



DAVID JONES UNVEILS MELBOURNE'S PRE-EMINENT FLAGSHIP CBD DEPARTMENT STORE

- David Jones is officially unveiling its two new Bourke Street Mall flagship stores tomorrow 13 August 2010.
- Following **3 years and an investment of approximately \$250 million** (in buying the land and redeveloping the stores) David Jones has created the pre-eminent department store in the Southern Hemisphere.
- The two new David Jones Bourke Street Mall stores will have **30% more selling space** spread across 11 brand new architecturally designed floors.
- The new stores will offer customers an unprecedented brand portfolio with:
 - more than **2500** of the best **national & international brands** across all price points - with something for everyone;
 - **1600** department store **exclusive** brands; and
 - **150 new** Australian and international brands not previously available.
- Demonstrating the evolution of department store retailing & setting a new standard in retail excellence the new David Jones Bourke Street Mall stores will offer a range of exciting **new services** such as:
 - the Aveda-Zucci hair salon and express blow-out bar;
 - the Shu Uemura Tokyo lash bar;
 - the OPI nail bar;
 - the Endota day spa with Dermologica beauty treatments;
 - the Men's salon and barber; and
 - 6 fully equipped beauty rooms.
- David Jones offers **Melbourne CBD's only Foodhall**.
- David Jones has created Victoria's **first in-store breast screening service** by establishing the "David Jones Rose Clinic" within its Women's Bourke Street mall store. The clinic will offer free screening to more than 7000 women each year.
- **More than 900 staff** and a **Personal Shopping Service** are available to ensure customer service excellence. **Trading hours have also been increased**.
- **Sales and EBIT** are expected to **grow at least** in line with the floor space increase of 30% over time as the Company does not pay rent on the premises & **GP Margins will improve** due to more space allocated to high margin categories.
- **Enormous growth potential exists** for David Jones in the Melbourne metropolitan market. The Company is under-represented in this market, as evidenced by the fact that sales tripled in the 12 years prior to commencing the refurbishment.

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David Jones Limited A.C.N. 000 074 573
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David Jones Limited (DJS) will officially unveil its two new, fully redeveloped flagship Melbourne CBD stores on Friday 13 August 2010.

The launch follows three years of work and an investment of approximately \$250 million in buying the land and redeveloping the stores to create the southern hemisphere's pre-eminent department store, on par with the world's best including Selfridges in London and Bloomingdales in New York.

David Jones CEO Paul Zahra said, "David Jones has a strong heritage in Melbourne. The very first department store in Melbourne's Bourke Street Mall was Buckley and Nunn, which we acquired in 1983 and we are delighted to be launching tomorrow a department store that will deliver to customers in Melbourne an unprecedented experience in retail excellence.

"Our two new CBD stores have been inspired by the best international department stores and reflect the very latest trends in global retailing. They stock the best national and international brands, offer the very best in customer service and play an important role in the community through the Rose Clinic on level 3 of our Womens store which will offer in-store breast screening to more than 7000 women each year," Mr Zahra said.

BIGGER STORES & A NEW CONTEMPORARY STORE AMBIENCE

The David Jones Bourke Street CBD stores redevelopment has involved:

- the repurchase of the three David Jones Melbourne CBD stores in September 2006;
- the sale of the Home store at 266 Little Bourke Street for \$42 million in November 2007;
- the relocation of the Home categories to the Womens and Mens Bourke Street stores; and
- the consolidation of David Jones' Melbourne presence into two stores as opposed to three. This has resulted in a 30% increase in retail selling space and provided operating and cost efficiencies.

Mr Zahra said, "For the first time in history the David Jones Melbourne CBD stores will be on par in size with our competitor. We have been able to deliver a 30% increase in selling space from our redeveloped flagship Bourke Street stores by capturing previously unused space through a substantial rebuild of our Womens store.

"This has been achieved by constructing new levels 1, 2 and 3 at the rear of the Women's store and constructing full new floors on levels 4 and 5. We have now effectively completed the building structure and created a uniform footprint on all six levels,' Mr Zahra said.

The additional space has been allocated to high margin, high demand categories, such as:

- Womenswear - **40%** more space;
- Cosmetics – a **19%** increase in the size of our Cosmetics Hall;
- Intimate Apparel and Sleepwear – a **24%** increase in space;
- Menswear – **84%** more space;
- Women's Footwear – **165%** increase in size, creating Melbourne's largest destination of the world's leading footwear brands.
- Bed & Bathroom – an additional **26%** of selling space;
- Homewares – **54%** more space; and
- Home Electronics - a brand new floor, with **49%** additional floor space allocated to leading Electronics and large appliance brands.

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The new stores feature a contemporary, easy to navigate layout. In the Womens store the lift well (together with its heritage façade) has been moved to the side of the store, opening the visual eye-line of each floor. A new architecturally designed escalator atrium has been built in the centre of the store connecting all six floors and providing ease of foot traffic flow throughout the store.

THE BEST RANGE OF NATIONAL AND INTERNATIONAL BRANDS

David Jones' two new flagship Melbourne CBD stores will offer customers the best range of national and international brands. More than 2500 brands will be offered in store, of which 1600 (65%) are department store exclusive and 150 are new Australian and international brands not previously available.

All of this is housed in a new contemporary store ambience featuring a world class design giving customers the convenience of being able to access more brands in a bigger, 'easier to shop in' space.

Mr Zahra said, "We have worked closely with our local and international brand partners to ensure we deliver a brand portfolio that represents something for everyone, that suits all budgets and reflects customers wants. We are delighted to be able to provide customers with the latest most innovative and desirable range of products and services across every category throughout our flagship Melbourne CBD stores.

"We are particularly excited by the fact that our:

- new **Accessories Hall** will carry more than 280 accessories brands and feature a department store exclusive 'International Designer Avenue' housing concept stores from Fendi, Dior, Marc Jacobs, Coach, Burberry, Tods and Miu Miu. Also on offer on a department store exclusive basis will be Australia's favourite accessories brands such as Orotan, Mimco, See by Chloe, Celine, Kate Spade, Juicy Couture, Longchamp and Kenneth Cole. These will join leading watch brands such as Longines, Skagen, ToyWatch, Fossil and Gucci along with popular sunglass brands such as Chanel, Tom Ford, Rayban, Prada, Bulgari, Gucci and Michael Kors;
- **two new Womenswear floors** will boast more than 190 national and international brands , 75% of which are department store exclusive. New and department store exclusive brands added to our portfolio include Dolce & Gabbana, Celine, ALC, Dion Lee, Camilla & Marc, Lenny , 7th Wonderland, Move by Metalicus, EP by Easton Pearson, KJ by Kirrily Johnston, Josh Goot, Seed, Nookie Beach, Isola by Megan Gale, Kachel Swimwear, Industrie Swimwear and CK Swimwear. These brands join David Jones' department store exclusive, leading Australian fashion brands such as Sass & Bide, Willow, Collette Dinnigan, Lisa Ho, Alex Perry, Alannah Hill, Ksubi, Thurley, Bianca Spender and Carla Zampatti;
- **Women's Footwear** will be a landmark destination on level 3 featuring 120 of the world's most desirable brands (such as Christian Louboutin, Jimmy Choo, YSL, Tods, Ferragamo, Sergio Rossi, Chloe and Bally) alongside Australia's most trusted contemporary brands (such as Mimco, Witchery, Natasha, Midas, Sandler and Bloch). Approximately 60% of all footwear brands are department store exclusive and new brand additions to the portfolio include See by Chloe, DVF, Celine, Peep Toe, Camper, Steve Madden and Nine West;
- **Intimate Apparel** will feature more than 55 brands ranging from Simone Perele, Calvin Klein, Elle Macpherson Intimates, Esprit, Orotan, Peter Alexander to Princess Tam Tam, Chantelle and Spanx;
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- **Brand new Childrenswear Department** will offer customers 160 brands, 50% of which are department store exclusive to David Jones. New department store exclusive brands to be offered include Burberry, DKNY, Roxy and Quiksilver and will join favourite brands such as Fred Bare, Ralph Lauren, Bebe by Minihaha, Big by Fiona Scanlan, Pumpkin Patch, Gumboots and Industrie;
- **Three new floors of Menswear & Men's Accessories** will offer customers over 110 brands of business shirts, smart casual wear and accessories on the Ground Floor alone. These will include department store exclusive brands such as Herringbone, Baubridge & Kay, Geoffrey Beene, Nigel Lincoln, Abelard, Calibre and Saba. New brands introduced to the Ground Floor Men's Store include Equmen, Icebreaker, Puma and for the first time in Australia, Thomas Pink.

Level One of the Mens store is Melbourne's leading youth brand destination with **87% of brands department store exclusive** to David Jones including Industrie, Ksubi, Zanerobe, Scotch & Soda, Nudie, FCUK and Diesel. New brands that have been introduced into Level One include Boss Green, Lee, Tommy Bahamas, Deus Ex Machina, Jack London, Brent Wilson, Campaign, Jac+Jack, Franks, Academee, Nana Judy and Malmo.

Level Two of the Men's store offers Melbourne's broadest range of careerwear and business suits for men with more than **90% of brands department exclusive** to David Jones. The space has been expanded to include new brands such as Sand, Brent Wilson and Zanerobe suiting alongside coveted brands such as Ermenegildo Zegna, Canali, Armani Collezioni, Paul Smith London, Versace, Z Zegna, Hugo Boss, Baubridge & Kay and Dunhill.

- **Two new Home floors** offering over 170 brands including kikki.K, Georg Jensen, Orrefors, Kosta Boda, Waterford Wedgwood, Royal Doulton, LSA, Michael Arum, Donna Hay, Kate Spade, Jasper Conran, Vera Wang, Ralph Lauren, Yves Delorme, Sheridan, Calvin Klein, Sealy and Sleepmaker. The floor also offers the David Jones Gift & Bridal Registry.
- **State-of-the-art Entertainment, Home Appliance & Furniture Floor** offers more than 80 of Melbourne's leading entertainment, appliance and furniture brands such as Apple, Bose, Sony World, Miele, Moran, Ralph Lauren, Natuzzi, Luxaflex, Grand Arredo and Italsofa. The floor also has a decorator service.

NEW SERVICES: EXPANDING THE DEPARTMENT STORE RETAIL EXPERIENCE

The new David Jones Melbourne CBD stores will in addition to 2500 brands offer customers a range of services including:

- Aveda-Zucci hair salon and express blow-out bar;
- Shu Uemura Tokyo lash bar;
- OPI nail bar
- Endota day spa with Dermologica beauty treatments;
- Men's salon and barber; and
- 6 fully equipped beauty rooms.

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Mr Zahra said, "The inclusion of these exciting new services demonstrates the evolution of department store retailing both in Australia and internationally. We are very proud to be able to offer customers a unique shopping experience whereby not only can they buy the brands they love but they can also enjoy a range of services from hair treatments to day spas to manicures and pedicures all under the convenience of one roof."

MELBOURNE'S ONLY DEPARTMENT STORE PERSONAL SHOPPING SERVICE

The new Bourke Street Mall David Jones stores will introduce Melbourne's only department store in-house 'Personal Shopping Service'. Customers can expect a luxurious Personal Shopping Suite where they can relax and shop with the help of a dedicated personal consultant to manage their special requests. The consultants will have expert knowledge of brands and key trends and will be directly accessible to customers by telephone or email.

Mr Zahra said, "With a personal consultant, customers will enjoy unparalleled access to industry knowledge and the best brands in fashion, beauty, home and food."

MELBOURNE CBD'S ONLY FOODHALL

David Jones' redeveloped flagship Bourke Street stores include Melbourne's only CBD Foodhall, catering to Melbourne's positioning as the gastronomic capital of Australia. The David Jones Foodhall features over 1000 brands, 77% of which are department store exclusive. Highlights include a Champagne and Oyster bar, 100 different varieties of bread, a delicatessen stocked with French, German, Italian, Greek, and English smallgoods, a juice bar, sushi bar, noodle bar, pasta bar and the new Sensory Lab by St Ali – 'home to the very best coffee experience in Melbourne'.

CUSTOMER SERVICE EXCELLENCE

David Jones' commitment to customer service excellence is evidenced by the employment of 900 staff to service the two new Melbourne CBD flagship stores.

Mr Zahra said, "Our Bourke Street stores have serviced the people of Melbourne since 1854. We have a proud heritage of retail service in Melbourne through Buckley and Nunn and are delighted to continue this tradition with our new Bourke Street CBD flagship stores. We have increased space at our stores by 30% and increased our staff levels; we employ 900 people at our two Bourke Street Mall Stores to ensure that we can provide customers with world class service."

EXTENDED TRADING HOURS

To coincide with the launch of the two new Bourke Street Mall David Jones stores, trading hours have been extended for the opening week.

From Sunday 15 August 2010 trading hours will be permanently extended across all David Jones stores in Victoria.

Mr Zahra said, "In our Bourke Street Mall stores we have extended our trading hours from Sunday through to Wednesday. This means that we will now trade until 7pm from Saturday to Wednesday in our Bourke Street Mall stores with 9pm closes on Thursday and Friday.

"In all other Victorian stores we have extended trade from Monday through to Wednesday. This means that for suburban stores from Saturday through to Wednesday we will now trade until 6pm, with 9pm closes on Thursday and Friday," Mr Zahra said.

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AN INTEGRAL PART OF THE COMMUNITY

An important part of the redevelopment of David Jones' Bourke Street CBD stores was to ensure that it engaged the community not only in the sense of servicing customers but to also act as a socially responsible corporate citizen and to 'give back' to the community the business serves.

As a result the Company invested in and created Victoria's first in-store breast screening service offering, by establishing the David Jones Rose Clinic on level 3 of the Bourke Street Womens store. The clinic has 'state-of-the-art' mammogram screening technology and will offer free screens to more than 7000 Victorian women each year.

Mr Zahra said, "David Jones takes its role in the community very seriously. We believe that not only should we serve customers who shop in our stores but we should also give back to the community. We believe that the Rose Clinic is one of a number of ways that we can play a role as a responsible corporate citizen in the Melbourne market."

REINVIGORATION OF THE CBD RETAIL PRECINCT AND IMPROVED ACCESS

David Jones is located in the heart of Melbourne's CBD retail precinct. The redevelopment of David Jones will not only reinvigorate the retail precinct but will enable David Jones to anchor Bourke Street Mall with significant ground floor presence on both sides of the Mall.

David Jones will also enjoy an increased number of access points through the construction of a new pedestrian air-bridge linking the David Jones' Womens store to the CFS JV Lonsdale Street redevelopment which links through to Melbourne Central. This air-bridge is expected to open by mid 2013.

THE IMPORTANCE OF THE MELBOURNE MARKET TO DAVID JONES

Enormous growth potential exists for David Jones in the Melbourne metropolitan market. The Company is under-represented in this market, as evidenced by the fact that sales tripled in the 12 years prior to commencing the refurbishment.

Mr Zahra said, "Our refurbished Bourke Street Cosmetics & Accessories Hall was launched in October 2006 and Stage 1 of our Bourke Street redevelopment was launched in December 2009. The completion of both of these projects and our subsequent trading clearly demonstrate that there is significant appetite within the Melbourne market for the David Jones brand and retail offering.

"Our \$250 million plus investment in the redevelopment of our two flagship Bourke Street stores has not only redefined department store retailing in the Melbourne market but has also provided our business with a solid platform to capitalise on the enormous growth opportunities that exist in the broader Melbourne market. The performance of our new Doncaster store is a testament to this," Mr Zahra said.

THE INVESTMENT PROPOSITION

The Company made a strategic decision in 2006 to purchase the land on which its three Melbourne CBD stores were located and to redevelop and consolidate its three stores into two flagship stores with 30% more selling space. The sale of the third smaller Home store in Little Bourke Street generated \$42 million which helped fund the construction and development of the two David Jones Bourke Street Mall stores.

By consolidating into two larger stores (instead of three smaller stores) the Company will generate significant operating and cost efficiencies, as will the introduction of the business' new centralised loading dock and the consolidation of back office areas.

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Coupled with these savings the Company no longer pays escalating rental on the properties, as it now owns them. In addition, most of the debt to repurchase the properties has been repaid (the Company has less than \$100 million of debt) which means that interest payments and depreciation on the two buildings is significantly less than the escalating commercial rent payable on comparable properties.

The additional 30% selling space at the two flagship Bourke Street Mall David Jones stores is expected to generate at least a similar increase in sales, which given the decreased operating costs and cost efficiencies and the fact that the Company does not pay rent for the premises, will generate an even better EBIT contribution. Gross Profit margins will also improve as more space is allocated to high margin categories.

Mr Zahra said, "For the first time in history the competitive dynamics in the Melbourne CBD have changed with the new David Jones stores now being on par in size with our major competitor, enjoying new access points including via a future air-bridge linking it to Melbourne Central that it previously did not have as well as having the benefit of two store frontages on Bourke Street Mall via our Womens and Mens stores.

"Our two redeveloped Bourke Street Mall stores are expected to deliver a substantial increase in sales and store contribution and a strong return on investment," Mr Zahra said

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