June 2018
- Dawn Ostroff retired 7 June 2018

The Directors of Westfield America Management Limited from 7 June 2018 are set out below:

- Jean-Marie Tritant
- Michel Dessolain
- Michael John Britton
- Tim Jarvis (to 26 November 2018)
- Rupert Smoker (from 26 November 2018)

Statement by the Trustee

In accordance with a resolution of the directors of Westfield America Management Limited, the Trustee, I state that, in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes of the Trust are in accordance with the requirements of the Trust Constitution, and:

  (i) are properly drawn up so as to present fairly the financial position of the Trust as at 31 December 2018 and of its performance for the year ended on that date;

  (ii) comply with Accounting Standards to the extent set out in Note 1(d) to the financial statements.

(b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Rupert Smoker
27 March 2019, Sydney

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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Westfield America Trust

Opinion

We have audited the financial report of Westfield America Trust (the Trust) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the statement by the trustee.

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Australian Accounting Standards.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also 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.

Responsibilities of the Trustee for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to 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 the 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 the 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 financial report represents 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 Group audit. 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.

Ernst & Young

Ernst & Young
Sydney
27 March 2019