

16 August 2017

WESTFIELD CORPORATION REPORTS HALF YEAR RESULTS WITH FUNDS FROM OPERATIONS OF \$343M AND REAFFIRMS FULL YEAR FFO GUIDANCE

PROGRESSING TRANSFORMATION INTO THE PRE-EMINENT GLOBAL SHOPPING CENTRE PORTFOLIO

Westfield Corporation (ASX:WFD) today announced its half year results with Funds From Operations (FFO) for the six months ended 30 June 2017 of \$343m, in-line with forecast. FFO per security was 16.5 cents, up 4.5% on a constant currency basis. The Distribution for the six months ended 30 June 2017 was 12.75 cents per security, also in-line with forecast.

Westfield Corporation Co-CEOs, Peter and Steven Lowy said: "In a challenging retail environment, the performance for the first half was good and we remain confident on executing our strategy to transform our assets into the pre-eminent global shopping centre portfolio.

"We are creating great experiences for retailers, consumers and brands. We have evolved the composition of our portfolio through the addition of food, leisure and entertainment, and a broader mix of uses including many new concepts, emerging technologies and online brands.

"Indeed, over many years we have adapted and improved our portfolio to meet the changing needs of retailers, consumers and brands, and this remains a core strength of Westfield. In the United States, we have added over 120 retailers and brands that are new to Westfield through our current development program.

"Annual specialty sales were up 2.2% on the prior year with Flagship portfolio specialty sales up 3.3% to \$892 psf.

"Comparable net operating income growth was 3.5% for the six months with the portfolio 93.9% leased as at 30 June 2017.

"Our \$9.8bn development program, which is focused on Flagship assets in some of the world's top markets, is leading our transformation strategy and will generate significant value and earnings accretion for shareholders.

"During the half, we progressed the \$1bn redevelopment of Century City and the \$600m expansion at UTC both of which will open in stages in the second half. The £600m expansion at Westfield London is progressing well and will open six months ahead of schedule in March 2018. On completion, each of these buildings will be the pre-eminent retail, dining and entertainment destinations in their respective markets of West Los Angeles, San Diego and West London.

MEDIA RELEASE

“These new buildings will be technologically advanced and we continue to invest in our digital platform to converge with our physical portfolio in order to connect retailers, consumers and brands, both physically and digitally.”

WFD’s financial position is strong with balance sheet assets of \$22.5bn, a gearing ratio of 38.4% and \$3.6bn in available liquidity.

IFRS net profit was \$589m for the six months to 30 June 2017.

WFD has assets under management of \$32.2bn, of which 83% are Flagship assets.

Outlook

WFD reconfirms its FFO forecast for the 2017 year of between 33.8 cents and 34.0 cents per security, representing pro-forma growth of between 3.0% and 3.5%¹.

The distribution forecast for the 2017 year is 25.5 cents per security.

¹ On a constant currency basis. Assumes no further capital transactions and no material change in foreign currency exchange rates.

Westfield Corporation (ASX Code: WFD) 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 2,000 staff worldwide. Westfield Corporation has interests in 35 shopping centres in the United States, and the United Kingdom, encompassing approximately 6,400 retail outlets and total assets under management of \$32bn.

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.



WESTFIELD CORPORATION HALF YEAR RESULTS | 2017



The financial information included in this release is based on the Westfield Corporation's IFRS financial statements. Non IFRS financial information has not been audited or reviewed. This release contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this presentation. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward looking statements. 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. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements. All figures within this presentation are presented in US dollars unless otherwise stated. Profits from UK operations have been translated at an average exchange rate of GBP/USD 1.2587 (30 June 2016: 1.4333) and the UK balance sheet has been translated at the period end exchange rate of 1.3024 (31 December 2016: 1.2341).

RESULTS HIGHLIGHTS

Funds From Operations (\$m)	6 months to Jun 17	% Change ¹
Net Property Income	415	13.0%
Management Income	16	31.6%
Project Income	38	(30.5)%
FFO	343	4.5%
FFO per Security	16.5c	4.5%
Distribution per Security	12.75c	1.6%

Assets Under Management / Balance Sheet (\$bn)	As at 30 Jun 17
Assets under Management	32.2
Total Assets	22.5
Net Debt	8.5
Gearing	38.4%
Available Liquidity	3.6
Interest Cover	3.5x

¹ Constant currency basis - the UK operations have been translated at an average exchange rate of GBP/USD 1.2587 (30 June 2016: 1.4333).

RESULTS HIGHLIGHTS

- Solid operating performance with good specialty sales growth, comparable NOI growth and stable customer traffic
- Continued focus on transforming our assets into the pre-eminent global shopping centre portfolio :
 - In the United States, we have added over 120 retailers and brands new to Westfield through our current development program
- Significant progress on \$9.8bn retail development program:
 - Progressed the \$1bn redevelopment of Century City which is opening in stages through to the end of the year, including Nordstrom in October
 - \$600m expansion at UTC will also open in stages through to the end of the year, including Nordstrom in October
 - On track to open the £600m expansion at Westfield London, including John Lewis, 6 months ahead of schedule in March 2018
 - Expect to commence the €1.4bn Westfield Milan project in 2018

PORTFOLIO OPERATING STATISTICS

As at 30 June 2017	Assets under Management (\$bn)	% of Portfolio	Portfolio Leased (%)	Specialty Occupancy Cost (%)	Specialty Retail Sales (MAT/ psf)	Specialty Retail Sales Growth (%) ²	Average Specialty Store Rent		Comparable NOI Growth (%) ³
							Amount (psf)	Growth YOY (%)	
Flagship	26.7	83%	95.3	15.3	\$892	3.3	\$115.10	10.6	4.5
Regional	5.5	17%	91.6	14.1	\$453	0.2	\$55.07	1.3	0.5
Total	32.2		93.9 ¹	15.0	\$721	2.2	\$92.80	9.1	3.5

¹ Temporary leasing of in-line space represented an additional 2.0% of leased space

² 12 months to 30 June 2017

³ 6 months to 30 June 2017

SPECIALTY RETAIL SALES

Period ending 30 June 2017	Flagship		Regional	
	12 months	6 months	12 months	6 months
Specialties	3.3%	2.6%	0.2%	(1.2)%
By Category:				
Fashion	1.5%	0.5%	(2.2)%	(4.2)%
Jewellery	2.9%	3.0%	3.1%	0.4%
Leisure	6.4%	5.7%	0.2%	(1.7)%
Food retail	3.2%	4.5%	1.6%	2.0%
General retail	(5.8)%	(8.9)%	0.4%	(1.6)%

CURRENT DEVELOPMENT ACTIVITY

\$3.8bn of current projects (WFD: \$2.5bn, of which \$1.6bn incurred to date) with an estimated yield range of approximately 7% - 8%

Current Projects	Total Project \$m	WFD \$m	Anticipated Completion
Century City (Los Angeles)	1,000	1,000	4Q17
UTC (San Diego)	600	300	4Q17
Westfield London (UK)	£600	£300	1Q18
Valley Fair (San Jose)	1,100	550	2019
Westfield World Trade Center (New York) – Tower 3 ¹	300	300	2019
Total	\$3.8bn	\$2.5bn	

¹ Represents the remaining 75,000 square feet of the 365,000 square foot project total

FUTURE DEVELOPMENT ACTIVITY

Undertaking pre-development work on \$6.0bn in future retail projects, as well as future residential development opportunities

Retail	Total Project	WFD share
2018 – 2019		
▪ Milan (Italy)	€1.4bn	75%
▪ Topanga (Los Angeles)	\$0.3bn	55%
▪ Croydon (London)	£1.4bn	50%
Other Future Retail Projects	\$2.2bn	
Total	\$6.0bn	

Residential	Apartments
▪ 2017: UTC (San Diego) ¹	300
▪ 2018: Stratford City (London)	1,200

¹ Commenced in July 2017. WFD's 50% share of the total project cost is approximately \$100m.

- WFD expects to achieve for 2017 year:
 - FFO: 33.8 – 34.0 cents per security, representing pro-forma FFO growth of between 3% and 3.5%¹
 - Distribution: 25.5 cents per security

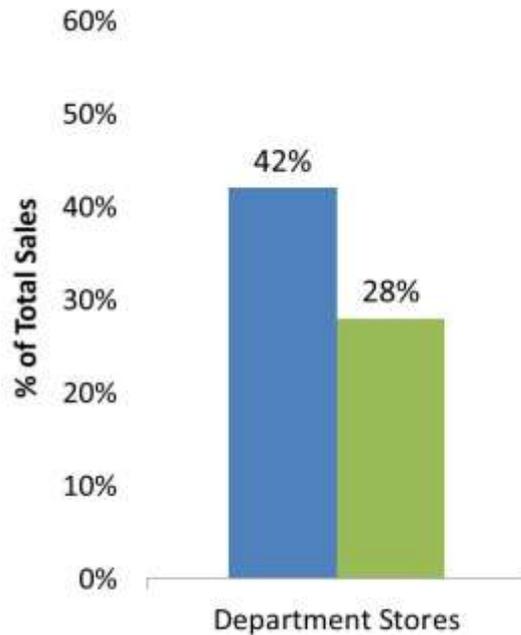
¹ On a constant currency basis. Assumes no further capital transactions and no material change in foreign currency exchange rates

PORTFOLIO TRANSFORMATION

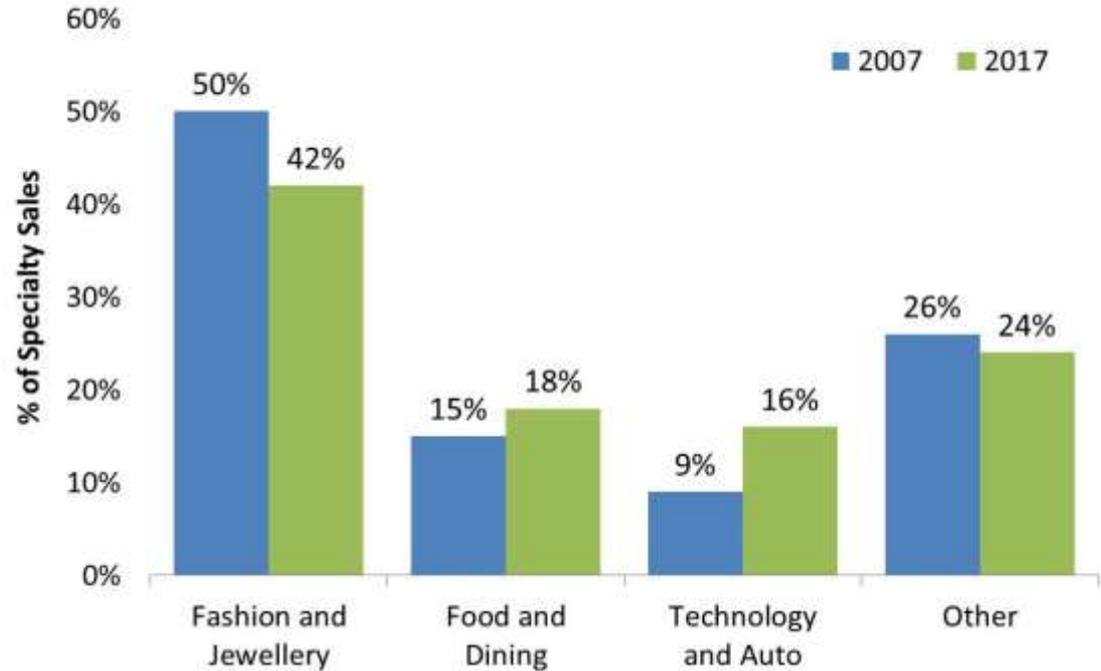
PORTFOLIO TRANSFORMATION

COMPOSITION OF SALES – 2007 to 2017

Department Store Sales¹



Specialty Store Sales²



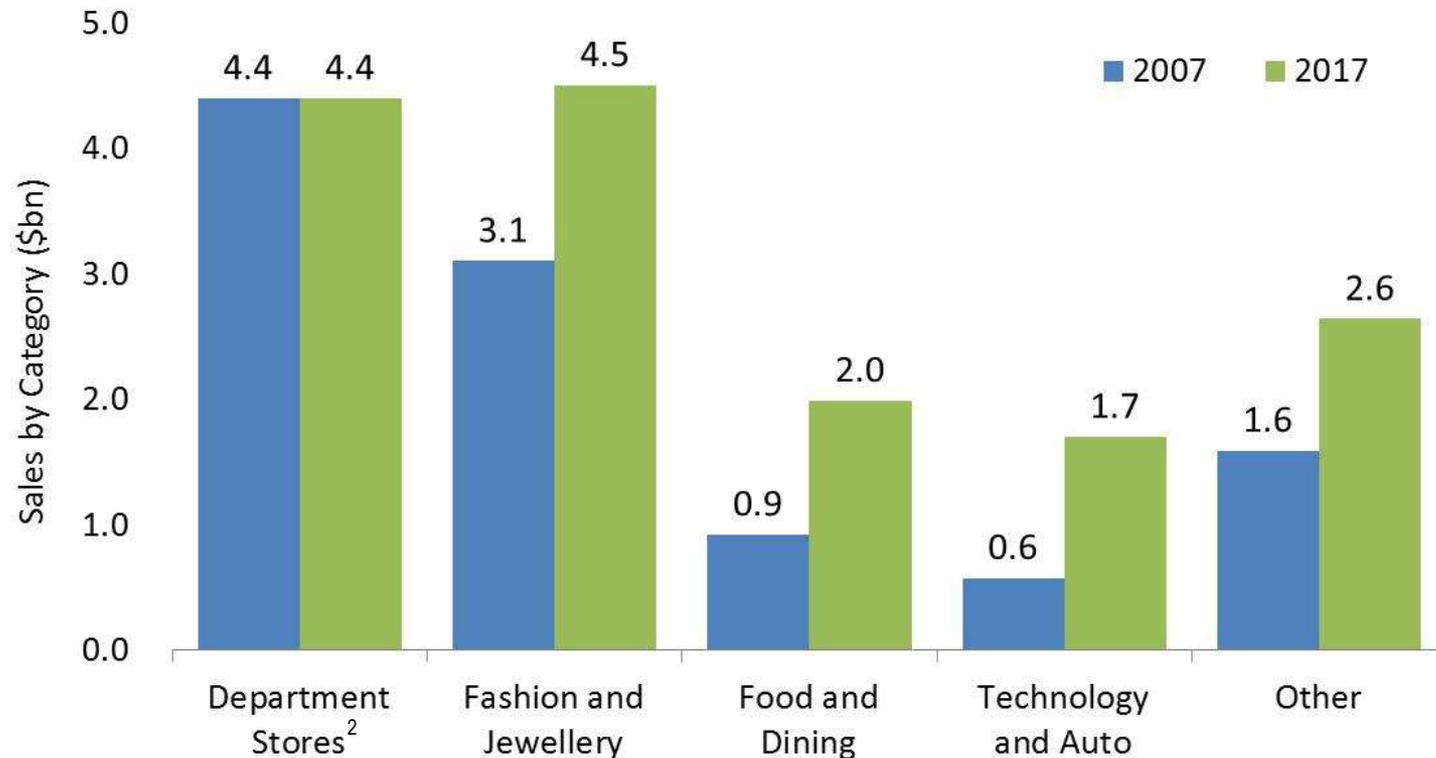
Notes.

- 1. Based on total sales including estimates
- 2. Specialty sales including large format specialty stores and supermarkets

PORTFOLIO TRANSFORMATION

SALES VOLUME BY CATEGORY (\$BN) – 2007 to 2017

Specialty store sales have grown from \$6.2bn to \$10.8bn¹



Notes.

1. Specialty sales including large format specialty stores and supermarkets

2. Based on total sales including estimates

TRANSFORMING OUR PORTFOLIO

FASHION

H&M ZARA

adidas *Arizia*

lululemon  **athletica**

john varvatos

ALLSAINTS



極度乾燥(しないで)
Superdry.

TECHNOLOGY

 **amazon**

 **Microsoft**

BOSE

SAMSUNG



DEVIALET

INGÉNIERIE ACoustIQUE DE FRANCE

ONLINE TO PHYSICAL

BONOBOS

 **PELTON**

amazon books

WARBY PARKER
eyewear

MISSGUIDED

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TRANSFORMING OUR PORTFOLIO

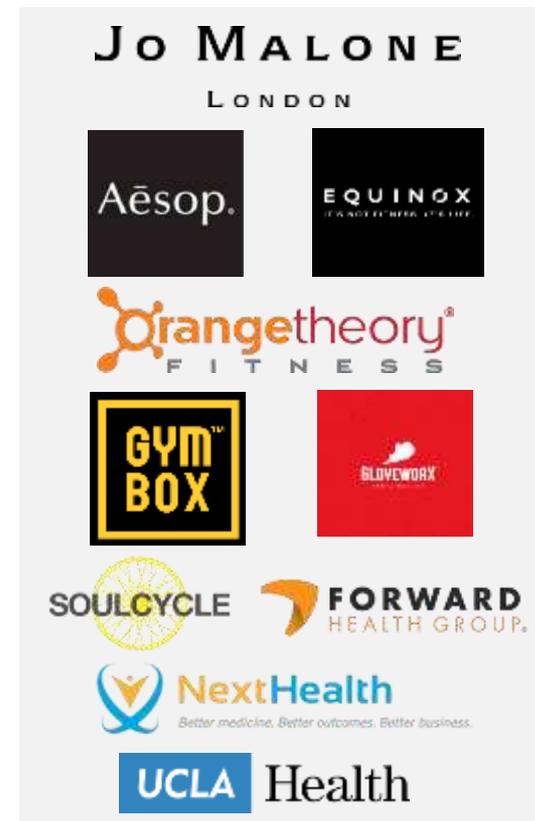
DINING



AUTOMOTIVE

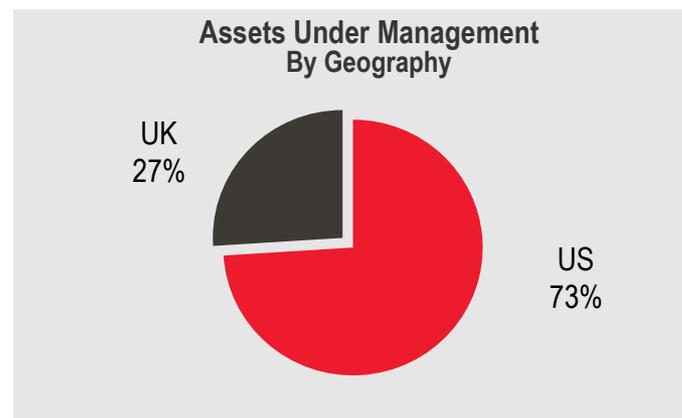
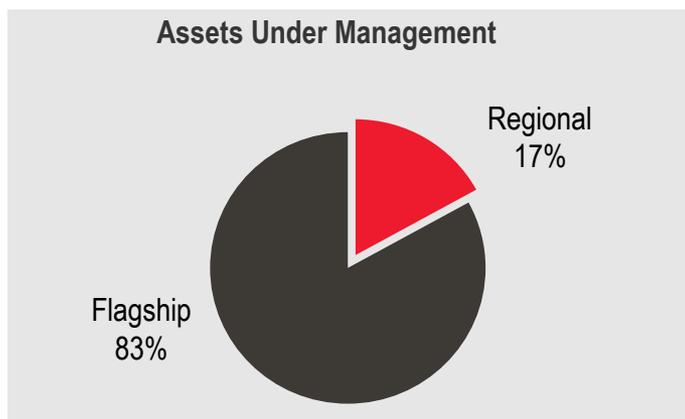


BEAUTY / HEALTH & FITNESS



PORTFOLIO SUMMARY

June 2017	Flagship	Regional	Total
▪ Centres	17	18	35
▪ Retail Outlets	3,753	2,694	6,447
▪ GLA (m sqf)	23.8	19.7	43.5
▪ Assets Under Management (bn)	\$26.7	\$5.5	\$32.2
▪ WFD Interests (bn)	\$16.8	\$3.1	\$19.9
▪ JV Partner Interests (bn)	\$9.9	\$2.4	\$12.3
▪ WFD Interests (%)	63%	56%	62%

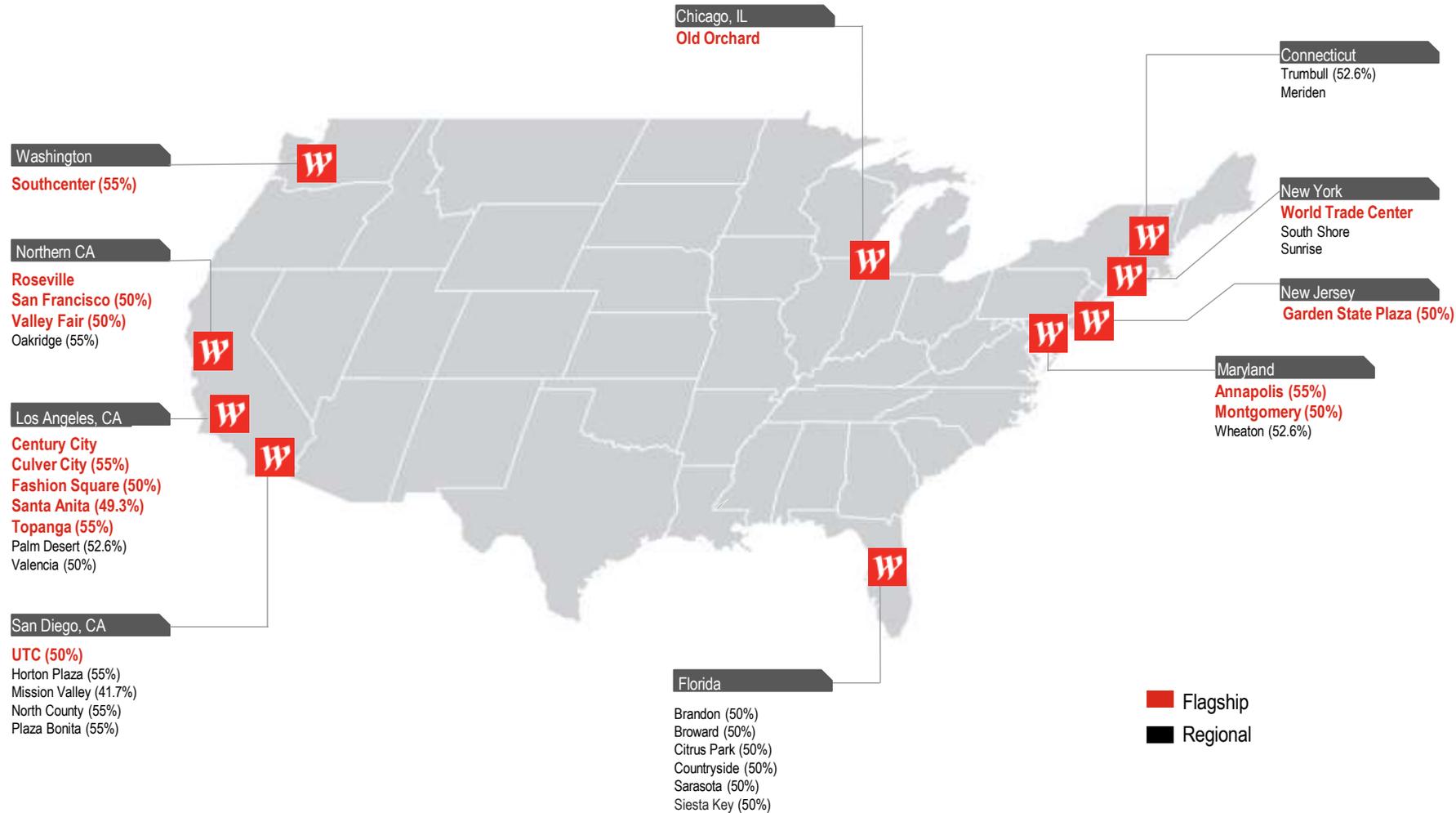


APPENDIX – CENTURY CITY

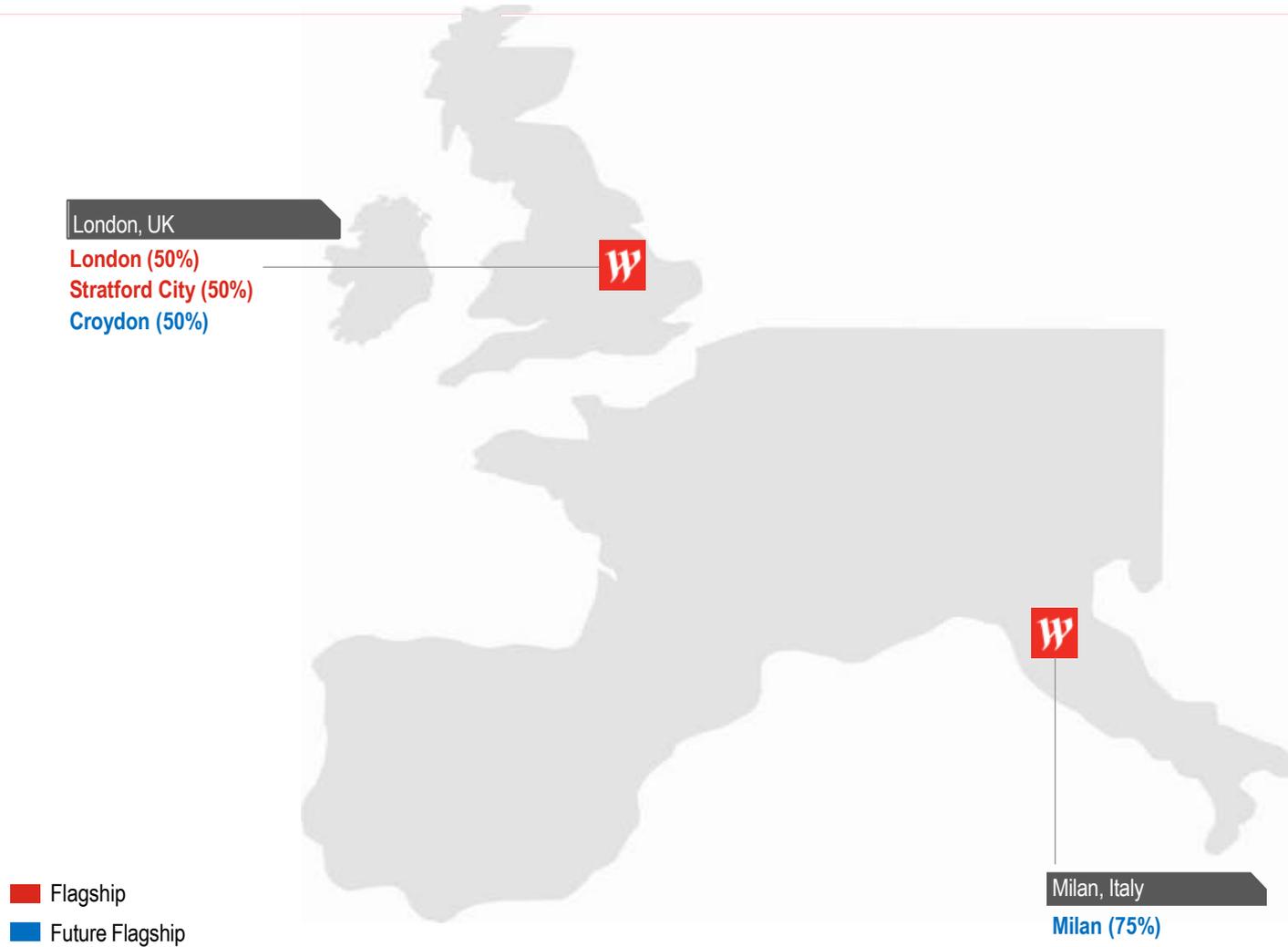
Westfield



ASSETS – UNITED STATES



ASSETS – UK/EUROPE



FUNDS FROM OPERATIONS

\$m	Jun 17 Actual	Jun 16 Actual	Variance	% Change ¹
Net Property Income				
▪ Flagship	306	266	40	19.7%
▪ Regional & Other Property Investment Income	109	112	(3)	(2.2)%
Total Net Property Income	415	378	37	13.0%
Management Income	16	13	3	31.6%
Project Income	38	61	(23)	(30.5)%
Gross Income	469	452	17	
Overheads	(59)	(59)	-	
EBIT	410	393	17	9.1%
Gross Interest	(124)	(108)	(16)	
Less: Interest capitalised	69	67	2	
Interest income	7	8	(1)	
Minority interest	(9)	(8)	(1)	
Earnings before tax	353	352	1	4.7%
Current tax	(10)	(10)	-	
Funds from Operations	343	342	1	4.5%
<i>Weighted average number of securities (millions)</i>	<i>2,078.1</i>	<i>2,078.1</i>		
FFO per security	16.5 cents	16.5 cents		4.5%

¹ Constant currency basis – the UK operations have been translated at an average exchange rate of GBP/USD 1.2587 (30 June 2016: 1.4333).

SUMMARISED IFRS INCOME STATEMENT

\$m	6 months to Jun 17	6 months to Jun 16	Variance
Property revenue	630	563	67
Management income	16	13	3
Project income	38	61	(23)
Total Income	684	637	47
Property expenses and outgoings	(244)	(212)	(32)
Overheads	(59)	(59)	-
Property revaluations	271	264	7
Financing costs	(55)	(38)	(17)
Interest income	7	8	(1)
Interest on other financial liabilities	(9)	(8)	(1)
Mark to market of derivatives, currency gain and preference shares	(9)	6	(15)
Intangible amortisation	(8)	-	(8)
Capital transactions	(9)	1	(10)
Profit before tax	569	599	(30)
Tax expense	(10)	(10)	-
Deferred tax	30	(98)	128
Profit after tax	589	491	98

BALANCE SHEET¹

\$m	30 Jun 17	31 Dec 16
Cash	488	357
Investment Property		
▪ Shopping centres	17,331	16,838
▪ Construction in progress	1,654	1,164
▪ Assets held for redevelopment	929	782
Total investment property	19,914	18,784
Other property investments	646	608
Other assets	1,444	1,365
Total assets	22,492	21,114
Interest bearing liabilities	9,005	8,145
Deferred tax liabilities	1,936	1,967
Other liabilities	1,222	1,166
Total liabilities²	12,163	11,278
Net Assets	10,329	9,836
Minority interest	(281)	(286)
Net Assets attributable to Westfield Corporation	10,048	9,550
<i>Number of securities (millions)</i>	2,078.1	2,078.1

¹ On a proportionate basis - the net investment in equity accounted entities of \$8,613m (31 Dec 2016 \$8,237m) has been allocated to individual assets and liabilities.

² Excludes \$215m (31 Dec 2016: \$226m) of convertible preference securities shown in minority interest given their equity characteristics.

INVESTMENT PROPERTY

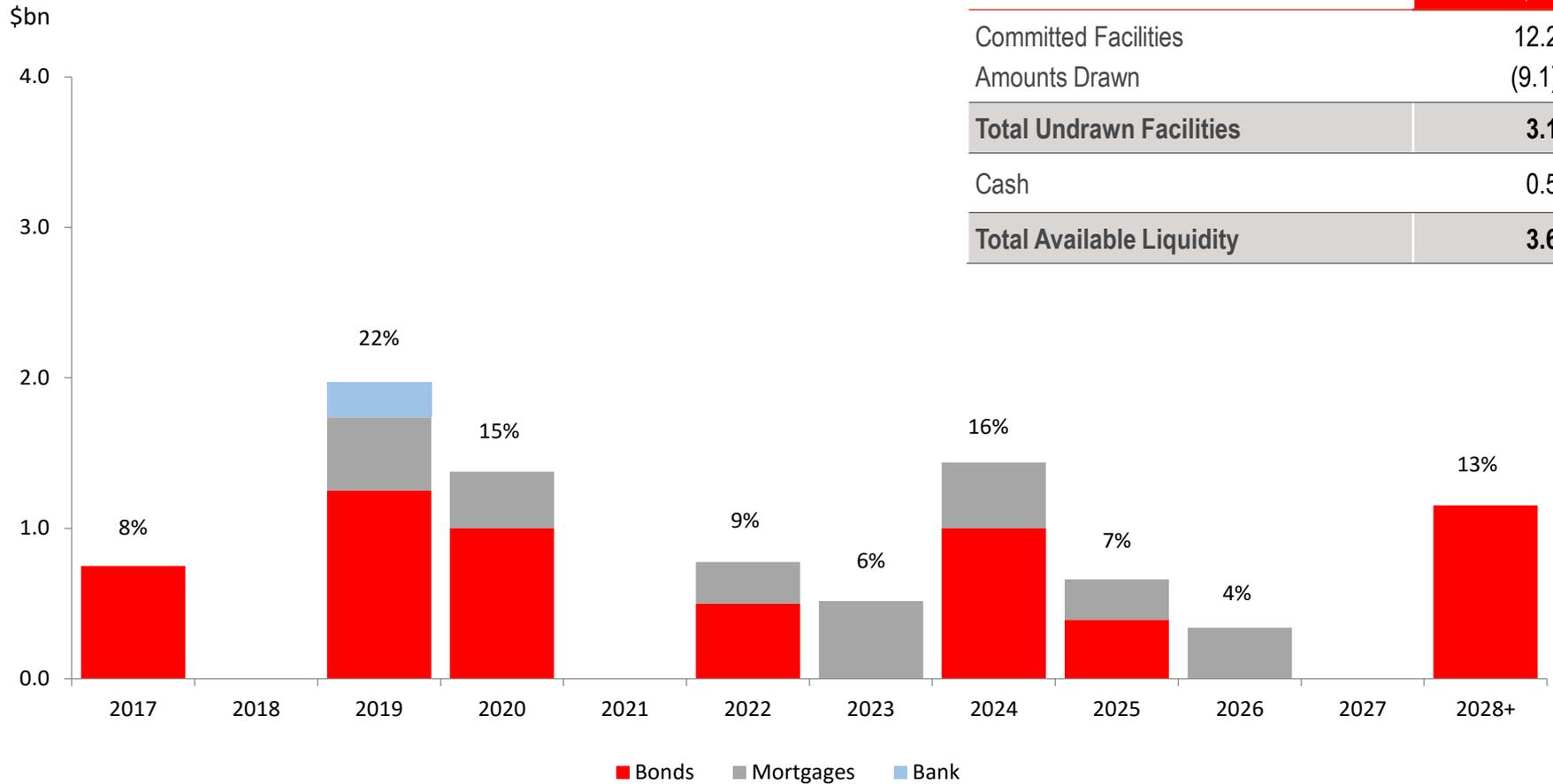
\$bn	6 months to 30 Jun 17
Investment property opening balance	18.8
Capital expenditure	0.5
Revaluations	0.3
Acquisitions	0.1
Exchange rate impact	0.2
Investment property closing balance	19.9

Shopping Centres	Shopping Centres – 30 Jun 17		Weighted Average Cap Rate	
	WFD (\$bn)	WFD (%)	30 Jun 17	31 Dec 16
Flagship	14.3	83%	4.4%	4.4%
Regional	3.0	17%	5.5%	5.6%
Total	17.3		4.6%	4.6%

CURRENT FINANCIAL POSITION

- Financing activity:
 - Raised \$1.5bn comprising \$500m 5-year bonds at 3.15%, £300m 8-year bonds at 2.125% and £500m 12-year bonds at 2.625%
 - Extended \$57m mortgages (WFD: \$28.5m)
- Financing facilities totaling \$12.2bn:
 - \$3.4bn of bank facilities (\$3.1bn undrawn)
 - \$6.1bn of bonds
 - \$2.7bn of secured mortgages
- Gearing 38.4%
- 3.5 times interest cover
- \$3.6bn available liquidity provided by committed bank facilities and cash
- Average term of bonds and mortgages (\$8.8bn) at 6.2 years and bank facilities (\$3.4bn) at 2 years

LIQUIDITY AND DEBT MATURITY PROFILE



Liquidity Summary

Jun 17
\$bn

Committed Facilities	12.2
Amounts Drawn	(9.1)
Total Undrawn Facilities	3.1
Cash	0.5
Total Available Liquidity	3.6

FUNDS FROM OPERATIONS

6 MONTHS TO 30 JUNE 2017

\$m

	Proportionate IFRS Profit	Adjustments ¹	FFO
Net Property Income			
▪ Flagship	289	17	306
▪ Regional & Other Property Investment Income	97	12	109
Total Net Property Income	386	29	415
Management Income	16	-	16
Project Income	38	-	38
Gross Income	440	29	469
Overheads	(59)	-	(59)
EBIT	381	29	410
Gross Interest	(145)	21	(124)
Less: Interest capitalised	69	-	69
Interest income	7	-	7
Property revaluations	271	(271)	-
Currency derivatives	1	(1)	-
Minority interest	2	(11)	(9)
Intangible amortisation	(8)	8	-
Capital transactions	(9)	9	-
Earnings before tax	569	(216)	353
Current tax	(10)	-	(10)
Deferred tax	30	(30)	-
IFRS Profit and Funds from Operations	589	(246)	343
<i>Weighted average number of securities (millions)</i>			<i>2,078.1</i>
FFO per security			16.5 cents

¹ Refer to Directors' Report Appendix A

SUMMARISED IFRS INCOME STATEMENT

6 MONTHS TO 30 JUNE 2017

\$m	Consolidated	Equity Accounted	Proportionate IFRS Profit
Property revenue	292	338	630
Contribution from equity accounted investments	264	(264)	-
Management income	16	-	16
Project income	38	-	38
Total Income	610	74	684
Property expenses and outgoings	(129)	(115)	(244)
Overheads	(59)	-	(59)
Property revaluations	197	74	271
Financing costs	(22)	(33)	(55)
Interest income	7	-	7
Interest on other financial liabilities	(9)	-	(9)
Mark to market of derivatives, currency gain/loss and preference shares	(9)	-	(9)
Intangible amortisation	(8)	-	(8)
Capital transactions	(9)	-	(9)
Profit before tax	569	-	569
Tax expense	(10)	-	(10)
Deferred tax	30	-	30
Profit after tax	589	-	589

DETAILED BALANCE SHEET

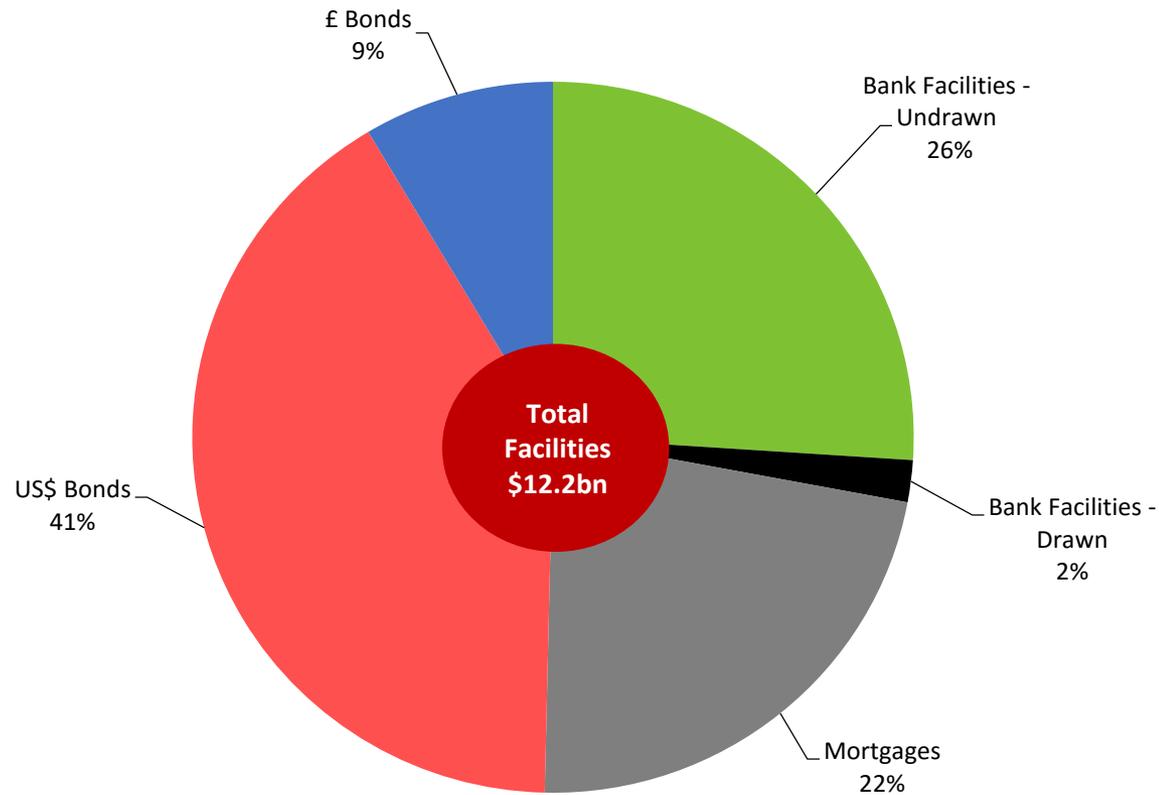
AS AT 30 JUNE 2017

\$m	Consolidated	Equity Accounted	Total
Cash	407	81	488
Investment Property			
▪ Shopping centres	7,273	10,058	17,331
▪ Construction in progress	1,283	371	1,654
▪ Assets held for redevelopment	484	445	929
Total investment property	9,040	10,874	19,914
Net investment in equity accounted entities	8,613	(8,613)	-
Other Property Investments	646	-	646
Other assets	1,366	78	1,444
Total assets	20,072	2,420	22,492
Interest bearing liabilities			
▪ Current	753	34	787
▪ Non-current	6,098	2,120	8,218
Deferred tax liabilities	1,936	-	1,936
Other liabilities	956	266	1,222
Total liabilities	9,743	2,420	12,163
Net Assets	10,329	-	10,329
Minority interest ¹	(281)	-	(281)
Net Assets attributable to Westfield Corporation	10,048	-	10,048

¹ Includes \$215m of convertible preference securities shown in minority interest given their equity characteristics.

FINANCING HIGHLIGHTS

- Diversified funding base comprising bonds, bank facilities and secured mortgages



KEY FINANCIAL RATIOS

30 Jun 17

Gearing 38.4%

Secured Debt 12.1%

Interest Coverage 3.5 times

Unencumbered Leverage 230%

INTEREST RATE HEDGING PROFILE

Outstanding as at December	US\$ fixed debt payable		£ fixed debt payable		£ interest swap payable		US\$ interest swap receivable	
	US\$m	Fixed Rate %	£m	Fixed Rate %	£m	Fixed Rate %	US\$m	Fixed Rate %
2017	(6,459.8)	3.70%	(1,175.0)	2.52%	(461.1)	3.26%	1,200.0	3.43%
2018	(6,450.4)	3.69%	(1,175.0)	2.52%	(461.1)	3.26%	1,200.0	3.43%
2019	(5,189.8)	3.93%	(800.0)	2.44%	(461.1)	3.26%	1,200.0	3.43%
2020	(3,829.1)	3.84%	(800.0)	2.44%	-	-	-	-
2021	(3,825.9)	3.84%	(800.0)	2.44%	-	-	-	-
2022	(3,047.6)	3.91%	(800.0)	2.44%	-	-	-	-
2023	(2,546.2)	3.92%	(800.0)	2.44%	-	-	-	-
2024	(1,108.7)	4.11%	(800.0)	2.44%	-	-	-	-
2025	(839.5)	4.20%	(500.0)	2.63%	-	-	-	-
2026	(500.0)	4.75%	(500.0)	2.63%	-	-	-	-
2027	(500.0)	4.75%	(500.0)	2.63%	-	-	-	-
2028	(500.0)	4.75%	(500.0)	2.63%	-	-	-	-
2029-43	(500.0)	4.75%	-	-	-	-	-	-