

29 May 2013



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Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC) ANNUAL GENERAL MEETING

Attached is a copy of the address by Professor Fred Hilmer, Chair of the Westfield Group Remuneration Committee, which was delivered at today's Westfield Group Annual General Meeting.

Yours faithfully
WESTFIELD GROUP

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Simon Tuxen
Company Secretary

Encl.

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



**REMUNERATION PRACTICES
ADDRESS TO MEMBERS
WESTFIELD GROUP
ANNUAL GENERAL MEETING
HELD ON WEDNESDAY, 29 MAY 2013 AT 11:00AM
THE JAMES COOK BALLROOM, INTERCONTINENTAL SYDNEY
117 MACQUARIE STREET SYDNEY**

CHECK AGAINST DELIVERY

As the outgoing Chairman of the Remuneration Committee, I would like to make a few observations about the Group's remuneration structures and policies.

In 2012, we imposed a total remuneration freeze on the Board and on the senior executive team - the third year in the previous four years we had taken that step. By the way we extended that total remuneration freeze into 2013, making it 4 years out of 5.

When I say "total remuneration freeze," for our executives it means just that - a freeze on fixed pay, a freeze on bonuses and a freeze on the face value of the long term incentive awards.

Freezing Board and executive remuneration was part of an overall strategy of managing the Westfield Group through challenging times in a conservative and prudent manner. Securityholders may recall that we also suspended the development program for a couple of years and changed our distribution policy so that we retained earnings for future growth. Throughout this period, we also worked hard to find greater efficiencies in our business. It is in this context that the remuneration freeze was put in place.

When I addressed this meeting back in 2009, I made it clear that the Board's position is that we don't remunerate our executives based on share price performance. Of course, the value of their equity linked incentives is impacted by share price movements but our primary objective is to reward the management team for sound operating performance and strategic decision making - not based on movements in the market. At the end of 2012, in a year when we had delivered a total shareholder return of more than 42%, the Board continued the remuneration freeze in 2013 because it was the prudent course for the business.

Throughout my time as Chair of the Remuneration Committee, our independent research and discussions with securityholders have consistently ranked the Westfield team at the very top of the Australian and international companies across a range of metrics including excellence in operations and capital management, good judgement and financial discipline in acquisitions and divestments, clear articulation of strategy and generally enhancing shareholder wealth. There is no doubt we have a best in class management team - not just by Australian standards but by international standards. That is why retention of the management team has been, and remains, a key remuneration objective.

Every year the Remuneration Committee obtains an independent review of senior positions in global companies, companies based here in Australia and overseas - to determine the appropriate level of remuneration for members of the senior team. We take advice from experts and then we make our recommendations to the Board in respect of Directors fees and executive remuneration.

I would also add that we do listen to constructive criticism from investors and market participants and we watch market trends closely.

In 2012, in addition to the remuneration freeze, the Board accepted recommendations from the Committee which:

- require that a minimum of 35% of all short term incentives be awarded in the form of equity linked incentives which mature after 3 years; and
- give greater weighting to the Return on Contributed Equity hurdle which is a 4 year measure under our long term incentive plan.

All of the initiatives taken in 2012 are detailed in the Remuneration Report. They are also summarised in my covering note to that Report. Apart from substantive reforms noted in the Report, we have tried to simplify the format and the language to make the Report more readable.

It is gratifying to me and to the Committee that an overwhelming majority of investors and commentators have chosen to support today's resolution on the Remuneration Report.

As regards our management team, I would like to comment on the Co-Chief Executive Officer structure which we currently have in place.

First let me say that I agree that this is a fairly unique structure. But it is one that works because of the individuals involved and the demands of our Group.

Peter and Steven, working together, oversee a business that currently operates 100 centres in 4 different countries and three continents. We are also currently developing centres and investigating opportunities in a number of other countries. This is truly a business that operates 24/7. The Board sees great value in having Peter based in the United States and Steven based in Australia to facilitate this. Although their roles are divided on a functional rather than geographical basis, their daily presence in different locations is a significant advantage for us.

Peter and Steven have many skills and areas of knowledge which overlap - after all they have both worked in the business for more than 25 years. They also have complementary areas of focus with Peter playing a key role in corporate, finance and treasury transactions with Steven focussing on the Group's major developments and operations and playing an important role in helping develop the Group's emerging digital business strategy. But you will always find them in close collaboration and debate on the important issues and transactions which affect the Group.

This is a management team which prides itself on intensive management of every aspect of its business. The Co-CEO structure, with the additional resource it provides, is an important factor in promoting that culture throughout our business in all jurisdictions where we operate.

The Board believes that this management structure, which has Co-Chief Executive Officers at the top, working with highly skilled and experienced executives across a range of geographies and disciplines, is serving us well and provides the best available resource to drive the Company through the next phase of its development.

As this is my last meeting as a Director, I would like to thank Frank for his kind words and acknowledge my Board and Committee colleagues over my years with Westfield.

-ENDS-