

29 August 2007

WESTFIELD GROUP ANNOUNCES STRONG OPERATIONAL AND DEVELOPMENT EARNINGS

The Westfield Group (ASX:WDC) today announced its half year results, reporting operational segment earnings for the half year ended 30 June 2007 of \$844 million, up 7.4% over the same period last year (on a constant currency basis). This represents 47.27 cents per security, an increase of 5.7%.

Net profit for the six months was \$1.97 billion, which includes property revaluations and mark to market adjustments.

The distribution for the six months (including income hedging) was \$946 million and 53.25 cents on a per security basis, representing 50% of the estimated full year distribution.

Shopping centre assets were re-valued during the period resulting in a \$1.19 billion increase, which includes \$501 million of value created through development. The value increase in the balance of the portfolio was primarily driven by growth in underlying income.

Westfield Group Managing Directors, Peter Lowy and Steven Lowy, said: "The key features of this result were a solid operational performance across the global portfolio; the continuing delivery of the extensive development program; the efficient use of capital; and the strengthening of the Group's balance sheet."

For the 2007 year, the Group expects to complete \$1.9 billion of major development projects (Westfield Group investment - \$1.4 billion) of which \$270 million (Westfield Group investment - \$212 million) has been completed with a weighted average development yield of approximately 10%.

Currently there are 16 major projects underway at a forecast investment of \$7.2 billion, with the Group's share being \$5.1 billion. This includes \$1 billion of developments commenced in the first half. In addition, over the next three years, the Group is scheduled to commence in excess of \$10 billion of new development projects.

Operating highlights for the half-year include:

- Close to 100% occupancy in Australia, New Zealand and the United Kingdom. In the United States, the portfolio was 93.5% leased at period end.
- Comparable shopping centre net operating income growth of 6.1% in Australia and New Zealand, 2.6% in the United States and 6.7% in the United Kingdom.
- Strong growth in specialty retail sales in Australia and continuing growth reported in New Zealand, the United Kingdom and the United States.
- Strong leasing activity with over 2,400 lease deals completed globally, representing approximately 359,000 square metres of retail space.

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Westfield Holdings Limited ABN 66 001 671 496 **Westfield Management Limited** ABN 41 001 670
579 AFS Licence 230329 as responsible entity for **Westfield Trust** ABN 55 191 750 378 ARSN 090
849 746

Westfield America Management Limited ABN 66 072 780 619 AFS Licence 230324 as responsible
entity for **Westfield America Trust** ABN 27 374 714 905 ARSN 092 058 449

For further information please contact Julia Clarke on +61 2 9358 7426

At the date of this announcement, the Group has raised approximately \$6.0 billion in 2007 mainly from:

- The issue of \$1.26 billion Property Linked Notes;
 - The formation of a new joint venture with GIC at Westfield Parramatta in Sydney, Australia for \$717.5 million;
 - The establishment of a £530 million wholesale fund in the United Kingdom;
- and
- The issue of \$3 billion ordinary equity from a Pro-Rata Entitlement Offer.

In addition, the Group has also recently announced:

- The strategic re-alignment of the United States portfolio - with the divestment of four assets in the St Louis market for US\$1.04 billion and the re-investment into the growing Florida market with the acquisition of two assets for US\$400 million;
- and
- The formation of a new joint venture with LaSalle Investment Management Inc. investing \$738 million for a 50% share in Westfield Doncaster in Melbourne, Australia.

Outlook

The Group has interests in 119 shopping centres across Australia, the United States, the United Kingdom and New Zealand with a gross value of approximately \$62 billion and encompassing 22,450 retail outlets. The size and quality of the portfolio with its geographic diversity, combined with the Group's intensive management, continues to provide the foundation for sustainable income and capital growth.

"Focus will remain on the Group's development program which will enhance the Group's earnings. The Group currently has approximately \$7 billion of development projects underway and in excess of \$10 billion of new development projects expected to commence over the next 3 years. Given this extensive development program and the recent capital initiatives, the Group is well positioned for future growth", Messrs Lowy said.

The distribution forecast for the 2007 year remains unchanged at 106.5 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 in excess of 4,000 staff worldwide. It has investment interests in 119 shopping centres in four countries, with a total value of approximately A\$62 billion and is the largest retail property group in the world by equity market capitalisation.

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MEDIA RELEASE

Westfield Group

Results for the Six Month Period Ended 30 June 2007

1. Financial Highlights

	30 Jun 07	30 Jun 06		30 Jun 07	31 Dec 06
Net Property Income	\$1,228m	\$1,283m	Total Assets	\$49,758m	\$48,882m
Profit After Tax	\$1,974m	\$3,376m	Total Liabilities	\$24,940m	\$25,429m
Distribution	\$946m	\$955m	Net Assets	\$24,818m	\$23,453
Distribution per Security	53.25 cents	54.50 cents	Gearing ¹	36.3%	38.4%

Westfield Group operational segment earnings for the half year ended 30 June 2007 was \$844 million, up 7.4% over the same period last year (on a constant currency basis). This represents 47.27 cents per security, an increase of 5.7%.

The distribution of \$946.4 million (53.25 cents per security representing 50% of the forecast full year distribution) compares to the distribution paid of \$955.4 million (54.50 cents per security) for the six months to 30 June 2006. The prior year distribution included project profits which are no longer distributed.

Profit after tax of \$1,974 million (30 June 2006: \$3,376 million) included property revaluation gains of \$1,187 million (30 June 2006: \$2,695 million); mark to market gains of \$36 million (30 June 2006: \$160 million) and \$70 million (30 June 2006: \$196 million) of deferred tax expense.

Net property income of \$1,228 million (30 June 2006: \$1,283 million) reflects the underlying growth from the existing portfolio as well as the impact of joint ventures, asset divestments and foreign currency movements. Accordingly, underlying interest expense for the period decreased in line with the reduction in debt as a result of these property transactions and the effect of currency movements.

Total assets have increased since 31 December 2006 from \$48.9 billion to \$49.8 billion. During the same period, the gross value of investments under management (including joint venture interests) rose by 3.1% from \$60.7 billion to \$62.6 billion.

The weighted average cap rate of the property portfolio in each region as at 30 June 2007 was Australia 5.6%, United States 6.1%, United Kingdom 5.1%, and New Zealand 6.6%.

¹ Gearing as measured under the Group's global bond offerings

At the date of this announcement, the Group has raised approximately \$6.0 billion in 2007 mainly through:

- The issue of Property Linked Notes to the value of \$1.26 billion. The notes provide returns to investors based on the economic performance of the following Australian Westfield super regional and regional shopping centres: Parramatta, Hornsby, and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide, and Belconnen in Canberra.
- The sale of a 50% joint venture interest in Westfield Parramatta for \$717.5 million to GIC Real Estate.
- The issue of \$3 billion of ordinary equity from a Pro-Rata Entitlement Offer.
- The establishment of a £530 million Westfield UK Shopping Centre Wholesale Fund (effective 1 July 2007).

In addition, the Group has also recently announced:

- The strategic re-alignment of the United States portfolio - with the divestment of 4 assets in the St. Louis market for US\$1.04 billion and the re-investment into the growing Florida market with the acquisition of 2 assets for US\$400 million; and
- The formation of a new joint venture with LaSalle Investment Management Inc investing \$738 million for a 50% share in Westfield Doncaster in Melbourne, Australia.

The Group's gearing level at 30 June 2007 (determined using the methodology required under the Group's bond issues), was 36.3% (31 December 2006: 38.4%). Including the proceeds from the \$3.0 billion rights issue, gearing under this measure is 30%. Based on equity market capitalisation of \$37.2 billion² (31 December 2006: \$39.1 billion²), net debt to total market capitalisation was 28.2% (31 December 2006: 29.2%).

The total distribution for the period of 53.25 cents per stapled security comprises distributions from both Westfield Trust and Westfield America Trust. The aggregated distributions are anticipated to be approximately 50% tax advantaged.

² Based on WDC share price at 30 June 2007 of \$19.96 (31 December 2006: \$20.99) and conversion of convertible securities

2. Operational Highlights

Australia and New Zealand

	30 Jun 07	30 Jun 06		30 Jun 07	31 Dec 06
Net Property Income	\$604 m	\$592 m	Annual Retail Sales	\$20.7 bn	\$20.3 bn
	30 Jun 07	31 Dec 06	Retail Outlets	13,000	13,000
Group Property Investments	\$21.6 bn	\$21.6 bn	GLA (m sqm)	3.8	3.8
Centres	55	55			

The Australian and New Zealand operations contributed net property income of \$604 million for the six months to 30 June 2007 (\$592 million for the six months to 30 June 2006) which includes comparable mall income growth of approximately 6.1%. This performance reflects the steady retail conditions which prevailed during the period as well as the quality of the portfolios in both regions and includes the impact of the sale of 50% of Westfield Parramatta earlier in the year.

At period end occupancy rates continue to be in excess of 99.5% and average specialty store rent per square metre increased by 5.4% over the same time last year.

Retail sales in the Group's 44 Australian centres totalled \$19.1 billion for the 12 months to 30 June 2007. On a comparable basis, for the 6 months to June 2007, total sales increased 5.2% with specialty store sales up 6.3%.

Retail sales at the Group's 11 shopping centres in New Zealand totalled NZ\$1.8 billion for the 12 months to 30 June 2007. On a comparable basis, for the 6 months to June 2007, total sales increased 4.3% with specialty stores sales increasing 4.4% for the half year to 30 June 2007.

United Kingdom

	30 Jun 07	30 Jun 06		30 Jun 07	31 Dec 06
Net Property Income	£19 m	£30 m	Retail Outlets	750	750
	30 Jun 07	31 Dec 06	GLA (m sqm)	0.3	0.3
Group Property Investments	£1.0 bn	£1.0 bn			
Centres	7	7			

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Property income from the UK operation was £19 million for the six months to 30 June 2007 (£30 million for the six months ended 30 June 2006). This reflects like for like mall income growth of 6.7%, primarily attributed to the continued performance of the Merry Hill centre near Birmingham and impacted by the sale of 50% of Merry Hill that occurred in December 2006.

At 30 June 2007, the portfolio was in excess of 99% leased and average specialty store rent per square metre increased by 5.8% over the same time last year.

In the UK, the KPMG/British Retail Consortium UK Retail Sales Monitor reported total sales across the country increased by 5.2% and on a comparable basis increased by 3.0% for the 6 months to 30 June 2007.

United States

	30 Jun 07	30 Jun 06		30 Jun 07	31 Dec 06
Net Property Income	US\$466 m	US\$460 m	Annual Retail Sales - specialties	US\$7.6 bn	US\$7.4 bn
	30 Jun 07	31 Dec 06	Retail Outlets	9,100	9,000
Group Property Investments	US\$16.3 bn	US\$15.6 bn	GLA (m sqm)	6.2	6.1
Centres	59	59			

The United States operations contributed net property income of US\$466 million (US\$460 million for the six months to 30 June 2006) with comparable mall income growth of 2.6%. Average specialty retail sales in the Group's US centres was US\$470 per square foot with comparable growth of 2.9% for the six month period to 30 June 2007. The sales growth reflects the performance of the Group's West Coast (up 3.1%), Mid West (up 3.0%) and East Coast (up 1.5%) portfolios.

At 30 June 2007, the portfolio was 93.5% leased, which is consistent with the same period last year. New leases totalling 1.45 million square feet were completed during the period. New mall shop rents at US\$50.38 per square foot represent a 29.8% increase over expiring rents and includes the positive impact of new projects. The average rent across the entire portfolio at June 2007 was US\$44.24 per square foot, up 5.2% for over the same time last year.

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Development and New Business Highlights

As at 30 June 2007 the Group had 16 projects under construction at a forecast cost of \$7.2 billion (Westfield Group share \$5.1 billion).

Australia and New Zealand

A summary of the current projects under construction in both Australia and New Zealand as at 30 June 2007 compared to 31 December 2006 is as follows:

	30 Jun 07	31 Dec 06
Number of Projects	7	3
Estimated Total Cost	\$1.6 bn	\$510 m
Yield Range	8.7% - 9.1%	9.2% - 9.5%

In Australia there are 2 major projects currently under construction scheduled to complete in 2007. The \$170 million development of Westfield Kotara, near Newcastle, and the \$190 million redevelopment of Westfield North Lakes in Brisbane are scheduled for completion in the second half of 2007.

The Westfield Group has another 3 projects currently under construction scheduled for completion in 2008. In the first half of 2008, the Group anticipates the completion of the \$200 million development at Plenty Valley, Melbourne. The \$195 million redevelopment of Westfield Bay City, in Geelong and the \$600 million redevelopment of Westfield Doncaster in Melbourne are expected to complete in the second half of 2008.

Progress on the Group's landmark project in the Sydney CBD continues and during the period another major milestone was reached with the lodgement of the Stage 2 development application.

In New Zealand, construction has commenced on a NZ\$70 million redevelopment at Manukau in Auckland which is scheduled for completion in the third quarter of 2008. Construction has continued on the Group's remaining New Zealand project, the NZ\$210 million greenfield development at Albany which is progressing on schedule.

The current target weighted average yield range for the projects under construction in Australia and New Zealand is 8.7% to 9.1%. This reflects the Group's incremental income yield on the Group's project cost.

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United Kingdom

The total value of current projects under construction in the United Kingdom is as follows:

	30 Jun 07	Yield Range
Derby	£340 m	8.25% - 8.75%
London	£1,600 m	5.25% - 5.75%

The Group's first development in the United Kingdom, the £340 million redevelopment at Derby is progressing well, and is scheduled to open on 9 October 2007, some 6 months ahead of the original schedule. The yield on the project remains on forecast, in the range of 8.25% and 8.75%.

The current £1.6 billion development at Westfield London is expected to be substantially complete by the end of 2008. The Group's total investment in this project will be approximately £1.0 billion with a yield range on completion of 5.25% to 5.75%.

Westfield has been granted planning approval for the first phase of its planned development at Stratford City, adjacent to the site of the 2012 London Olympic Games. While phase two of the planning process is underway, pre-development work on the site is progressing well and we remain confident of a target opening in 2011.

United States

A summary of the current projects under construction in the United States as at 30 June 2007 compared to 31 December 2006 is as follows:

	30 Jun 07	31 Dec 06
Number of Projects	7	10
Estimated Total Cost	US\$880 m	US\$1,050 m
Yield Range	9.3% - 9.8%	9.9% - 10.4%

The Group completed 3 developments during the period with a total cost of US\$230 million. This includes the redevelopment of Brandon in Florida, the expansion at Southpark in Ohio, and the redevelopment of Garden State Plaza, in New Jersey. These developments were completed with a weighted average development yield of approximately 10.0%.

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Construction continues at the Group's other development sites including Sarasota in Florida (US\$60 million) and Annapolis in Maryland (US\$150 million) due for completion in the second half of 2007. Plaza Bonita (US\$90 million) in San Diego, California is forecast for completion in the first quarter of 2008. Galleria at Roseville near Sacramento in California (US\$250 million) and Southcenter in Seattle, Washington (US\$240 million) are scheduled for completion in the first quarter of 2009.

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