

15 May 2014



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Dear Sir/Madam

**WESTFIELD GROUP (ASX:WDC)
1st QUARTER UPDATE**

Attached is the Westfield Group's 1st Quarter Update for 2014.

Yours faithfully
WESTFIELD GROUP

A handwritten signature in blue ink, consisting of a stylized 'S' and 'T' followed by a horizontal line.

**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 of **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 of **Westfield America Trust** ABN 27 374 714 905 ARSN 092 058 449

WESTFIELD GROUP REPORTS 1st QUARTER UPDATE

The Westfield Group (ASX:WDC) today announced its 1st quarter update for the three months to 31 March 2014 with the Group's operations continuing to perform in line with expectations.

Australia and New Zealand

In Australia, total annual retail sales at March 2014 were \$20.3bn with comparable specialty retail sales up 4.4% for the March quarter.

Westfield Group co CEO, Mr Steven Lowy AM said "Our Australian portfolio remains in a strong position and since the third quarter of last year we have seen an improving trend in the retail sales environment."

Average specialty rent for the Australian portfolio grew to \$1,536 psm, up 1.6% from March 2013.

In New Zealand, comparable specialty retail sales were up 3.6% for the March quarter. Average specialty rent was NZ\$1,132 psm, up 0.5% from March 2013.

The Australian/NZ portfolio remains at almost full occupancy at over 99.5% leased.

In Australia, approximately 500 leasing deals were completed during the March quarter. This represented 3.0% of specialty area, completed at rental spreads 4.6% lower than expiring rents, reflecting an improving trend with rental spreads on lease renewals being flat for the quarter.

Specialty occupancy cost for the Australian/NZ portfolio was 19%, down 10 basis points from March 2013.

The Australia/NZ business continued to make good progress on the \$4.9bn (Group share: \$1.3bn) of current and future projects, with major projects at Miranda in Sydney and Mt Gravatt in Brisbane progressing on schedule and budget. Design and construction works have commenced at Pacific Fair in Queensland on behalf of AMP Capital.

United States and United Kingdom

In the United States specialty retail sales grew to US\$585 psf, up 3.1% for the March quarter.

"Specialty sales in the United States this quarter are pleasing and reflect the improved quality of the portfolio together with our focus on introducing a diverse range of retail categories over the last few years. Our higher quality centres continue to outperform," Steven Lowy said.

Leasing demand in the United States portfolio remains solid at 92.8% leased, in line with last year. During the quarter 166 deals were executed representing over 449,000 sqf, with growth over expiring rents of 19.4%. Average specialty rent was US\$75.35 psf, up 3.0% on last year.

Specialty occupancy cost for the United States portfolio was 14.8% down 30 basis points from the level at March 2013.

The Group continued to make good progress on current and future projects in the United States, including US\$1.4 billion Westfield World Trade Center in New York which remains on track for opening in 2015 together with Montgomery in Maryland due to complete later this year.

westfield.com

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For further information please contact Anita Sulentic on +61 2 9358 7426

During the quarter works commenced at The Village at Topanga (US\$250 million) in Los Angeles with Garden State Plaza in New Jersey successfully opening on schedule and on budget.

In the United Kingdom, the solid performance of Westfield London and Stratford City continues with specialty retail sales for the quarter increasing 1.6% to £828 psf. These two centres now generate annual sales of £1.96bn.

The United Kingdom portfolio is currently 99% leased. Average specialty rent for the portfolio grew by 5.1% from March 2013 to £88.69 psf. Portfolio occupancy cost remained steady at 14%.

“We recently completed the \$1.1 billion disposal of Merry Hill, Derby and Sprucefield and our UK portfolio now comprises our iconic London assets, including Westfield London and Westfield Stratford City.”

“At Westfield London we have made good progress on the 5 year rent review process which began late last year. The reviews concluded so far are in line with our expectations. We are also pleased to have received planning consent for the next phase of expansion, including mixed residential and retail components anchored by a new John Lewis department store,” Steven Lowy said.

During the quarter, the Group also commenced works on the £260m project at Bradford in the United Kingdom, on behalf of Meyer Bergman.

Good progress continues on the future development pipeline for the international business of US\$9.0bn (Group share: US\$4.0bn), which includes landmark developments at Croydon in London and Milan in Italy together with the expansion of Westfield London, and the redevelopments of Century City, Valley Fair and UTC in California.

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 approximately 4,000 staff worldwide. The Westfield Group has interests in and operates one of the world's largest shopping centre portfolios with investment interests in 87 shopping centres across Australia, the United States, the United Kingdom and New Zealand, encompassing approximately 20,000 retail outlets and total assets under management of over \$68bn.

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.

MEDIA RELEASE



Westfield

WESTFIELD GROUP
2014 1ST QUARTER UPDATE
15 May 2014 Retail Sales Appendix



RETAIL SALES – AUSTRALIA & NEW ZEALAND

Retail Sales	Period to 31 March 2014			
	Moving Annual Turnover (MAT)	MAT Growth	Comparable Change	
			12 months	3 months
Australia				
▪ Majors			1.9 %	0.6%
▪ Mini Majors			(0.1)%	1.5%
▪ Specialties			2.3 %	4.4%
Total	\$20.3bn	2.0%	2.0%	2.8%
New Zealand				
▪ Majors			0.3%	0.8%
▪ Mini Majors			(7.2)%	(5.6)%
▪ Specialties			1.7%	3.6%
Total	NZ\$2.0bn	0.0%	0.3%	1.7%

COMPARABLE CHANGE IN RETAIL SALES BY CATEGORY – AUSTRALIA

Retail Sales	Period to 31 March 2014	
	12 months	3 months
Majors:		
▪ Department Stores	(0.4)%	1.7%
▪ Discount Department Stores	(1.9)%	(4.7)%
▪ Supermarkets	6.4%	3.8%
Cinemas	(1.7)%	(3.5)%
Mini-Majors:	(0.1)%	1.5%
Specialties - Total:	2.3%	4.4%
▪ Fashion	1.2%	4.6%
▪ Food Catering	2.2%	1.2%
▪ Food Retail	0.1%	0.1%
▪ Footwear	3.9%	6.0%
▪ General Retail	0.2%	1.6%
▪ Homewares	(0.7)%	0.4%
▪ Jewellery	7.0%	10.8%
▪ Leisure	2.8%	5.4%
▪ Retail Services	2.8%	4.6%

RETAIL SALES – UNITED STATES

Specialty Retail Sales	Period to 31 March 2014 ¹			
	Moving Annual Turnover (MAT)	Sales psf (MAT)	Change on previous period	
			12 months	3 months
Specialties	US\$5.7bn	US\$585	5.2 %	3.1%
By Category:				
Fashion			(1.9)%	(6.6)%
Jewellery			8.4%	12.1%
Leisure			20.4%	15.8%
Food retail			0.2%	2.3%
General retail			1.2%	1.5%

¹ Excludes six assets considered non-core valued at US\$1.2bn with annual specialty sales of US\$321psf