

27 February 2007

WESTFIELD GROUP ANNOUNCES STRONG OPERATIONAL AND DEVELOPMENT EARNINGS

The Westfield Group (ASX:WDC) today announced its full year results, reporting Operational segment earnings for the year ended 31 December 2006 of \$1.65 billion, up 8.5% over the prior year (on a constant currency basis). This represents an increase of 6.0% on a fully diluted basis.

Net profit for the year was \$5.58 billion, which includes property revaluations and mark to market adjustments. The distribution for the year was \$1.87 billion representing 106.5 cents per security.

Assets were revalued during the year resulting in a \$5.1 billion increase, which includes \$950 million of development gains recognised in 2006 from developments completed during the year. The value increase across the balance of the portfolio was driven by increased income and yield compression.

Westfield Group Managing Directors, Peter Lowy and Steven Lowy, said "This result highlights the strength of Westfield's business model. The two key contributing factors to the overall result for the year were a solid operational performance across the global portfolio and the successful delivery of 12 development projects. We continue to operate in a solid retail environment in all markets with strong demand for retail space in both our existing centres and development projects."

In 2006 the Group completed \$2.0 billion of development projects (Westfield Group investment - \$1.6 billion) in the United States, Australia and New Zealand. These projects delivered significant investment returns, achieving a weighted average income yield of 9.6%, and development gain on completion of \$1.1 billion.

Major development projects completed in 2006 include San Francisco Centre, Century City and Topanga in Los Angeles, Chermside in Brisbane and Liverpool and Parramatta in Sydney.

At year end there were 15 projects underway at a forecast investment of \$6.6 billion, with the Group's share being \$4.6 billion. This included \$1.5 billion of developments commenced during 2006.

Highlights for the year include:

- Close to 100% occupancy in Australia, New Zealand and the United Kingdom. In the US, the portfolio was 94.5% leased at year end.
- Comparable shopping centre net operating income growth of 5.7% in Australia and New Zealand, 3.0% in the United States and 6.3% in the United Kingdom.
- Positive growth in specialty retail sales in the United States, Australia, New Zealand and the United Kingdom.

westfield.com

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

MEDIA RELEASE

- Strong leasing activity with almost 4,000 lease deals completed globally, representing approximately 670,000 square metres of specialty store space – equivalent to approximately the specialty area in 18 to 20 super regional malls.
- The execution of new major store deals in Australia with Coles, Myer and David Jones; in the United Kingdom with John Lewis, House of Fraser and Debenhams; and in the United States with Federated, Nordstrom, Target and JC Penney.
- The acquisition of \$1.3 billion of property interests – including a 50% interest in Cairns Central in Queensland; the remaining 75% interest in Stratford City in London; and the ground lease for Westfield Southcenter in Seattle, Washington.
- The disposal of 8 non-core assets in the United States for US\$550 million.
- The raising of approximately \$2.6 billion from the sale of a 50% joint venture interest in the Merry Hill shopping centre, United Kingdom to Queensland Investment Corporation for £524 million and the issue of \$1.25 billion of Property Linked Notes (settled post balance date).

Outlook

The Group has interests in 121 shopping centres across Australia, the United States, the United Kingdom and New Zealand with a gross value of approximately \$60.7 billion and encompassing 22,750 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, with the scheduled commencement of \$1.5 - 2.0 billion of new development projects in 2007 of which approximately \$1 billion has already commenced, and the efficient recycling and use of capital to fund this investment", Mr Lowy said.

The distribution for the 2006 year included a capital component for the first half of \$128 million. In accordance with the Group's Distribution Policy, the Group ceased to distribute these project profits from 1 July 2006.

For 2007, the Group is targeting a distribution of 106.5 cents per security which will be met by an increase in operational segment earnings.

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 121 shopping centres in four countries, with a total value in excess of A\$60 billion and is the largest retail property group in the world by equity market capitalisation.

westfield.com

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

Westfield Group

Results Overview for the Year Ended 31 December 2006

1. Financial Highlights

	31 Dec 06	31 Dec 05		31 Dec 06	31 Dec 05
Net Property Income	\$2,588 m	\$2,449 m	Total Assets	\$48,882 m	\$43,051 m
Profit After Tax	\$5,583 m	\$4,247 m	Total Liabilities	\$25,429 m	\$23,585 m
Distribution	\$1,871 m	\$1,828 m	Net Assets	\$23,453 m	\$19,466 m
Distribution per security	106.50 cents	106.57 cents	Gearing	38.4% ¹	41.4% ¹

Westfield Group net profit was \$5,583 million for the year to 31 December 2006 (\$4,247 million for the year to 31 December 2005). The distribution of \$1,871 million (106.50 cents per security) compares to the distribution paid of \$1,828 million (106.57 cents per security) for the year to 31 December 2005.

Total income for the year including net contribution from equity accounted entities was \$8,868 million (31 December 2005: \$6,658 million) with property income of \$3,814 million (31 December 2005: \$3,565 million) and property revaluation gains of \$5,138 million (31 December 2005: \$3,192 million). This includes \$950 million of development gains from projects completed during the year. Profit after tax of \$5,583 million (31 December 2005: \$4,247 million) also included \$489 million (31 December 2005: \$395 million) of deferred tax provision mainly in relation to the revaluation gains.

Operational segment earnings for the year were \$1,651 million, an 8.5% increase from \$1,522 million for the comparative period last year (on a constant currency basis). Operational segment earnings per security was 94.0 cents, an increase of 6.0% (on a constant currency basis).

Total assets have increased since 31 December 2005 from \$43.1 billion to \$48.9 billion, while the gross value of property investments under management (including joint venture interests) rose by 16% from \$52.5 billion to \$60.7 billion.

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

The weighted average cap rate of the property portfolio in each region as at 31 December 2006 was: Australia 5.6% (31 December 2005: 6.4%), United States 6.3% (31 December 2005: 6.7%), United Kingdom 5.1% (31 December 2005: 5.2%), and New Zealand 6.7% (31 December 2005: 7.8%), reflecting a general firming of the balance sheet cap rates during the period.

During the year to 31 December 2006, the Group raised US\$1.5 billion from US debt markets: US\$600 million 6-year fixed rate senior guaranteed notes with a coupon of 5.4%, and US\$900 million 10-year fixed rate senior guaranteed notes with a coupon of 5.7%.

The Group also raised approximately \$3 billion through:

- the issue of Property Linked notes to the value of \$1.25 billion. The notes are designed to provide returns based on the economic performance of the following Westfield super regional and regional shopping centres: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT (settled post balance date).
- the sale of a 50% joint venture interest in the Merry Hill shopping centre and surrounding development land for £524 million to Queensland Investment Corporation.
- the disposal of 8 non-core assets in the United States for US\$550 million.

During the period, the Group issued \$416 million of new equity comprising \$322 million from the Group's distribution re-investment plan, and \$94 million from the conversion of convertible bonds.

The Group's gearing level at 31 December 2006 (determined using the methodology required under the Group's bond issues), was 38.4% (31 December 2005: 41.4%). Based on equity market capitalisation of \$39.1 billion² (31 December 2005: \$33.4 billion²), net debt to total market capitalisation was 29.2% (31 December 2005: 31.6%).

The total distribution for the year of 106.5 cents per security comprises the interim distribution of 54.5 cents paid in August 2006 and the final distribution of 52 cents to be paid on 28 February 2007.

² Based on WDC share price at 31 December 2006 of \$20.99 (31 December 2005 \$18.16) and conversion of convertible securities.

2. Operational Highlights

Australia and New Zealand

	31 Dec 06	31 Dec 05		31 Dec 06	31 Dec 05
Net Property Income	\$1,187 m	\$1,096 m	Annual Retail Sales	\$20.3 bn	\$18.7 bn
Group Property Investments	\$21.6 bn	\$17.3 bn	Retail Outlets	13,000	12,300
Centres	55	54	GLA (m sqm)	3.8	3.7

The Australian and New Zealand operations contributed net property income of \$1,187 million for the year to 31 December 2006 (\$1,096 million for the year to 31 December 2005) which includes comparable mall income growth of approximately 5.7%. 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 year of 5.4%.

Retail sales in the Group's 44 Australian centres were \$18.7 billion for the year to 31 December 2006. On a comparable basis, sales increased 3.7% with specialty store sales up 4.5%. Retail sales at the Group's 11 shopping centres in New Zealand increased 3.1% to NZ\$1.8 billion for the year to 31 December 2006. On a comparable basis, specialty store sales were up 2.7%.

United Kingdom

	31 Dec 06	31 Dec 05		31 Dec 06	31 Dec 05
Net Property Income	£57 m	£67 m	Retail Outlets	750	800
Group Property Investments	£1.0 bn	£1.4 bn	GLA (m sqm)	0.3	0.3
Centres	7	7			

Property income from the UK operations was £57 million for the year to 31 December 2006 (£67 million for the year to 31 December 2005). This reflects like for like mall income growth of 6.3%, primarily attributed to the performance of the Merry Hill centre near Birmingham and CastleCourt centre in Belfast, offset by the impact of the sale of the Brunel Centre in Swindon and the Millgate Centre in Bury during 2005, and the sale of a 50% interest in Merry Hill in December 2006. At 31 December 2006, the portfolio was in excess of 99% leased.

Retail sales growth continues to be positive with total sales up 4.4% and comparable sales up 2.5% for the year to 31 December 2006.

westfield.com

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 media queries please contact Julia Clarke on +61 2 9358 7426

All dollar amounts in Australian Dollars, unless otherwise stated.

United States

	31 Dec 06	31 Dec 05		31 Dec 06	31 Dec 05
Net Property Income	US\$950 m	US\$910 m	Annual Retail Sales		
			- specialties	US\$7.4 bn	US\$7.3 bn
Group Property Investments	US\$15.6 bn	US\$13.9 bn	Retail Outlets	9,000	9,400
Centres	59	67	GLA (m sqm)	6.1	6.6

The United States operations contributed net property income of US\$950 million (US\$910 million for the year to 31 December 2005) with comparable mall income growth of 3.0%. Total specialty store sales were similar to last year due to the sale of 8 non-core assets.

Average specialty retail sales, in the Group's US centres, were US\$455 per square foot with comparable growth of 4.6% for the period. The Group's sales performance in the regions was strong with the West Coast up 4.8%, East Coast up 4.0% and Mid West up 2.6% (on a 12 month comparable basis).

At 31 December 2006 the portfolio was 94.5% leased, slightly lower than last year. New leases totalling 3.2 million square feet were completed during the year. New mall shop rents at US\$51.99 per square foot represent a 31.6% increase over expiring rents and includes the positive impact of new projects. The average rent across the entire portfolio at December 2006 was US\$42.57 per square foot - up 4.9% for the year to 31 December 2006 (on a comparable basis).

westfield.com

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 media queries please contact Julia Clarke on +61 2 9358 7426

All dollar amounts in Australian Dollars, unless otherwise stated.

3. Development Highlights

At 31 December 2006 the Group had 15 development projects under construction at a forecast cost of \$6.6 billion (Westfield Group share \$4.6 billion) – 3 in Australia and New Zealand, 2 in the United Kingdom and 10 in the United States.

Australia and New Zealand

In Australia, during the year to 31 December 2006, the Group completed the \$109 million redevelopment of Westfield Parramatta; and the \$205 million redevelopment of Westfield Liverpool in Sydney; and the \$200 million redevelopment of Westfield Chermside in Brisbane, with the introduction of a new David Jones Department Store scheduled to open in the 3rd quarter of 2007.

In New Zealand, the Group completed 2 projects in 2006. These were the NZ\$40 million redevelopment project at Chartwell in Hamilton and the NZ\$33 million project at Newmarket in Auckland.

The total value of projects under construction in Australia and New Zealand is as follows:

	31 Dec 06
Number of Projects	3
Estimated Total Cost	\$510 m
Yield Range	9.2% - 9.5%

The Group commenced 2 new Australian projects in 2006. These are the \$170 million development at Westfield Kotara in Newcastle and the \$155 million redevelopment of North Lakes in Brisbane. These projects remain on schedule with completions in late 2007.

In New Zealand, during 2006, the Group commenced construction on a NZ\$210 million greenfield development at Albany in Auckland, which is scheduled for completion in the fourth quarter of 2007.

At 31 December 2006, the target weighted average yield range of the projects under construction in Australia and New Zealand is 9.2% to 9.5%.

Currently, there are 5 projects under construction in Australia, with the recent commencement of three new projects in Victoria at a cost of approximately \$1 billion in 2007. These projects are the redevelopment of Doncaster and Plenty Valley in Melbourne and the redevelopment of Bay City in Geelong.

westfield.com

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 media queries please contact Julia Clarke on +61 2 9358 7426

All dollar amounts in Australian Dollars, unless otherwise stated.

During the first half of the year, Westfield Group obtained Stage 1 development approval for the Group's proposed retail and commercial plan for the Sydney CBD project.

In July, the Group announced 3 new department store deals with David Jones, including Chermshire. The other new stores will be located at Westfield Burwood, Sydney in the existing space occupied by Myer, and Westfield Doncaster, Melbourne as part of the redevelopment which commenced in early 2007.

United Kingdom

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

	31 Dec 06	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 of Westfield Derby is progressing well and, as announced in our 2006 half year results, is expected to be some 6 months ahead of the original schedule, with completion due in late 2007. The initial yield on the project, as announced in August 2006, has been reforecast to be in the range of 8.25 – 8.75%, which is also ahead of our original expectations.

The £1.6 billion development of Westfield London in west London is estimated to be substantially complete in late 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%. Westfield London is set to become one of the Group's global flagship developments. During 2006, a number of key project milestones were achieved including:

- Westfield taking over responsibility for the design, development and construction of the project;
- the commitment of all 6 retail anchors who will each create flagship stores; and
- the substantial completion of works on the new rail sidings at year end which have now been completed and handed over to the London Underground.

With over 150,000 square metres of retail and leisure space, Westfield London 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.

westfield.com

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 media queries please contact Julia Clarke on +61 2 9358 7426

All dollar amounts in Australian Dollars, unless otherwise stated.

During the year, the Group acquired the remaining 75% interest in the Stratford City development in east London for approximately £140 million. The Group acquired its initial 25% interest in Stratford City as part of the Duelguide acquisition in November 2004. Stratford City is adjacent to the site for the 2012 London Olympic Games. The site has planning approval for 2 million square feet of retail.

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

United States

During the year to 31 December 2006, the Group successfully completed the US\$460 million (Westfield's share – US\$230 million) redevelopment of San Francisco Centre in downtown San Francisco. Also completed in 2006 were the US\$300 million expansion of Westfield Topanga, and the US\$170 million Westfield Century City redevelopment, in Los Angeles.

A summary of the current projects under construction in the United States as at 31 December 2006 is as follows:

	31 Dec 06
Number of Projects	10
Estimated Total Cost	US\$1,050 m
Yield Range	9.9% - 10.4%

The Group commenced 5 new projects during 2006. These include the US\$150 million redevelopment of Annapolis in Maryland scheduled for completion in the fourth quarter of 2007; the US\$80 million expansion at Plaza Bonita in San Diego, California, due for completion in the first quarter of 2008; the US\$240 million development of Westfield Galleria at Roseville, near Sacramento, and the US\$230 million redevelopment of Southcenter in Seattle, Washington scheduled for completion in the first quarter of 2009.

westfield.com

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 media queries please contact Julia Clarke on +61 2 9358 7426

All dollar amounts in Australian Dollars, unless otherwise stated.

During the year, 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 transaction 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.

ENDS

westfield.com

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 media queries please contact Julia Clarke on +61 2 9358 7426

All dollar amounts in Australian Dollars, unless otherwise stated.