

17 February 2010

WESTFIELD GROUP 2009 OPERATIONAL EARNINGS UP 6.2%

The Westfield Group (ASX:WDC) today announced its 2009 full year results, with Operational earnings of \$2.064 billion, up 6.2% on the prior year. Operational EBIT was \$2.871 billion, up 8.3% on the prior year.

Operational earnings (on a hedged basis) and distribution for the year were \$2.109 billion representing 94.0 cents per security which is consistent with the Group's full year forecast.

The Group's statutory result for the year, under AIFRS, was \$(458) million, impacted by the downward property revaluations of \$3.5 billion principally experienced in the first half of the year.

In the six months to December 2009, capitalisation rates across each region stabilised and the Group's statutory result, under AIFRS, was a profit of \$250 million.

Westfield Group Managing Directors, Peter Lowy and Steven Lowy, said: "Notwithstanding the difficult conditions in the real estate, retail and capital markets in which we operate, the Group has been able to meet its forecast given in February last year.

Overall, we have seen strong performance from the Australian business throughout the year and conditions have stabilised in the second half of the year in our United States, United Kingdom and New Zealand businesses."

Operating Performance

For the year, comparable shopping centre net operating income for the portfolio grew by 1.6%, with the Australian and New Zealand portfolios growing by 5.9%, the United States portfolio declining 3.9% and the United Kingdom portfolio declining 4.2%.

The portfolio at 31 December 2009 was 97.2% leased, its highest level since September 2008 and a 120 basis point improvement from the low of 96.0% experienced at the end of March 2009. This was driven by a 270 basis point improvement in the US portfolio to 92.8%, a 230 basis point improvement in the UK portfolio to 98.9% and a continuation of the strong performance in the Australian and New Zealand portfolios which are in excess of 99.5% leased.

For 2009, comparable specialty retail sales for the Group's centres in Australia grew by 3.3%; in New Zealand by 0.4% and in the United States declined by 9.5%. In the United Kingdom, industry statistics show comparable retail sales for 2009 were up 1.5% nationally with London growing by 5.2%.

The Group completed four major developments during the year, at an aggregate project cost to the Group of \$483 million – at Riccarton in New Zealand, and at Santa Anita, Culver City and Galleria at Roseville, all in California.

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The projects currently under construction by the Group are principally the Sydney City project (\$1.2 billion) and Stratford (£1.45 billion/ \$2.6 billion) in London. To date \$2.0 billion has been spent with the balance of \$1.9 billion to be incurred over the next two to three years.

“Our development activity remains concentrated in the Sydney CBD and Stratford, the gateway to the London 2012 Olympics, with these two world class projects expected to create significant long term value for the Group. Excellent progress continues with over 50% of the area of each project now either leased or committed.

Redevelopment remains a major component of our long term value creation activity and we will continue to invest in the predevelopment of our high quality opportunities in order to be in a position to commence these projects when market conditions are appropriate.

The Group plans to commence \$300 million of Australian projects in the second half of 2010 in addition to the new \$350 million office tower at Sydney City”, Steven Lowy said.

Capital Management and Outlook

During the year, the Group raised \$9.1 billion: \$3.6 billion of equity and \$5.5 billion of new and extended finance facilities including a US\$2 billion public bond issue in August.

The Group’s gearing ratio at December 31 was 35.8% and available liquidity was \$7.8 billion.

The Group announced in August 2009 a change to its distribution payout level to between 70% - 75% of Operational earnings, with this change effective from the 2010 calendar year and, assuming no material change in economic conditions, the Group expects to pay a distribution of 64 cents per security for the year.

“The change in the distribution payout level will enable the Group to retain approximately \$500 million per annum. This will be deployed in the Group’s future investment activities including strategic developments, which have target long term investment returns of between 12% - 15%, and any acquisition opportunities”, Peter Lowy said.

The Group will no longer continue to hedge its net foreign denominated earnings.

The Group’s position is underpinned by its high quality portfolio of 119 shopping centres across Australia, the United States, the United Kingdom and New Zealand, delivering resilient cashflow and benefitting from the sustained investment in the portfolio through redevelopment activity over recent years.

The Group continues to focus on maintaining balance sheet strength and the allocation of its capital to generate long term returns.

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The Westfield Group (ASX Code: WDC) is an internally managed, vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing approximately 4,000 staff worldwide. It has investment interests in 119 shopping centres across Australia, the United States, the United Kingdom and New Zealand, encompassing in excess of 23,700 retail outlets. With a total value of assets under management in excess of A\$59 billion, the Westfield Group is the largest retail property group in the world by equity market capitalisation.

This release contains forward-looking statements, including statements regarding future earnings and distributions. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this presentation. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements