

Stocktake 01 Spring 11
A new take on Australia's
retail landscape

Redefining retail

Message from the CEO

The perfect blend

We're listening

Stocktake

A new take on Australia's retail landscape



Redefining retail

The face of retail in Australia and around the world is transforming rapidly. People are travelling further, seeking bargains and expecting more, and technological advancements are fuelling the trend.

Today, over 78 per cent* of households have a computer in Australia, and consumers have become the new marketers of your products. With the adoption of smart phones, bloggers are blogging, tweeters are tweeting, and Facebook users are updating their status' anywhere, anytime.

Consumer expectations are rapidly shifting and purchase channels are growing at an incredible speed.

Though today's economic environment has made online retailing a popular choice for shoppers, it's not a topic to shy away from or push under the carpet. It helps to understand these behaviours, to appreciate the real and future impact of it to your business and ultimately how you can make it work for you.

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Stockland Merrylands
Exterior



John Schroder
CEO Stockland Commercial Property

Message from the CEO

I'm sure you'll agree, the growing online channel, global economy and uncertainty around the current Australian political environment creates a challenging retail landscape in Australia. As retailers and shopping centre managers, the need for earlier prediction, adaptability and long term focus is more crucial than ever. We nimbly adapt our businesses to retain our globally aware, bargain hunting and experiential craving shoppers.

Welcome to Stocktake, the inaugural edition of Stockland's quarterly newsletter, launched to provide information on the current retail landscape and your take on the challenges and opportunities our industry faces.

In this issue, we share our view on the changing face of retail, and our insights around the very topical online evolution. We chat with one of our retailers, John Ayoub, founder of Coffee Emporium, hearing his take on being a retailer at Stockland Merrylands.

We've made a lot of changes in the past year in the way we do business with you. One of these changes was combining our Leasing and Marketing teams together, now lead by General Manager Robyn Stubbs. With Robyn's expertise in the industry and passion for customers, this change ensures we are more focussed on developing long term relationships with you.

In this edition, Robyn will share with you your feedback on doing business with Stockland as told to us through our 2010 Customer Satisfaction Survey. You can also read about the changes we've made to the way our business operates as a direct result of what you told us.

I hope you find this first issue of Stocktake interesting and relevant to your business. If you have any comments or suggestions about the newsletter or would like to feature in a future edition, or find out about any of our developments, we would love to hear from you – please email us at: yourtake@stockland.com.au

Kind regards,

John Schroder
CEO Stockland Commercial Property

The perfect blend

In conversation with John Ayoub, Founding Partner, Coffee Emporium

With a loyal customer base that love their lattes, cappuccinos and flat whites, John Ayoub had a dream to deliver the very best coffee to the heart of Sydney. So John partnered with brother Sam, and set out on a mission to provide a unique concept where he saw a gap in the market. He transformed the run down coffee shop he bought in Western Sydney in 2002 into an inviting, European coffee house.

John believes his new look store located in Stockland Merrylands is even more authentic, traditional and rustic, and therefore a more premium experience for his customers. He is proud of the coffee, the customer service and the way his fit-out has turned out. He feels that his customers can tell before they even walk in that they are going to get a good coffee.

Here we talk to John about his take on the retail world, what he is most proud of and how he has found the move into the new Stockland Merrylands.

Q. What are you most proud of when you enter your stores?

I started in a small shop in Bankstown with no capital, and now there are 20 stores. I've franchised some of these and I'm still growing. I'm proud to see my brand expanding and the reputation I've built up. Wherever we go people love our coffee, love the service, and love the concept.

Q. What's the biggest change you've seen in retail since you've been in the business?

It's a tough market and very competitive. Customers know good coffee now – they can see the difference between a good coffee and an average coffee. There's more awareness. Fortunately our brand has that reputation for quality and that's what we're working on building right now, so we're well positioned in this tough market.

Q. Why did you choose Merrylands as a location?

We picked Stockland over other options in the area because they looked after us. When it came to the store, they gave us everything we needed. It's got a good layout and an attractive location facing the street. To make it easier for us to start up, they also made some changes during the development phase to make the site more attractive for a café or a coffee emporium. The store is really attractive – it stands out from the crowd.

Q. What are the specific benefits to your business success that flow from leasing space at Merrylands?

The launch of this new look in Merrylands has been a huge success. For us, being at the entry to the complex made a big statement. The new look attracted a lot of enquiries about franchising – straight after opening people wanted to start a franchise that looked like our store.

Q. How would you describe a successful relationship with a shopping centre owner?

We've partnered with Stockland for three years at Wetherill Park and then three months ago we opened our Merrylands store. I'm very happy with the relationship I have with them. It's a relationship based on mutual understanding. I feel very safe with Stockland. They're very reasonable when you do business with them and they bring the customers in. They're also very easy to deal with. They were happy to work with us to come up with this location – something many of their competitors would not be willing or able to do.

I'm looking forward to a long relationship with Stockland as we open even more locations.



John Ayoub
Founder Coffee Emporium

“I’m looking forward to a long relationship with Stockland as we open even more locations.”

More on Merrylands

Stockland Merrylands, located 25km west of the Sydney CBD, has serviced the local community for almost 40 years. The redevelopment vision is to create an environment where the customer is engaged, happy to linger and stroll in a fresh food marketplace environment. The centre has been designed with convenience and customer amenity in mind, including a simple and easy to navigate design and a simplified carpark. Stockland Merrylands is revitalising the retail hub of Merrylands.

With three stages of the redevelopment already complete, the centre offers Coles and Franklins supermarkets, Kmart and Target, JB Hi Fi, a Youth Fashion Precinct, a 750 seat Food Court and over 130 specialty stores.

The redevelopment is continuing, making way for a brand new Coles supermarket and the completion of a multi-deck car park, scheduled to open late 2011.

The final stage due to open late 2012 will include Woolworths, Big W, six mini majors and approximately an additional 50 specialty stores.

Your say at Stockland

Have you seen the new Stockland Merrylands? Want to share your thoughts or want to feature in a future edition? Please contact the editor at yourtake@stockland.com.au



Robyn Stubbs
General Manager, Leasing and Marketing

Ever wonder if your voice is truly heard when completing one survey after the next?

We're listening

Robyn Stubbs, General Manger, Leasing and Marketing

We certainly hear you. I'm proud to say that the results of the 2010 Customer Satisfaction Survey are already reshaping the way we do business with you.

Following on from this, our 2011 Survey will be conducted soon, and I look forward to hearing again your views and opinions on the business. It's a very powerful and informative tool for us, and it's your opportunity to tell us how things are going.

What you told us

In no uncertain terms, you want us to communicate better with you to ensure a seamless experience throughout all of your dealings with Stockland. Also, you want to know more about our plans for the future.

At an operational level, you want more face-to-face time with our centre teams, and for us to show a deeper level of interest in what makes your business a success. You also told us that we need to take a more tailored approach to your business, that one size doesn't fit all.

Finally, the five factors you consider most important to a good working relationship are:

- 1. Effective communication**
- 2. Actively listening to your business**
- 3. A commitment to a long term relationship**
- 4. Consistency in our business dealings**
- 5. Demonstrating ethical behaviour**

“Do I know their strategy? Do they know mine?”

National chain retailer

Changes we've made

Your feedback resulted in a major review of how we can be more open and transparent. Your thoughts were shared with all areas of our business, and have flowed through to our ongoing KPIs.

As a result, our Leasing and Strategic Marketing functions have now been brought together to form one team, reporting to myself. This will ensure the customer experience is always at the core of how we conduct business with you.

In response to your feedback for us to deliver longer-term relationships and be more adaptable to your business needs, our Centre Managers now have the responsibility for the renewal of all independent retailer leases.

And if you have two or more stores within our portfolio, you can now obtain a copy of a National Chain report giving you the ability to compare your performance within your category.

“You definitely get the sense that they're committed to developing a long term relationship, as we are.”

Major retailer

Our ongoing commitment

We share your passion for quality service and aspire to provide you with opportunities for your business to grow and prosper. I'd like to express my deep appreciation to everyone who took part in our survey last year, and encourage you to share your thoughts again this year. It's a great investment in growing our partnership and your future.



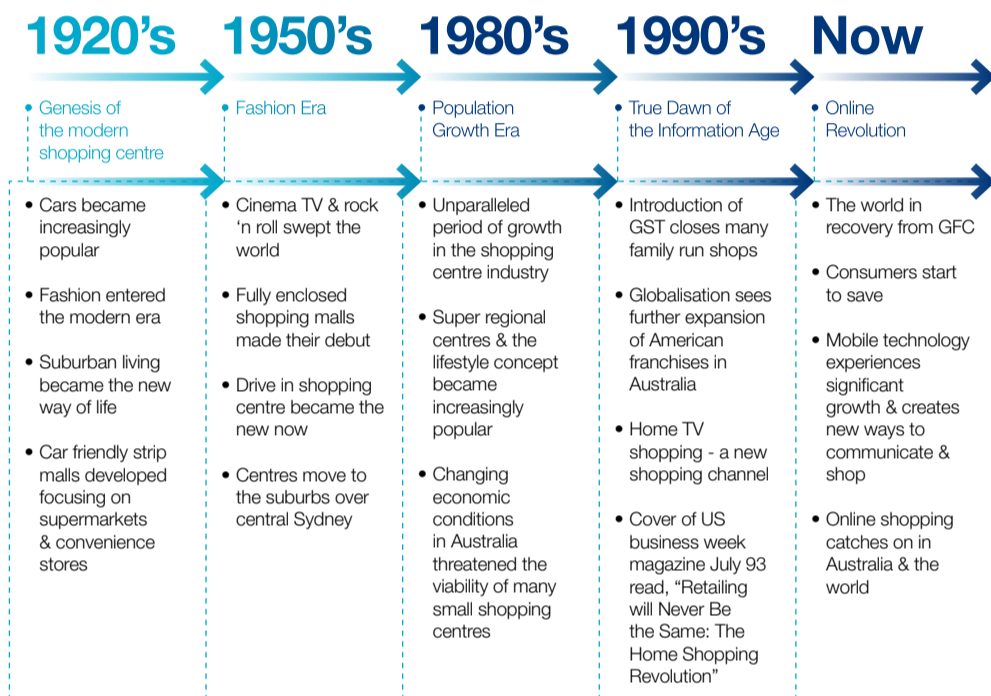
Stockland Shellharbour
Myer



Stockland Balgowlah Interior

Continued from page 1.

Changing consumer behaviour is nothing new, in fact it's been a constant influencer of shopping centre design. Below is a snapshot of these behavioural changes and how it has affected the way we shop.



Sources: ICSC, A Brief History of Shopping Centres

The cultural shift in our current society is all about experience, and finding new ways to connect within a community. No longer do customers want to simply shop, they are looking for places that provide social connections. Driving traffic to our retail environments means embracing these changes and maximising the social and physical 'touch and feel' aspects.

So what has really caused this shift?

Fuelled by the economic downturn in Australia, many shoppers are becoming more and more serious about hunting for a bargain (without the airfare) and using the internet to help them find one.

The Australian retail market in 2010 totalled \$242 billion (according to the ABS) or circa \$211 billion excluding cafes, restaurants and take-away. Of this \$211 billion, our research* indicates approximately \$8.5 billion or 4-5 per cent was spent online and approximately 15 per cent of this (or \$1.3 billion) went offshore.

*Conducted by The Quantum Group: Quantum / Market Blueprint research - Online retailing study commissioned by Stockland

Where does this leave our shopping centres in today's society? Though variety and price are the main motivations for shopping online, people overwhelmingly want the ability to 'touch and feel' products, particularly new or unknown brands. Willingness to 'hunt' online versus in store is also dependent on the type of shopper. 'Recreational' shoppers - those who enjoy the experience of shopping itself, still prefer the in-store 'hunting' experience.

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How do we keep the foot traffic coming?

What we're hearing from both retailers and shoppers is that they want us to focus on getting back to basics before offering higher levels of experience and innovation. This means offering the right retail mix (regional vs. inner city areas), in light, airy and comfortable surroundings that entice shoppers to linger longer.

Here is a snapshot of what shoppers ranked as most important to keep them walking in the door.

	<p>By providing a product with an authentic local community feel that encourages people to linger. Get the retail mix right. Regional shoppers, for example, crave variety through more 'high end' national brands and want a place to connect with higher quality restaurants and coffee shops.</p>
	<p>With activities promoting community interaction including cultural activities, live music, exhibitions and interactive games. Community services are more popular with regional shoppers.</p>
	<p>That is naturally lit, airy, and spacious, and locally tailored. Regional shoppers want the design to reflect their local surroundings, and inner city shoppers prefer innovative, modern and unique centre designs.</p>
	<p>A place to be, something to see, things to do. Shoppers more than ever, want an experience and activities. Regional shoppers want activities that reflect their local culture, whilst inner city shoppers, a social experience is more important.</p>
	<p>To promote convenience and easy shopping such as wifi internet access for smartphone browsing and clever applications to search for stores & products.</p>

Source: Forethought Research - Online Retailing - Future Impact on Shopping Centres commissioned by Stockland

In a nutshell, shoppers see online as an alternative shopping channel, but not something to replace bricks and mortar. They still want to connect and be enticed, and want more than just retail sales. They value the ability to search for items online ahead of their visit, and this then becomes an online opportunity for retailers and property managers too - providing coupons and vouchers appealing to the shopper's need to find a bargain.

We'd love to hear your take on the current retail landscape.

How do you see online shopping affecting the retail landscape? How should we adapt our environment to enhance the shopping experience? Contact us at: yourtake@stockland.com.au

Reference: Australian Bureau of Statistics 8146.0 - Household Use of Information Technology, Australia, 2008-09

Surprisingly Stockland



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Your Say

If there is a topic you'd like to hear about in future editions, or if you have feedback or wish to receive future newsletters via email, please contact the editor at yourtake@stockland.com.au

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