

29th August 2006

WESTFIELD GROUP ANNOUNCES HALF YEAR RESULT CONTINUED STRONG PERFORMANCE IN ALL MARKETS

The Westfield Group (ASX:WDC) today announced its half-year results, reporting operational segment earnings for the 6 months to 30 June 2006 of A\$804 million, up 9.4% from the comparative period last year (on a constant currency basis). Operational segment earnings per security were 45.9 cents, an increase of 6.1%.

Net profit for the half year of A\$3,376 million included property revaluations of A\$2,695 million. The distribution of A\$954.2 million represents 54.50 cents per security which is 6.7% ahead of the same period last year, and includes the distribution of \$128 million of project profits. As announced in February, from 1st July 2006 project profits will no longer be distributed.

Operational highlights for the six months include:
comparable shopping centre net operating income growth of 4.8% in Australia and New Zealand, 4.3% in the United States and 5.9% in the United Kingdom.
close to 100% occupancy in Australia, New Zealand and the United Kingdom markets. In the US, the portfolio is currently 93.5% leased, in line with the same time last year.
consistent positive growth in retail sales in the United States, Australian and New Zealand markets with the United Kingdom also showing positive signs more recently.

Group Managing Directors, Peter Lowy and Steven Lowy, said: "We are very pleased with the Group's performance, not only over the past 6 months but also in the period since the merger in July 2004.

"The strong underlying performance in all four regions and the continued delivery of the Group's extensive development program has enabled the Group to meet the Explanatory Memorandum forecasts in every period in the past 2 years."

Since the merger the Group's shopping centre interests have grown by over A\$16 billion to A\$45.8 billion, an increase of 54.7%. Approximately A\$8.7 billion of this increase is the result of the revaluation of the global shopping centre portfolio which has benefited from strong and consistent income growth, the positive impact of completed redevelopments, and a general increase in retail property valuations. Other contributors to this growth include new acquisitions of A\$5.1 billion and redevelopment expenditure of A\$4.5 billion offset by the disposal of non core assets of A\$1 billion and foreign exchange movements.

"The ability of the Group to continue to optimize operational performance, invest both in new assets and into its existing portfolio through redevelopments and, at the same time, efficiently recycle capital, are key ingredients for sustainable value creation," the Group Managing Directors said.

Currently the Group has 21 projects under construction at a forecast cost of A\$8.0 billion (Westfield Group share A\$5.6 billion). The size, scale and geographic spread of these projects are unprecedented in the Group's history. Major projects to be completed by December 2006 include the US\$460 million downtown San Francisco development, the

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US\$170 million Century City and US\$350 million Topanga developments in Los Angeles and the A\$200 million Chermside and A\$205 million Liverpool redevelopments in Australia. These projects are at the leading edge of design and innovation within the global shopping centre industry.

During the 6 months to 30 June 2006 the portfolio was further strengthened through a series of strategic transactions including:

- the acquisition of a further 75% interest in Stratford City (UK) – now 100% controlled by Westfield Group – adjacent to the site of the 2012 London Olympics, for £140 million. Stratford is the largest zoned retail site in London, and one of the largest in the UK. The location of the site on the east side of London City complements the Group's current £1.6 billion development at White City on London's west side. Together, the two sites provide a unique opportunity for Westfield to gain a major presence in the London market.
- the acquisition of 16 Federated department store sites at 12 Westfield centres in the US, creating the opportunity for 18 new developments with an estimated value of US\$2 billion.
- 3 new department store deals with David Jones in Australia.
- the disposal of 8 non-core US assets for US\$550 million.

The Group also recently announced that it has assumed responsibility for the design and construction of the White City (UK) project from Multiplex. As previously announced Westfield already has responsibility for the development, management and leasing of the project. The major tenants are now committed and we are pleased to announce that Marks and Spencer, Debenhams, Waitrose, Next and National Amusements Cinema de Luxe will each be creating flagship stores at White City.

The Group has previously indicated that it is in the process of investigating a number of capital management initiatives including the establishment of a wholesale funds management business. The review of wholesale fund opportunities is continuing with discussions now being held with interested parties with regard to an A\$2 billion wholesale fund with interests in 6 Australian super regional and regional shopping centres.

Outlook

Today the Group has interests in 120 shopping centres with a gross value of approximately A\$56.8 billion, encompassing 22,000 retail outlets. The size and quality of the portfolio and its geographic diversity provide the foundation for sustainable superior income and capital growth.

Operational Segment earnings are forecast to grow at approximately 6% on a constant currency basis for the 2006 calendar year. This reflects the underlying income growth from the existing portfolio and incremental income from completed developments.

The Directors reconfirm the distribution forecast for 2006 of 106.5 cents per stapled security.

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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 in excess of 4,000 staff worldwide. It has investment interests in 120 shopping centres in four countries, with a total value in excess of A\$56 billion and is the largest retail property group in the world by equity market capitalisation.

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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

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Westfield Group
Results Overview for the Six Month Period Ended 30 June 2006

1. Financial Highlights

	30 June 06	30 June 05		30 June 06	31 Dec 05
Net Property Income	A\$1,283 m	A\$1,169 m	Total Assets	A\$46,233 m	A\$43,051 m
Profit After Tax	A\$3,376 m	A\$1,535 m	Total Liabilities	A\$24,350 m	A\$23,585 m
Distribution	A\$954 m	A\$867 m	Net Assets	A\$21,883 m	A\$19,466 m
Distribution per Security	54.50 cents	51.07 cents	Gearing	41.7% ¹	41.4% ¹

Westfield Group net profit was A\$3,376.3 million for the six months to 30 June 2006 (A\$1,534.5 million for the six months to 30 June 2005). The distribution of A\$954.2 million (54.50 cents per security) compares to the distribution paid of A\$867.2 million (51.07 cents per security) for the six months to 30 June 2005.

Total income for the half year including net contribution from equity accounted entities was A\$4,494 million (30 June 2005: A\$2,795 million) with property income of A\$1,885 million (30 June 2005: A\$1,702 million) and property revaluation gains of A\$2,695 million (30 June 2005: A\$1,223 million). Profit after tax of A\$3,376 million (30 June 2005: A\$1,535 million) also included A\$196 million (30 June 2005: A\$137 million) of deferred tax expenses mainly in relation to the revaluation gains.

Operational segment earnings for the half year were A\$804 million, a 9.4% increase from A\$735 million for the comparative period last year (on a constant currency basis). Operational segment earnings per security was 45.9 cents, an increase of 6.1% (on a constant currency basis).

Total assets have increased since 31 December 2005 from A\$43.1 billion to A\$46.2 billion. During the same period, the gross value of investments under management (including joint venture interests) rose by 8.2% from A\$52.5 billion to A\$56.8 billion. The increased value of the Group's shopping centre portfolio for the period has been driven primarily by upward revaluations of the Group's portfolio, the completion of redevelopments and the acquisition of new properties. The weighted average cap rate of the property portfolio in each region as at 30 June 2006 was Australia 5.8%, United States 6.6%, United Kingdom 5.1%; and New Zealand 7.5%, reflecting a general firming of cap rates during the period.

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

During the 6 months to 30 June 2006 the Group divested 8 non-core US assets for US\$550 million, enabling capital to be recycled into the Group's development program. Other capital management initiatives currently being investigated include the establishment of an A\$2 billion Australian wholesale fund which will have interests in the following Westfield super regional and regional shopping centres: Parramatta (50%), Hornsby (50%) and Burwood (50%) in Sydney, Southland (25%) in Melbourne, Tea Tree Plaza (25%) in Adelaide and Belconnen (25%) in the ACT.

During the period, the Group issued A\$236 million of new equity comprising A\$162 million from the Group's distribution re-investment plan and A\$74 million from the conversion of options (including convertible bonds).

The Group's gearing level at 30 June 2006 (determined using the methodology required under the Group's bond issues), was 41.7% (31 December 2005: 41.4%). Based on equity market capitalisation of A\$32.1 billion² (31 December 2005: A\$33.4 billion²), net debt to total market capitalisation was 33.6% (31 December 2005: 31.6%).

The total distribution for the period of 54.5 cents per stapled security comprises distributions from both Westfield Trust and Westfield America Trust which are tax advantaged to approximately 20%.

2. Based on WDC share price at 30 June 2006 of \$17.33 (31 December 2005 \$18.16) and conversion of convertible securities.

2. Operational Highlights

Australia and New Zealand

	30 June 06	30 June 05		30 June 06	31 Dec 05
Net Property Income	A\$592 m	A\$532 m	Annual Retail Sales	A\$19.2 bn	A\$18.7 bn
	30 June 06	31 Dec 05	Retail Outlets	12,500	12,300
Group Property Investments	A\$19.1 bn	A\$17.2bn	GLA (m sqm)	3.7	3.7
Centres	54	54			

The Australian and New Zealand operations contributed net property income of A\$592 million for the six months to 30 June 2006 (A\$532 million for the six months to 30 June 2005) which includes comparable mall income growth of approximately 4.8%. This performance reflects the steady retail conditions which prevailed during the period as well as the quality of the portfolios in both regions, with occupancy rates continuing to be in excess of 99.5% and specialty store rental growth for the half year of 5.0%. Retail sales in the Group's 43 Australian centres totalled A\$17.7 billion for the 12 months to 30 June 2006. On a comparable basis, sales increased 4.0% with specialty store sales (inclusive of mini majors) up 3.9%. Retail sales at the Group's 11 shopping centres in New Zealand increased 1.6% to NZ\$1.7 billion for the 12 months to 30 June 2006. On a comparable basis, specialty store sales were up 1.2%.

United Kingdom

	30 June 06	30 June 05		30 June 06	31 Dec 05
Net Property Income	£30 m	£33 m	Retail Outlets	800	800
	30 June 06	31 Dec 05	GLA (m sqm)	0.3	0.3
Group Property Investments	£1.5 bn	£1.4 bn			
Centres	7	7			

Property income from the UK operations was £30 million for the six months to 30 June 2006 (£33 million for the six months ended 30 June 2005). This reflects strong like for like mall income growth of 5.9%, primarily attributed to the improved performance of the Merry Hill centre near Birmingham and CastleCourt centre in Belfast, offset by the impact from the sale of the Brunel Centre in Swindon and the Millgate Centre in Bury during 2005. At 30 June 2006, the portfolio was in excess of 99% leased.

In the UK, we are very encouraged by the recent retail sales growth that has been reported across the country with total sales up 4.9% and comparable sales up 2.0% for the 6 months to 30 June 2006.

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United States

	30 June 2006	30 June 2005		30 June 2006	31 Dec 2005
Net Property Income	US\$460 m	US\$430 m	Annual Retail Sales - specialties	US\$7.2 bn	US\$7.3 bn
	30 June 2006	31 Dec 2005			
Group Property Investments	US\$13.7 bn	US\$13.9 bn	Retail Outlets	8,700	9,400
Centres	59	67	GLA (m sqm)	6.0	6.6

The United States operations contributed net property income of US\$460 million (US\$430 million for the six months to 30 June 2005) with comparable mall income growth of 4.3%. This result reflects average specialty retail sales in the Group's US centres of US\$446 per square foot with comparable growth of 5.2% for the period. The strong sales growth reflects the performance of the Group's West Coast (up 5.7%), Mid West (up 5.3%) and East Coast (up 3.9%) portfolios.

At 30 June 2006 the portfolio was 93.5% leased, which is consistent with the prior period. New leases totalling 2.0 million square feet were completed during the 6 months. New mall shop rents at US\$51.12 per square foot represent a 30.0% increase over expiring rents and includes the positive impact of new projects. The average rent across the entire portfolio at June 2006 was US\$40.87 per square foot - up 3.7% for the six months to June 06.

3. Development and New Business Highlights

As at 30 June 2006 the Group had 21 projects under construction at a forecast cost of A\$8 billion (Westfield Group share A\$5.6 billion).

Australia and New Zealand

A summary of the current projects under construction in both Australia and New Zealand as at 30 June 2006 compared to 31 December 2005 is as follows:

	30 June 06	31 Dec 05
Number of Projects	6	5
Estimated Total Cost	A\$807 m	A\$552 m
Yield Range	9.4%-9.7%	9.3%-9.6%

In Australia there are 2 major projects currently under construction scheduled to complete in 2006. The A\$205 million redevelopment of Westfield Liverpool, in Sydney and the A\$200 million redevelopment of Westfield Chermside in Brisbane are forecast for completion by Christmas of 2006 with the introduction of a new David Jones Department Store scheduled to open in the 3rd quarter of 2007 at Westfield Chermside.

During the 6 months to 30 June 2006, we successfully completed the A\$109 million redevelopment of Westfield Parramatta in Sydney and also commenced the A\$170 million development at Westfield Kotara in Newcastle. This project is progressing well and expected to be complete by the third quarter of 2007.

The Stage 1 development approval has been received for the Group's proposed retail and commercial functional layout plan for the Sydney CBD Centrepoint project. This represents the achievement of a major milestone for this iconic project in the heart of Sydney's CBD. At this stage we expect to have a preferred design finalised by the end of the year for lodgement of the Stage 2 development approval.

In New Zealand, construction has commenced on a NZ\$210 million development at Albany in Auckland which is scheduled for completion in the third quarter of 2007. The Group's remaining New Zealand projects include a NZ\$40 million redevelopment project at Chartwell in Hamilton and a NZ\$33 million project at Newmarket in Auckland. Both of these projects are expected to complete during the second half of 2006.

The current target weighted average yield range of the projects under construction in Australia and New Zealand is 9.4% to 9.7%. This reflects the Group's incremental income yield on the Group's project cost.

United Kingdom

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

	30 June 06	Yield Range
Derby	£340 m	8.25% - 8.75%
White City	£1,600 m	5.25% - 5.75%

During the year, the Group acquired a further 75% interest in the Stratford City development in east London which it did not already own. The interest was acquired for approximately £140 million. The Group acquired its initial 25% interest in Stratford City as part of the Duelguide acquisition in December 2004. Stratford City is adjacent to the site for the 2012 London Olympic Games. The site has planning approval for 13 million square feet of mixed use development, including 2 million square feet of retail.

The current £1.6 billion development at White City on London's west side is estimated to be substantially complete in the second half of 2008. The Group's total investment in this project is expected to be approximately £1.0 billion with a yield range on completion of 5.25% to 5.75%.

Recently, the Group announced that it had assumed responsibility for the design and construction of the project from Multiplex in addition to its existing responsibility for the development, management and leasing of the project. Leasing interest continues to be very strong and the major tenants including Marks and Spencer, Debenhams, Waitrose, Next and National Amusements Cinema de Luxe are now committed to creating flagship stores at White City.

With over 150,000 square metres of retail and leisure space, White City will be the largest shopping centre in greater London, and together with our site at Stratford City, provides a unique opportunity for Westfield to gain a major presence in the London market.

The Group's first development in the United Kingdom, the £340 million redevelopment of The Eagle Centre at Derby is progressing well and is now expected to be some 6 months ahead of schedule, with completion due in late 2007. The initial yield on the project has been reforecast to now be in the range of 8.25 – 8.75%, which is also ahead of our original expectations.

Work continues to progress future developments at Stratford (London), Merry Hill (near Birmingham), Sprucefield (Lisburn), Bradford, Guildford and Nottingham.

United States

A summary of the current projects under construction in the United States as at 30 June 2006 compared to 31 December 2005 is as follows:

	30 June 06	31 Dec 05
Number of Projects	13	11
Estimated Total Cost	US\$1,790 m	US\$1,460 m
Yield Range	9.8%-10.3%	9.6%-10.0%

In the United States, the Group acquired 16 department store sites owned by Federated Department Stores, Inc. at 12 Westfield shopping centres. The acquisition of 12 of the stores was in exchange for 12 department store properties owned by Westfield and leased to May Company and the remaining 4 stores were acquired for US\$30.5 million. This acquisition provides the Group with the opportunity for 18 new developments with over \$2 billion of new projects to be started over the next 4 years.

The Group also disposed of 8 non-core assets for US\$550 million recycling capital into the Group's development pipeline.

The Group commenced 4 new projects during the period. This includes the US\$140 million redevelopment of Annapolis in Maryland scheduled for completion in the 4th quarter of 2007, the US\$80 million expansion at Plaza Bonita in San Diego, California and the US\$220 million development of Westfield Galleria at Roseville, near Sacramento, scheduled for completion in the 1st quarter of 2009.

The largest projects currently underway in the United States are the redevelopment of San Francisco Centre in downtown San Francisco, California at a forecast cost of US\$460 million (with Westfield's share of the development US\$230 million) and the US\$330 million expansion of Westfield Topanga. Both of these projects are currently on schedule for completion in the 4th quarter of this year.

The Group currently has its largest ever development pipeline in the United States with 13 projects currently underway at a forecast cost of US\$1.8 billion. These projects have a target weighted average project yield in the range of 9.8% – 10.3%.

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