

# Westfield Corporation

2015 Half Year Results  
26 August 2015

*Westfield*

# DISCLAIMER



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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**

# RESULTS HIGHLIGHTS



- Funds From Operations (“FFO”) and Distribution in-line with forecast

Funds From Operations (\$m)	6 months to 30 Jun 15	Assets under Management / Balance Sheet (\$bn)	As at 30 Jun 15
• Net Property Income	412	• Assets under Management	29.3
• Management Income	16	• Total Assets	19.7
• Project Income	66	• Net Debt	7.1
• <b>FFO</b>	<b>380</b>	• <b>Gearing:</b>	
• FFO per Security	18.3c	– Enterprise Value <sup>1</sup>	32.2%
• Distribution per Security	12.55c	– Book Value	36.5%
		• Available Liquidity	3.0
		• Interest Cover	5.0x

<sup>1</sup> Based on market capitalisation methodology comparable with US peers  
 Note: WFD was established on 30 June 2014 and does not have prior comparable earnings



# RESULTS HIGHLIGHTS (CONT'D)



## DEVELOPMENT

- Significant progress on the \$11.4bn (WFD: \$6.3bn) current and future development program. WFD expects to commence \$2.5bn of projects in 2015:
  - \$3.8bn of developments currently under construction, up \$1.4bn:
    - \$250m development (WFD: \$138m) of The Village at Topanga in Los Angeles now over 95% leased and opening in September 2015
    - Westfield World Trade Center (\$1.4bn) now fully leased and committed and expected to open in 1H 2016
  - Commenced \$1.6bn of redevelopments to date in 2015 including:
    - \$120m first stage (WFD: \$60m) of the expansion at Valley Fair in Silicon Valley
    - \$800m redevelopment at Century City in Los Angeles
    - \$585m expansion (WFD: \$293m) of UTC in San Diego
- Predevelopment activity continues on the future development program including:
  - £600m expansion of Westfield London expected to commence in 2H 2015
  - \$600m major stage of the expansion at Valley Fair expected to commence in 2016
  - Westfield Milan in Italy and Croydon in South London expected to commence between 2016 and 2018
  - 2,500 residential apartments at Westfield London and Stratford City<sup>1</sup>

<sup>1</sup> Not included in \$11.4bn development program

# RESULTS HIGHLIGHTS (CONT'D)



## OPERATING

- High productivity portfolio with annual specialty retail sales of \$713 psf, up 8.6% for the six months to Jun-15:
  - Flagship: \$881 psf, up 10.0%, representing 77% of assets under management
  - Regional: \$450 psf, up 4.9%
- High levels of occupancy with portfolio leased of 95.0%, up 0.6%:
  - Flagship: 96.4%, up 0.6%
  - Regional: 92.8%, up 0.7%
- Comparable net operating income growth of 4.2% for the six months to Jun-15:
  - Flagship: +4.3%
  - Regional: +3.9%
- Strong progress on innovation and digital technology, through Westfield Labs – roll out of unified digital platform in second half of 2015

# RESULTS HIGHLIGHTS (CONT'D)



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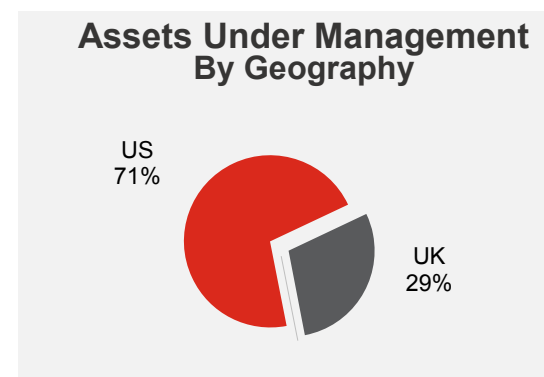
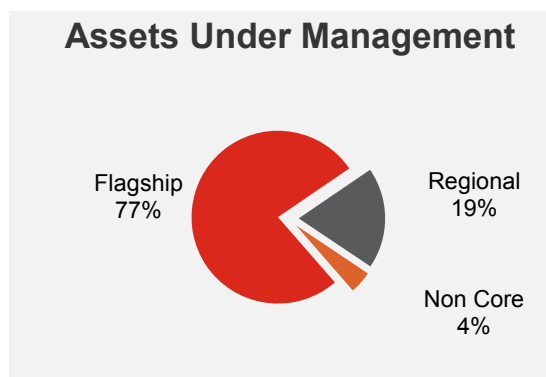
## OUTLOOK FOR 2015:

- Confirmation of full year 2015 earnings guidance:
  - FFO: 37.7 cents per security, including the impact of the \$925m O'Connor joint venture completed in February 2015
  - Distribution: 25.1 cents per security
- Represents pro-forma FFO growth of 4%
- Assumes no further capital transactions and no material change in foreign currency exchange rates

# PORTFOLIO SUMMARY



	Flagship	Regional	Non Core	Total
• Centres	16	18	6	40
• Retail Outlets	3,716	2,747	949	7,412
• GLA (m sqf)	23.3	20.1	6.9	50.3
• Assets Under Management (bn)	\$22.7	\$5.4	\$1.2	\$29.3
• WFD Interests (bn)	\$13.8	\$3.1	\$1.2	\$18.1
• JV Partner Interests (bn)	\$8.9	\$2.3	-	\$11.2
• WFD Interests (%)	61%	57%	100%	62%



# PORTFOLIO STATISTICS



As at 30 June 2015	Assets under Management (\$bn) <sup>1</sup>	% of Portfolio <sup>1</sup>	Portfolio Leased (%)	Specialty Occupancy Cost (%)	Specialty Retail Sales (MAT/ psf)	Specialty Retail Sales Growth (%) <sup>2</sup>	Average Specialty Store Rent		Comparable NOI Growth (%) <sup>3</sup>
							Amount (psf)	Growth YOY (%)	
Flagship	22.7	77%	96.4	14.8	\$881	7.6	\$108.28	5.6	4.3
Regional	5.4	19%	92.8	14.5	\$450	4.2	\$55.94	1.0	3.9
Total <sup>4</sup>	29.3		95.0	14.7	\$713	6.5	\$88.54	4.3	4.2

<sup>1</sup> Total includes six assets considered non-core valued at \$1.2bn

<sup>2</sup> 12 months to 30 June 2015

<sup>3</sup> 6 months to 30 June 2015

<sup>4</sup> Operating statistics exclude six non-core assets



# SPECIALTY RETAIL SALES GROWTH



Period ending 30 June 2015	Flagship		Regional <sup>1</sup>	
	12 months	6 months	12 months	6 months
Specialties	7.6%	10.0%	4.2%	4.9%
<b>By Category:</b>				
Fashion	3.0%	5.4%	(0.2%)	0.3%
Jewellery	10.3%	9.3%	6.0%	8.2%
Leisure	10.0%	15.6%	8.3%	8.9%
Food retail	4.7%	4.9%	3.3%	3.1%
General retail	9.9%	11.3%	3.7%	2.8%

<sup>1</sup> Excludes six non-core assets

# CURRENT DEVELOPMENT ACTIVITY



- \$3.8bn currently under construction (WFD: \$2.9bn, of which \$1.4bn incurred to date) with an estimated yield range of between 6.5% and 8.0%

Current Projects	Total Project \$m	WFD \$m	Anticipated Completion
▪ The Village at Topanga (California)	250	138	2H15
▪ Westfield World Trade Center (New York)	1,425	1,425	1H16
▪ Valley Fair – Stage 1 (California)	120	60	2H15
▪ Century City (California)	800	800	2H17
▪ UTC (California)	585	293	2H17
▪ Other Projects	240	180	2015 / 2016
<b>Third Party</b>			
▪ Bradford (UK) <sup>1</sup>	£260	-	2H15
<b>Total</b>	<b>\$3.8bn</b>	<b>\$2.9bn</b>	

- Commenced \$1.6bn of projects to date in 2015, including Century City, UTC and Valley Fair

<sup>1</sup> Third party design and construction project

# FUTURE RETAIL DEVELOPMENT PROGRAM *Westfield*

- Westfield Corporation is undertaking pre-development on \$7.6bn (WFD: \$3.4bn) of future development projects with an estimated yield range of 7% - 8%

Estimated Commencement	Total Project	WFD
<b>2015</b>		
▪ Westfield London (UK) <sup>1</sup>	£0.6bn	50%
<b>2016 – 2018</b>		
▪ Milan (Italy)	€1.4bn	75%
▪ Valley Fair – Major Stage (California)	\$0.6bn	50%
▪ Croydon (UK)	£1.0bn	50%
<b>Other Future Projects</b>	\$2.9bn	
<b>Total</b>	<b>\$7.6bn</b>	

<sup>1</sup> Represents retail component

# FUNDS FROM OPERATIONS

## SIX MONTHS TO 30 JUNE 2015



\$m	Proportionate IFRS Profit <sup>1</sup>	Adjustments to determine FFO <sup>2</sup>	FFO
Net Property Income			
▪ Flagship	259	10	<b>269</b>
▪ Regional	131	12	<b>143</b>
<b>Total Net Property Income</b>	<b>390</b>	<b>22</b>	<b>412</b>
Management income	16	-	<b>16</b>
Project income	66	-	<b>66</b>
<b>Gross Income</b>	<b>472</b>	<b>22</b>	<b>494</b>
Overheads	(63)	-	<b>(63)</b>
<b>EBIT</b>	<b>409</b>	<b>22</b>	<b>431</b>
Gross Interest and mark to market of interest rate derivatives	(104)	19	<b>(85)</b>
Interest capitalised – Westfield World Trade Center	27	-	<b>27</b>
Interest capitalised – Assets held for redevelopment and CIP	29	-	<b>29</b>
Property revaluations	197	(197)	-
Currency derivatives	11	(11)	-
Minority interest <sup>3</sup>	(15)	7	<b>(8)</b>
<b>Earnings before tax</b>	<b>554</b>	<b>(160)</b>	<b>394</b>
Current tax	(14)	-	<b>(14)</b>
Deferred tax	(74)	74	-
<b>IFRS Profit and Funds from Operations</b>	<b>466</b>	<b>(86)</b>	<b>380<sup>1</sup></b>
<i>Weighted average number of securities (millions)</i>			<i>2,078.1</i>
<b>FFO per security</b>			<b>18.3 cents</b>

<sup>1</sup> The UK operations have been translated at an average exchange rate USD/GBP 0.6563

<sup>2</sup> Refer to Directors' Report Appendix A

<sup>3</sup> Includes \$8m interest and \$7m mark to market on convertible redeemable preference shares

# SUMMARISED IFRS INCOME STATEMENT

## SIX MONTHS TO 30 JUNE 2015



\$m	Proportionate IFRS Profit	Consolidated	Equity Accounted
Property revenue	589	272	317
Contribution from equity accounted investments	-	393	(393)
Management income	16	16	-
Project income	66	66	-
<b>Total Income</b>	<b>671</b>	<b>747</b>	<b>(76)</b>
Property expenses and outgoings	(199)	(98)	(101)
Overheads	(63)	(63)	-
Property revaluations	197	(21)	218
Financing costs	(29)	12	(41)
Interest on other financial liabilities	(8)	(8)	-
Mark to market of derivatives, currency gain/(loss) and preference shares	(15)	(15)	-
<b>Profit before tax</b>	<b>554</b>	<b>554</b>	<b>-</b>
Tax expense	(14)	(14)	-
Deferred tax	(74)	(74)	-
<b>Profit after tax</b>	<b>466</b>	<b>466</b>	<b>-</b>



# PROPORTIONAL BALANCE SHEET<sup>1</sup>



\$m	30 Jun 15 <sup>2</sup>	31 Dec 14 <sup>2</sup>
Cash	412	401
Property investments		
▪ Shopping centres	15,741	15,425
▪ Assets held for joint venture	-	439
▪ Construction in progress	1,441	1,209
▪ Assets held for redevelopment	953	1,032
<b>Total Property investments</b>	<b>18,135</b>	<b>18,105</b>
Other assets	1,151	1,128
<b>Total assets</b>	<b>19,698</b>	<b>19,634</b>
Interest bearing liabilities	7,491	7,429
Deferred tax liabilities	2,956	2,922
Other liabilities	1,053	1,314
<b>Total liabilities<sup>3</sup></b>	<b>11,500</b>	<b>11,665</b>
<b>Net Assets</b>	<b>8,198</b>	<b>7,969</b>
Minority interest	(234)	(235)
<b>Net Assets attributable to the Westfield Corporation</b>	<b>7,964</b>	<b>7,734</b>
<i>Number of securities (millions)</i>	<i>2,078.1</i>	<i>2,078.1</i>

<sup>1</sup>The net investment in equity accounted entities of \$7,460m has been allocated to individual assets and liabilities

<sup>2</sup>The UK operations have been translated at period end exchange rate USD/GBP 0.6365 (31 Dec 2014 0.6409)

<sup>3</sup>Excludes \$234m of convertible preference securities shown in minority interest given their equity characteristics

# PROPERTY INVESTMENTS



- Change in value of gross property investments:

\$bn	6 months to 30 Jun 15
Property investments opening balance	18.1
Disposals	(0.5)
<b>Property investment (post joint venture with O'Connor)</b>	<b>17.6</b>
Revaluations	0.2
Capital expenditure	0.3
<b>Property investments closing balance</b>	<b>18.1</b>

- Shopping centre investments and weighted average cap rate by category:

	Shopping Centres – 30 Jun 15		Weighted Average Cap Rate	
	WFD (\$bn)	WFD (%)	30 Jun 15	31 Dec 14
Flagship	11.6	74%	4.8%	4.9%
Regional <sup>1</sup>	4.1	26%	6.3%	6.4%
<b>Total</b>	<b>15.7</b>		<b>5.2%</b>	<b>5.3%</b>

<sup>1</sup>Includes six assets considered non-core

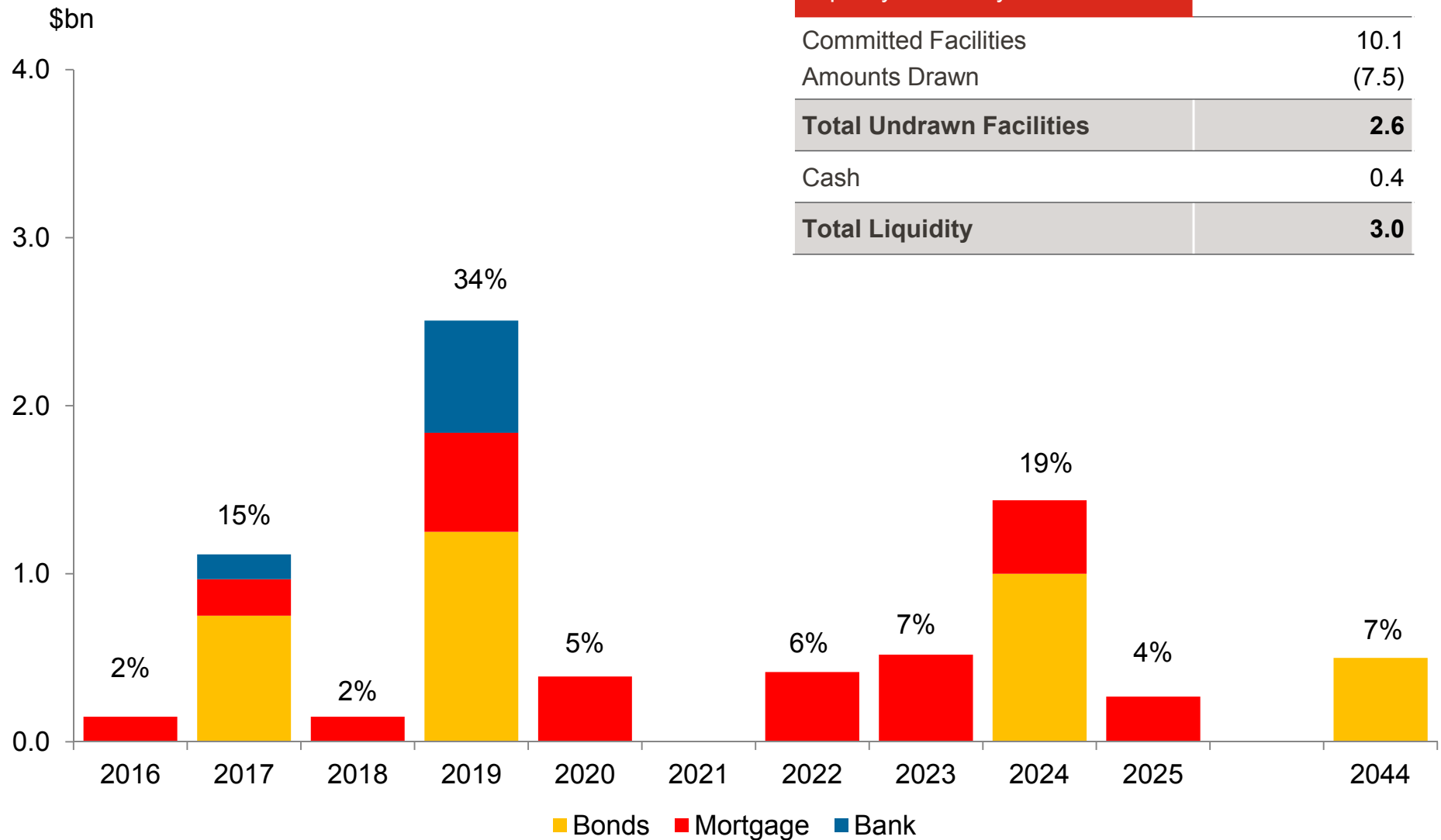
# CURRENT FINANCIAL POSITION



- Financing activity:
  - \$0.6bn (WFD: \$0.4bn) of new secured mortgages
  - Retirement of bridge facility
- Financing facilities totaling \$10.1bn:
  - \$3.5bn of bilateral bank facilities
  - \$3.5bn of 144A bonds
  - \$3.1bn of secured mortgages
- Strong balance sheet and liquidity position:
  - Gearing:
    - 32.2% based on enterprise value<sup>1</sup>
    - 36.5% based on book value
  - 5.0 times interest cover
  - \$3.0bn available liquidity provided by committed bank facilities and cash
- Average term of bonds and mortgages (\$6.6bn) at 7.4 years and bank facilities (\$3.5bn) at 3.9 years

<sup>1</sup> Based on Market Capitalisation

# LIQUIDITY & DEBT MATURITY PROFILE



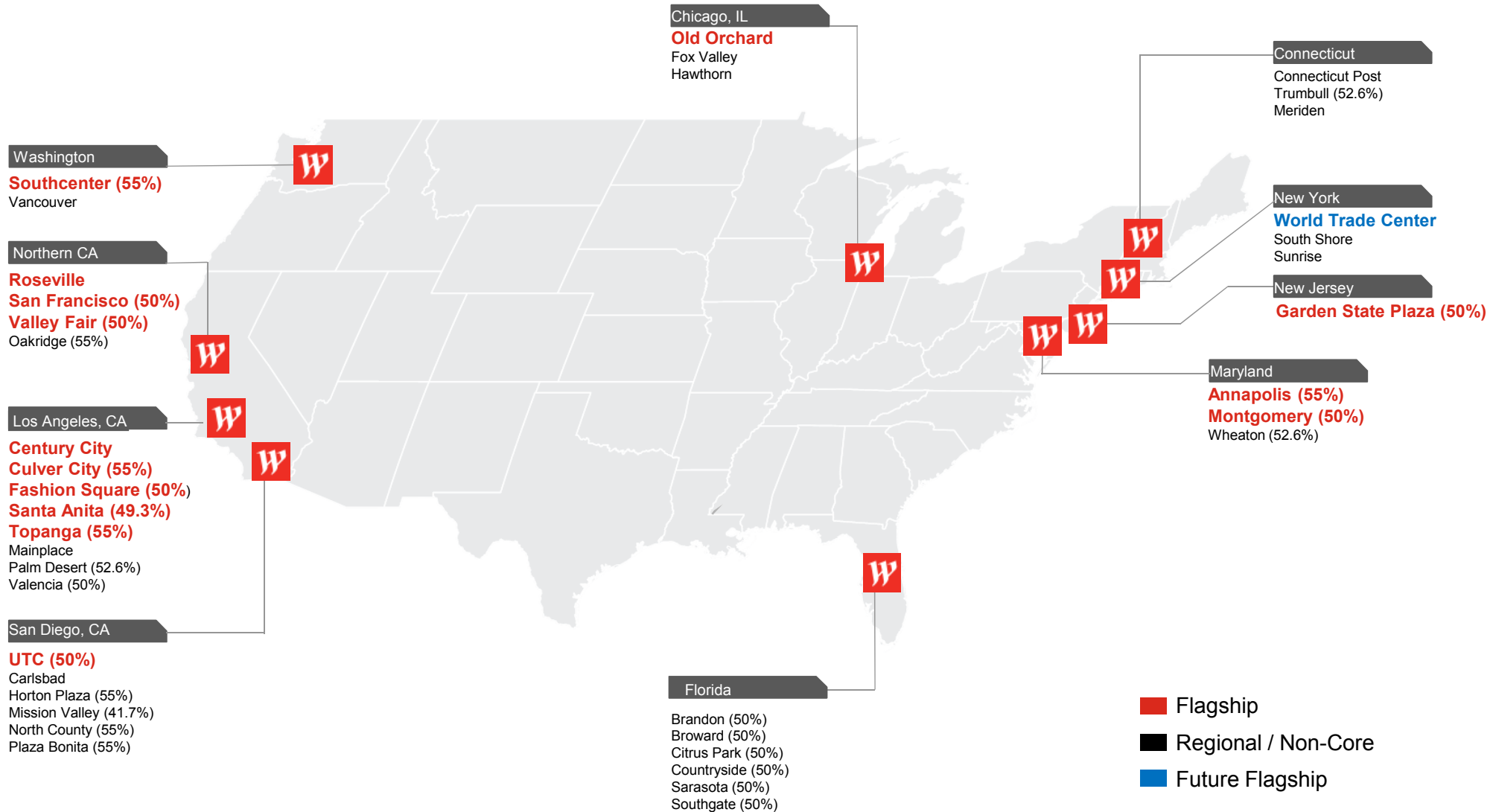
Liquidity Summary		\$bn
Committed Facilities		10.1
Amounts Drawn		(7.5)
<b>Total Undrawn Facilities</b>		<b>2.6</b>
Cash		0.4
<b>Total Liquidity</b>		<b>3.0</b>

# APPENDIX

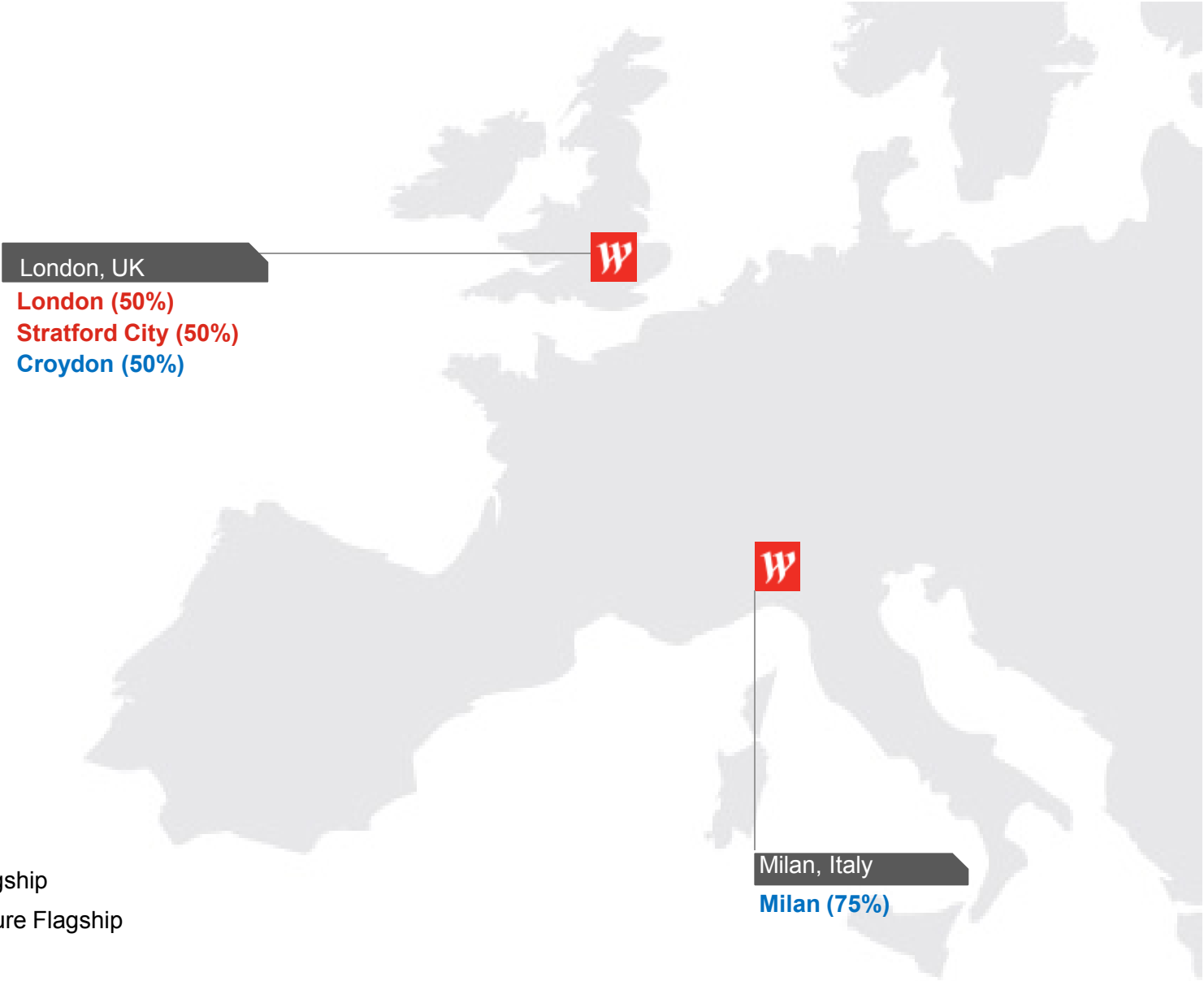
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# ASSETS – UNITED STATES



# ASSETS – UK/EUROPE



- Flagship
- Future Flagship

# ASSETS UNDER DEVELOPMENT



\$ millions	At 30 June 2015		
	Construction in Progress	Assets Held for Redevelopment	Total
Flagship	1,337	862	2,199
Regional	104	91	195
<b>Total</b>	<b>1,441</b>	<b>953</b>	<b>2,394</b>

# DETAILED BALANCE SHEET



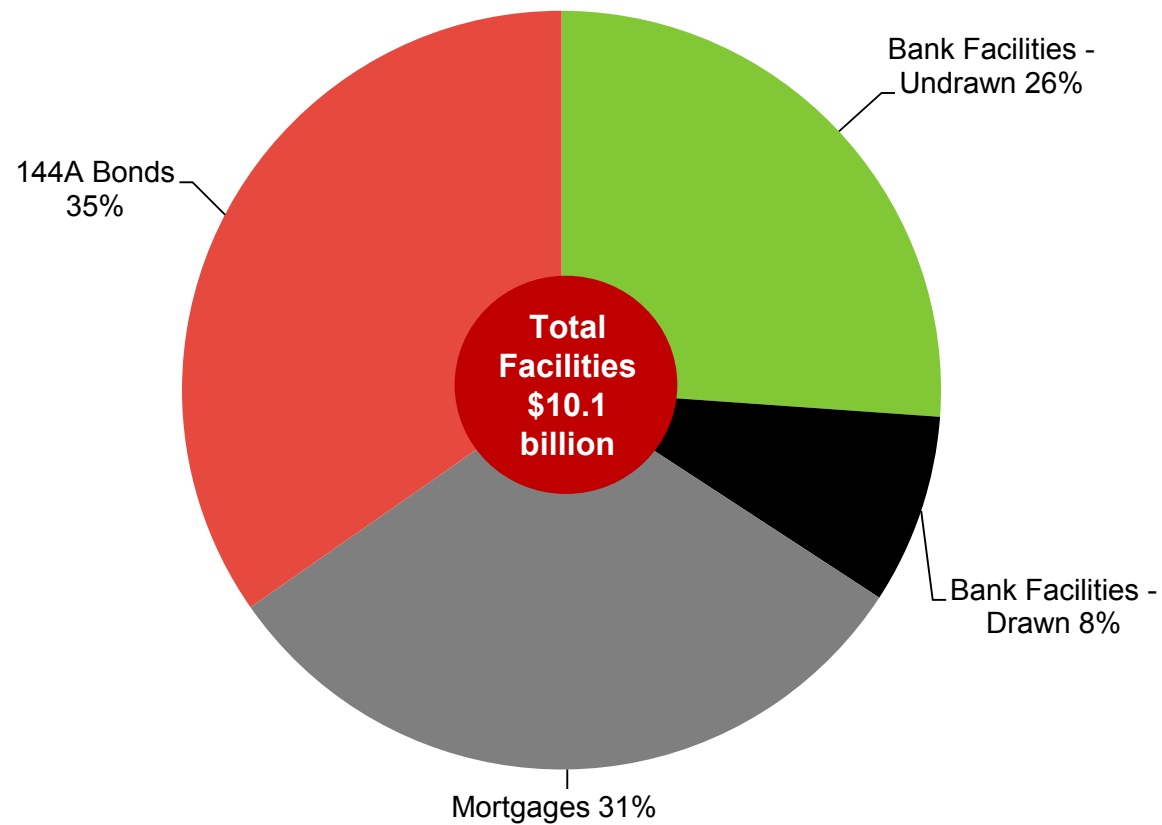
\$m	Consolidated	Equity Accounted	Total
Cash	319	93	412
Property investments			
▪ Shopping centres	6,588	9,153	15,741
▪ Construction in progress	1,236	205	1,441
▪ Assets held for redevelopment	584	369	953
<b>Total property investments</b>	<b>8,408</b>	<b>9,727</b>	<b>18,135</b>
Net investment in equity accounted entities	7,460	(7,460)	-
Other assets	1,095	56	1,151
<b>Total assets</b>	<b>17,282</b>	<b>2,416</b>	<b>19,698</b>
Interest bearing liabilities			
▪ Current	3	5	8
▪ Non-current	5,185	2,258	7,443
Finance lease liabilities	33	7	40
Deferred tax liabilities	2,956	-	2,956
Other liabilities	907	146	1,053
<b>Total liabilities</b>	<b>9,084</b>	<b>2,416</b>	<b>11,500</b>
<b>Net Assets</b>	<b>8,198</b>	<b>-</b>	<b>8,198</b>
Minority interest <sup>1</sup>	(234)	-	(234)
<b>Net Assets attributable to Westfield Corporation</b>	<b>7,964</b>	<b>-</b>	<b>7,964</b>

<sup>1</sup> Includes \$234m of convertible preference securities shown in minority interest given their equity characteristics

# FINANCING FACILITIES



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





# KEY FINANCIAL RATIOS



30 Jun 15<sup>1</sup>

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Gearing (enterprise value)	32.2% <sup>2</sup>
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Gearing (book value)	36.5%
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Secured Debt	16.0%
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Interest Coverage	5.0 times
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Unencumbered Leverage	262%
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<sup>1</sup> On a proportional basis

<sup>2</sup> Based on Market Capitalisation methodology which is comparable with US peers

# INTEREST RATE HEDGING PROFILE



Outstanding as at Dec	US\$ fixed debt payable		£ fixed debt payable		US\$ interest swap payable		US\$ interest swap receivable	
	US\$m	Fixed Rate <sup>1</sup> %	£m	Fixed Rate <sup>1</sup> %	US\$m	Fixed Rate <sup>2</sup> %	US\$m	Fixed Rate <sup>2</sup> %
2015	(5,893.6)	3.74%	(375.0)	2.69%	-	-	3,250.0	2.81%
2016	(5,736.0)	3.69%	(375.0)	2.69%	(1,350.0)	1.39%	3,250.0	2.81%
2017	(4,760.3)	3.89%	(375.0)	2.69%	-	-	500.0	3.69%
2018	(4,750.9)	3.88%	(375.0)	2.69%	-	-	500.0	3.69%
2019	(3,490.3)	4.30%	-	-	-	-	500.0	3.69%
2020	(3,129.6)	4.01%	-	-	-	-	-	-
2021	(3,126.4)	4.01%	-	-	-	-	-	-
2022	(2,708.1)	3.98%	-	-	-	-	-	-
2023	(2,206.7)	4.00%	-	-	-	-	-	-
2024	(769.2)	4.42%	-	-	-	-	-	-

<sup>1</sup> Includes margin

<sup>2</sup> Excludes margin