

WESTFIELD GROUP 2008 OPERATIONAL SEGMENT EARNINGS UP 10.4% MEETS FORECAST

The Westfield Group (ASX:WDC) today announced its full year results, with operational segment earnings for the year ended 31 December 2008 of \$1.94 billion, representing 100 cents per security, up 10.4% on the prior year and up 5.6% per security, on a constant currency basis. The results are in line with the forecast provided in February last year.

The distribution for the year of \$2.07 billion represents 106.5 cents per security, comprising operational segment earnings per security of 100 cents and associated income hedging per security of 6.5 cents.

Westfield Group Managing Directors, Peter Lowy and Steven Lowy, said: "The Group continued to deliver strong underlying earnings in a challenging global environment.

The benefits of the Group's global diversification have been demonstrated in these results. Strong performance from the Australian portfolio during the year has offset a deterioration of retail fundamentals in the United States, United Kingdom and New Zealand".

The statutory result prepared under AIFRS was a loss of \$2.2 billion and includes non-cash mark to market adjustments of financial instruments of \$(1.3) billion and asset revaluations of \$(3.3) billion, the latter principally due to an increase in capitalisation rates.

These asset revaluation adjustments were offset by currency gains of \$4.7 billion as a result of the appreciation of the US dollar that are shown in the balance sheet rather than the income statement, as required under Australian accounting standards.

In the four and half years since the Group's merger in July 2004, the Group has achieved cumulative asset revaluation gains of approximately \$9.9 billion, inclusive of the 2008 revaluations.

Total assets of the Group were \$57.7 billion at 31 December 2008, with gross property investments increasing to \$53.4 billion from \$48.5 billion at 31 December 2007.

The Group remains focussed on prudent capital management. Since the beginning of 2008, the Group has issued \$1.6 billion of new debt, extended \$1.5 billion of facilities and raised over \$3 billion in equity capital. Facilities maturing in 2009 total \$1.4 billion. Group gearing is currently 34.6%, with available liquidity of \$8.7 billion.

The Group's portfolio of 119 high quality shopping centres across Australia, the United States, the United Kingdom and New Zealand is well positioned in the current economic environment and benefits from the substantial investment in the portfolio through the redevelopment activity over recent years.

For the 2008 year, comparable shopping centre net operating income for the portfolio grew by 2.8%, driven by growth in Australia and New Zealand of 4.7%, growth in the United States of 0.5% and a decline of 1.8% in the United Kingdom.

For 2008, retail sales for the Group's centres in: -

- Australia were solid, with total sales growing by 7.1% and up 3.7% on a comparable basis;
- New Zealand total sales grew by 8.2% and declined 1.2% on a comparable basis;
- The United States specialty store sales were US\$437 per square foot, a decrease of 6.8%.

In the United Kingdom, industry statistics showed comparable retail sales in London grew by 3.8% and declined nationally by 0.7%.

During the year, 4,905 leasing deals were completed, representing approximately 874,000 square metres of retail space. The level of leasing activity for 2008 was consistent with the level for the prior year. Portfolio occupancy at year end was 97.1%.

The Group completed nine major developments during 2008, at an aggregate project cost of \$5.6 billion (WDC share \$3.8 billion) including the \$3.6 billion Westfield London project (WDC share \$2.4 billion). The projects completed during the year achieved development revaluation gains of \$317 million.

“The successful completions of our landmark projects at Westfield London and Doncaster were an outstanding achievement in a challenging environment. Both projects opened on time, very well leased and are trading in line or ahead of our target”, Steven Lowy said.

There are seven projects currently under construction at a forecast investment of \$4.7 billion (WDC share - \$4.6 billion), including Stratford in London (\$3.0 billion) and the recently commenced Sydney City project. This \$860 million development is located in the heart of Australia's premier retail precinct. The project has a target yield on cost in the range of 8.00% – 8.50% and is expected to complete in 2012.

The five smaller projects under construction, representing a Group investment of \$700 million, are expected to complete during 2009 and 2010.

At year end, \$1.6 billion had been spent on the projects under construction with the balance of \$3.0 billion to be incurred over the next four years.

The Group is not planning to commence any large project during the remainder of 2009.

“Our development activity is concentrated in Sydney and Stratford, the gateway to the London 2012 Olympics. These two projects, located in some of the best retail locations in the world, are of the highest quality and are expected to create significant long term value.

Redevelopment is 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 conditions are appropriate”, Steven Lowy said.

Distribution and Securityholder Purchase Plan

As announced on 27 January 2009, the distribution for the six month period ended 31 December 2008 is 53.25 cents per ordinary stapled security and will be paid to securityholders on Friday 27 February 2009.

Those securityholders who elected to participate in the Distribution Reinvestment Plan (DRP) will be allotted the new securities on 27 February 2009. The issue price of the new DRP units is \$10.04 per security.

Following on from the Group's recent \$2.9 billion placement and in order to provide all securityholders an opportunity to participate in the Group's capital raising, the Group will implement a Securityholder Purchase Plan (SPP). Eligible securityholders will be able to subscribe up to \$5,000 to purchase new Westfield Group securities at \$10.04 per security, the same price as the DRP. Securities issued under the SPP will rank for distributions from 1 January 2009. Securityholders on the register as at 7:00pm today will be eligible to participate in the SPP.

2009 Forecast

The Westfield Group's high quality global portfolio is underpinned by a strong balance sheet and management team, high occupancy levels and long term leases based on minimum contracted rents generating stable cash flows that have proven to be resilient through economic cycles.

The Group continues to focus on maintaining its balance sheet strength and where it invests its capital. The recent equity raising positions the Group to take advantage of opportunities in this environment.

As announced on 3 February 2009 in conjunction with the equity issue, operational earnings and distribution for 2009, assuming no material change in currency exchange rates or economic conditions, are forecast to be in the range of 94 cents to 97 cents per security.

ENDS

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 23,000 retail outlets. With a total value of assets under management in excess of A\$69 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