

Westfield

THE MARKET

Shopping centres in Australia generate \$51 billion in retail sales each year, employ nearly half a million people and have an asset value of almost \$35 billion – funded largely by trusts and institutions managing savings, investments and the collected superannuation of Australians.

In Australia, Westfield is the major player in the shopping centre industry with a total of 29 centres in NSW, Queensland, Victoria, South Australia, Western Australia and the ACT. On a global scale Westfield is also a significant operator with centres in New Zealand, the United States and the United Kingdom ranking it in the top three shopping centre companies worldwide.

Shopping centres play an important part in the social life of the communities they serve. They are, in many ways, the ‘town squares’ in their suburban settings, offering family-safe environments with a full range of retail outlets and entertainment options.

In Australia, Westfield operations are conducted through two Stock Exchange listed entities. The Westfield Trust is Australia’s largest listed property trust and owns the shopping centre properties, some in partnership with leading institutional investors. Westfield Holdings Limited provides the expertise to develop, lease and then manage and promote the centres.



ACHIEVEMENTS

From its beginnings in 1959, Westfield has grown substantially and today manages more than 6 million square metres of retail space with 13,200 retailers in 86 shopping centres in four countries.

A key strength of Westfield is its ability to transfer knowledge and skills between the different markets in which it operates, a process that ensures that the company is at the forefront of innovation in the shopping centre industry on a global basis.

Westfield Holdings was listed as a public company in 1960 and has delivered increased profits to shareholders every year since.

HISTORY

In the late 1950s two businessmen from Sydney’s West, Frank Lowy and the late John Saunders, opened a delicatessen in Blacktown. As their business flourished they bought nearby land and built their first shopping centre called “Westfield Place”.

“West” because the centre was located in western Sydney and “field” because the site overlooked the fields of the surrounding market

gardens. The centre comprised two department stores and twelve shops built around a courtyard with parking for 50 cars. The name was later shortened to “Westfield”.

During the 1960s and 1970s, Westfield built or acquired fourteen shopping centres in NSW, Queensland and Victoria. In 1977, Westfield entered the United States market, adapting to local needs



the philosophy and management techniques which had worked so well in Australia. Today the Westfield America portfolio consists of 39 centres.

Westfield’s official entry into the New Zealand and UK markets took place more recently, in 2000.

The Company’s success stems from its experience and expertise in all areas of the business and from its commitment to stable and long-term partnerships both with retailers and fellow investors. All major retailers are represented many times over in Westfield centres with many of the smaller retail chains operating in virtually every centre.

From the beginning the Company has adopted an integrated approach across all the disciplines required to conceive, develop, design, build and then manage these modern retail wonders. It is this total integration of all Westfield operating divisions and their constant involvement in every aspect of the shopping centres that makes Westfield unique, and so successful in today’s competitive environment.

In the forty years since its conception, stable management centred on the Lowy family has enabled the Westfield Group to grow into Australia’s largest developer, designer, builder, leaser and manager of regional shopping centres as well as becoming a significant international operator.

The company is totally Australian owned and is still chaired by the founder, Mr Frank Lowy. His son David is Deputy Chairman, and sons Peter and Steven are joint Managing Directors. Five independent Directors sit on all the Westfield boards, each with a high degree of expertise and success in either financial, commercial or retail fields.

THE PRODUCT

Westfield shopping centres are the only branded shopping centres in the world and as a result, the brand has become iconic in the retail industry.

Westfield centres provide customers with one-stop shopping together with facilities which are designed to ensure the shopping experience is an enjoyable one. These include free entertainment for children during school holidays, celebrity appearances and expos as well as a range of customer service facilities. For instance, most centres offer free access to mobility equipment for the disabled and the

aged, parcel minding, child care services and provide a large staff of security personnel and customer service staff in their distinctive Westfield uniforms.

Westfield centres generally have at least 150 retail outlets and range up to what are known as super-regional shopping centres. In Australia, Westfield manages five of the country's top ten largest shopping centres.

A key focus for Westfield is its 'customers', the retailers, and in Australia Westfield houses more than 6,000 retail outlets in its 29 centres.

To support retail business, Westfield offers educational seminars, workshops and study tours to retailers and their staff on a regular basis.

One of the key features of Westfield's retailer relations program is the annual World Study Tour whereby retailers from Australia and New Zealand centres travel overseas to witness first-hand the retail success stories in the United States, Europe and Great Britain.



centre, then allocated their points to their chosen school. "Bonus point weekends" were promoted to drive traffic to centres at key times and, at the end of the promotion, the schools with the most points won the most computer packages. The promotion generated an enthusiastic competitiveness and goodwill in the community and encouraged incremental spending with Westfield retailers.

In addition to national Westfield events, a national promotions calendar is formulated each year based around key retail periods such as Christmas, Mother's Day, Father's Day, Easter and Valentine's Day, to name a few. Westfield also supports fashion on a national level with summer and winter fashion campaigns. At a centre level, each centre marketing team is dedicated to maximising the benefit to its retailers by leveraging off national campaigns and developing its own centre-specific promotions.

Westfield centres predominantly use radio, local press and letterbox drops to advertise events and promotions. Point of sale is also used in-centre as a promotional tool or to create theming for events.

RECENT DEVELOPMENTS

Over the past five years, Westfield has undertaken a \$1 billion redevelopment program in Australia because it is acknowledged that every seven to ten years a shopping centre needs refurbishing and usually also enlarging.

A feature of the most recently completed projects has been the introduction of greatly improved entertainment and leisure precincts ("ELPs") which integrate state-of-the-art cinemas with cafes, restaurants and lifestyle retailers such as stores selling books, music, sporting goods or youth fashion.

These ELPs are called *The Street*, and are now a major feature at Westfield centres in Brisbane, Sydney, Melbourne, Perth and Auckland.

PROMOTION

In developing national promotions, Westfield remains focused on three main strategies; driving retailer sales, supporting the community and forming strong alliances with other icon brands.

With an average of more than 5.8 million customer visits per week in Australia, Westfield centres generate over 7% of total national retail turnover from more than 6,000 retailers.

Westfield uses its brand to create ownership of national events, rather than simply creating shopping centre promotions. In 2001, Westfield undertook a joint promotion with Packard Bell to give away \$1,000,000 worth of computers to primary schools. The "Shop For Your School" promotion ran over a 2 month period where shoppers received a point for every dollar they spent at a Westfield



BRAND VALUES

In 1995, Westfield launched its national brand position with the jingle "It's the things that Westfield do to make shopping better for you". The jingle is used in all radio and television advertising and promotes the key brand values of Westfield, being:

Superior Customer Service; the red uniform of Westfield Customer Service staff has long been an icon of the Westfield brand. Westfield set the benchmark for customer service standards in the shopping centre industry during the late 1980s and 1990s, implementing a number of innovative concepts including Parents Rooms and a variety of mobility services. These initiatives were soon followed by competitors.



Hot summer style

Westfield

Community Involvement; each Westfield centre is committed to supporting the communities it serves and, globally, Westfield centres raise millions of dollars for hundreds of local community programs each year.

At a corporate level, the Westfield Foundation was established in 1997 and donates around \$2 million per annum to support a range of medical, charitable, artistic and sporting organisations.

Exciting Retail Mix; all Westfield centres are strategically planned to offer a one-stop shopping experience. From major department stores to specialty retailers, supermarkets to services, each centre must satisfy the demands of the surrounding community.

As the pioneers of the Entertainment Lifestyle Precinct (ELP), many Westfield centres also offer extensive food court or dining facilities as well as cinema multiplexes.

Ultimately, Westfield centres aim to develop loyal customers by offering a consistent and exciting retail experience with every visit.

THINGS YOU DIDN'T KNOW ABOUT WESTFIELD

- 70% of Australians live within a 30 minute drive of a Westfield centre.
- Westfield Southland in Melbourne is among the largest shopping centres in the southern hemisphere.
- Westfield is the largest shopping centre operator in the State of California, which itself has a larger population than Australia.
- An investment of \$1000 in Westfield shares when it was listed on the Stock Exchange in 1960 would now be worth over \$142 million (with reinvestment of dividends).
- Westfield pioneered the concept of "The Street", a branded entertainment and leisure precinct within the shopping centres, which incorporates cinemas, restaurants, cafes and lifestyle specialty retailers with indoor and outdoor entertainment.