

David Jones

# New & Refurbished Stores Update

Tuesday 25<sup>th</sup> November 2008



## DAVID JONES HAS ENTERED INTO A PROPERTY AGREEMENT

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David Jones has entered into a multi-faceted high value property agreement with a number of landlords which delivers:

- 3 New Stores in high value locations - Pacific Fair (QLD), Macquarie (NSW) and Whitford (WA)
- 3 Strategic Refurbishments – Kotara (NSW), Marion (SA) and Karrinyup (WA)

## THE AGREEMENT WILL SIGNIFICANTLY INCREASE SALES & EBIT FOR DAVID JONES

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The 3 New Stores and 3 Strategic Refurbishments will deliver:

- 40,000 square metres of additional selling space (10% increase)
- ~\$200m of additional Sales (10% increase)
- ~\$26m of extra Store Contribution (15% increase in Department Store EBIT)

These financial benefits will commence flowing in FY12 and be fully realised in FY13

## THE AGREEMENT WILL REQUIRE NO ADDITIONAL DEBT FUNDING

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The capital cost of the new stores and strategic refurbishments will be shared by the stakeholders

As a result on average no more than 30% of the Company's \$50m annual capital budget will go to the project across FY11 and FY12

David Jones will therefore not require any additional debt funding to support the Property Agreement



## NEW STORES SUMMARY

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All of the new stores meet the high value targets outlined in the Company's FY09-12 Strategic Plan and each new store will:

1. Rank within the top half of the David Jones store portfolio
2. Be located in attractive high value demographic locations for David Jones
3. Achieve a minimum of \$40m sales and \$5m store contribution in year 2
4. Benefit from shared capital funding from stakeholders to deliver a payback within 1-2 years

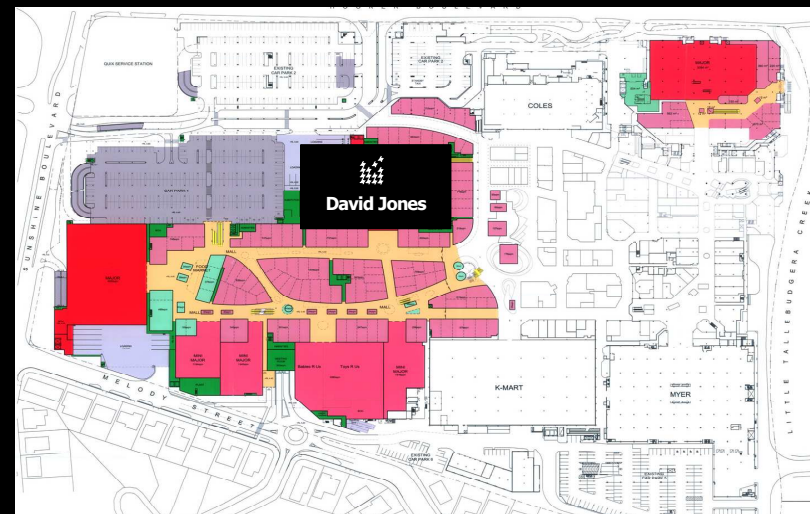


## NEW DAVID JONES STORE AT PACIFIC FAIR (QLD)



- Pacific Fair is Queensland's 3<sup>rd</sup> largest Shopping Centre for Moving Annual Turnover
- The centre attracts over 17 million customers a year making it the 6<sup>th</sup> most visited shopping centre in Australia
- The centre is located in the Gold Coast region which has been growing at twice the national average

- A development application has been approved for a \$400m redevelopment of Pacific Fair
- As part of the redevelopment David Jones will open a 14,500 sqm department store
- The store is scheduled to open in late 2011



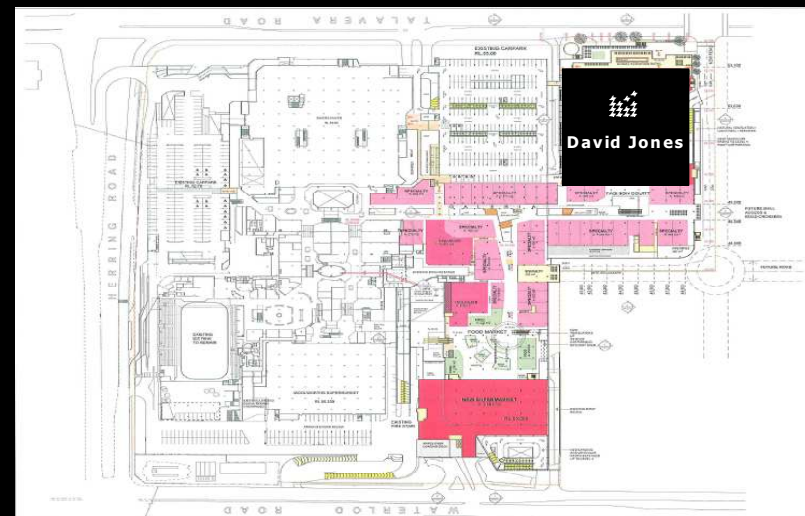


## NEW DAVID JONES STORE AT MACQUARIE (NSW)



- Macquarie is the 16<sup>th</sup> largest Shopping Centre in Australia for Moving Annual Turnover
- The centre is situated in the north western Sydney region where David Jones is under-represented
- The centre catchment area is a highly attractive demographic for David Jones with average household income ranked 5<sup>th</sup> in the David Jones portfolio

- A development application has been lodged for a \$300m redevelopment of Macquarie
- As part of the redevelopment David Jones will open a 14,000 sqm department store
- The store is scheduled to open in mid 2011



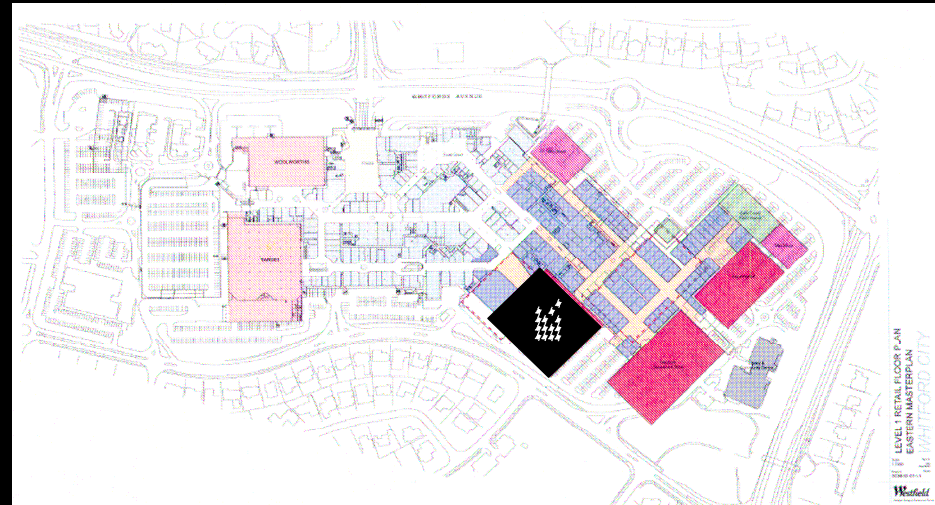


## NEW DAVID JONES STORE AT WHITFORD (WA)



- Whitford is the 3<sup>rd</sup> largest shopping centre in Western Australia for Moving Annual Turnover
- The centre turnover has been growing at 12.5% per annum
- Department Store Type Merchandise (DSTM) spend for the region is projected to grow 6.1% per annum up to 2016, which represents the 2<sup>nd</sup> highest growth in the David Jones portfolio

- David Jones will open a 13,500 sqm department store as part of a \$200m redevelopment of the centre
- David Jones will anchor the redevelopment as the only department store in the centre
- The store is scheduled to open in early 2012







## STRATEGIC REFURBISHMENT AT KOTARA (NSW)

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- Kotara is the largest shopping centre serving the Hunter region
- David Jones has agreed new lease terms at Kotara for the next 25 years
- Under the new lease David Jones will refurbish and expand its store, increasing sell space by over 30% with the addition of a third trading level which will payback in 1-2 years
- With the reopening of the Newcastle David Jones, the two new stores will expand David Jones' presence in a market which has attractive demographics and under-representation of department stores
- If Newcastle is delayed, David Jones will be able to maintain and grow its regional share in the market through the new full line refurbished store at Kotara



## STRATEGIC REFURBISHMENTS AT MARION (SA)

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- Marion is the largest shopping centre serving South Australia and is the 7<sup>th</sup> largest centre in Australia trading in excess of \$700 million in MAT per annum
- David Jones has renewed its lease for a further 25 years at Marion
- David Jones will refurbish its store which will reinforce our “home of brands” positioning and enhance our customer shopping experience
- The store refurbishment will achieve a payback of 1-2 years



## STRATEGIC REFURBISHMENTS AT KARRINYUP (WA)

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- The Karrinyup market size is comparable with Doncaster in Victoria and is projected to grow to \$2.8bn by 2016
- David Jones trades out of a 9,500 square metre store in Karrinyup and is currently underrepresented in this growing market
- David Jones has Landlord support to expand into a 13,000-14,000sqm full line department store, subject to all approvals



## FY09-12 STRATEGIC PLAN UPDATE

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Since the announcement of the FY09-12 Strategic Plan in March, David Jones has committed to a further:

1. 4 new stores in high value locations
  - A new David Jones store at Sunshine Plaza (Qld) was announced in May 2008
  - 3 new stores announced today – Pacific Fair (Qld), Macquarie (NSW) and Whitford (WA),
2. 9 strategic refurbishments of high value stores
  - 5 stores announced in March 2008 – Bourke Street Mall (Vic), Elizabeth & Market Street (NSW), Bondi Junction (NSW) and Robina (Qld)
  - Newcastle (NSW) announced in September 2008
  - 3 announced today – Kotara (NSW), Marion (SA) & Karrinyup (WA)

All these projects deliver a payback of 1-3 years



## SUMMARY

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As a result of today's New and Refurbished Stores update, David Jones will deliver:

- 40,000 sqm of additional selling space (10% increase)
- ~\$200m of Sales (10% increase)
- ~\$26m of Store Contribution (15% increase in Department Store EBIT)

David Jones will not require more than 30% of its \$50m annual capital budget averaged across the two years to deliver the Property Agreement

These financial benefits will commence flowing in FY12 and be fully realised in FY13