

22 February 2018

**WESTFIELD CORPORATION REPORTS FULL YEAR 2017 RESULTS WITH FUNDS FROM OPERATIONS OF \$707M OR 34.0 CENTS PER SECURITY**

Westfield Corporation (ASX:WFD) today announced its full year results with Funds From Operations (FFO) for the 12 months ended 31 December 2017 of \$707m. FFO per security was 34.0 cents, at the top end of the forecast. Distribution for the 12 months ended 31 December 2017 is 25.5 cents per security.

Westfield Corporation Co-CEOs, Peter and Steven Lowy said: "2017 was a significant year for Westfield with the announcement in December of the proposal to combine Westfield with Unibail-Rodamco to create the world's best retail real estate platform.

"The performance of Westfield for the year was solid and we remain confident with the strategy of developing and transforming Flagship assets. During the year we successfully opened the redevelopment of Century City in Los Angeles and the expansion of UTC in San Diego. We continued to make good progress on the expansions at Westfield London and Valley Fair in Silicon Valley.

"We are creating great experiences for retailers, consumers and brands and continue to benefit from the addition of food, leisure and entertainment and a broader mix of uses including many new concepts, emerging technologies and online brands. In the United States we have added over 130 retailers and brands that are new to Westfield in our recently completed developments.

"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.

"Since 2010, when we implemented a strategy focusing on Flagship assets, Westfield has completed \$7bn of developments, divested 29 assets valued at \$7bn and joint ventured 22 assets valued at \$10bn. Westfield now has assets under management of \$34.5bn, of which 84% are Flagship assets.

"Our \$8.5bn development program is focused on creating pre-eminent retail, dining and entertainment destinations in some of the world's top markets including London, Silicon Valley and Milan. The development program continues to transform our portfolio and is expected to generate significant value and earnings accretion for shareholders."

WFD's financial position is strong with balance sheet assets of \$23.6bn, a gearing ratio of 38.1% and \$2.6bn in available liquidity.

IFRS net profit was \$1,551m for the year ended 31 December 2017, including \$847m of revaluations primarily driven by uplift from developments.

westfieldcorp.com

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## **Transaction with Unibail-Rodamco**

The proposal to combine Westfield and Unibail-Rodamco will create a \$73bn portfolio comprising 104 assets, of which \$61bn or 84% are flagship.

The combined portfolio will operate leading assets in the US in New York, Los Angeles, Silicon Valley and the Washington DC area, and in Europe in London, Paris, Madrid, Barcelona, Stockholm, Vienna and Milan. It will have strong growth prospects with a \$14.7bn development program.

The proposal has the full support of the Lowy Family and the Westfield Board.

Documentation for the proposal is expected to be sent to securityholders in April with the vote and implementation expected to occur later in the first half of 2018.

## **Investment Activity**

In October 2017 Westfield successfully launched the major stage of the \$1bn redevelopment of Century City in Los Angeles, including Nordstrom and a world class and industry leading retail tenancy mix.

“The opening of Westfield Century City was a hugely important milestone in the execution of our strategy. Century City is on track to achieve annual sales in excess of \$1bn and has changed the face of retail on the west side of Los Angeles,” Steven Lowy said.

WFD also successfully launched the \$600m expansion at UTC in San Diego in Q4 2017, including a new Nordstrom department store. The project has been very well received in the San Diego market, with many unique and new to market retailers and brands.

Good progress continues on the \$2.4bn of major projects currently under construction including the £600m expansion of Westfield London, opening next month, and the \$1.1bn expansion of Valley Fair.

WFD has \$6.1bn of future retail development projects including Westfield Milan and Croydon in South London. At Westfield Milan, to be anchored by a Galeries Lafayette department store, pre-leasing is progressing well and works have commenced on necessary highway infrastructure. We expect to be in a position for the project to commence later in 2018.

WFD continues to progress residential rental projects across the US and UK. During the year we commenced the 300 apartment project at UTC in San Diego and we expect to be in a position for the 1,200 apartment project at Stratford to commence later in 2018.

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## **Operating Performance**

WFD's portfolio achieved specialty sales of \$733 psf, up 2.0% for the year, with:-

- Flagship: \$908 psf, up 2.7%; and
- Regional: \$455 psf, down 0.3%.

For the 12 month period, comparable net operating income for the portfolio was up 2.2%, with:-

- Flagship: up 2.7%; and
- Regional: up 0.7%.

For 2018, comparable NOI growth is expected be in the range of 2.5% - 3%.

The portfolio was 93.2% leased as at 31 December 2017, with the Flagship portfolio at 94.9%.

## **Digital**

In November 2017, Westfield rebranded its retail technology business to OneMarket reflecting a shift in its business and operating model. OneMarket is a retail technology platform that aims to connect retailers, consumers and venues both physically and digitally with technology companies by creating a network that supports the retail industry with products and services that elevate shopper experiences.

As part of the proposed transaction with Unibail-Rodamco, Westfield is proposing to demerge OneMarket into a newly formed ASX-listed entity. Further detailed information regarding OneMarket and the demerger will be contained in the Demerger Booklet, which is expected to be sent to securityholders in April 2018.

## **Outlook**

Westfield remains confident in the future outlook for its business, which is underpinned by the quality and strength of its Flagship portfolio, and the \$8.5bn development program.

For 2018, WFD's earnings will be positively impacted by the stabilisation of recently completed development projects including Century City and UTC together with the completion of the expansion of Westfield London.

Given the proposal to combine Westfield and Unibail-Rodamco, there will be no FFO or Distribution forecasts for 2018.

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**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 6,500 retail outlets and total assets under management of \$34.5bn.

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.

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