Chapter Two

1960–1970

Determination, Drive and Debentures

Setbacks, New Frontiers and
the Getting of Market Wisdom

Caltex House in 1959, the year Westfield moved in.

To the CBD

The success of the newly formed Westfield Investments venture in Blacktown caught the attention of developers all over Sydney and within weeks of Westfield Place's opening, Saunders and Lowy found themselves in demand, with offers of joint ventures, partnerships and commissions coming from unexpected quarters. They immediately took up several of these offers. With one partner they bought more land for subdivision in Blacktown, with a consortium they bought land at Turramurra in the northern suburbs of Sydney, and for Snow's they undertook a large contract to build new stores at Cabramatta and Penrith. Opportunities were growing in front of their eyes and for the eager and industrious duo, nothing was too much trouble.

Typically, Saunders and Lowy would contribute 20 per cent of the capital, and the financial partner the remaining 80 per cent. These deals required moving thousands of pounds around and, from time to time, Westfield's overdraft was fully extended. The local bank manager saw their potential, trusted them implicitly and would give them short periods of grace. One day, however, a supervisor from the bank's head office discovered they were £15 000 over their limit and was apoplectic. However, such was the bank manager's trust for Saunders and Lowy that he wrote out a personal cheque to cover this amount.

Although Westfield Investments was the proverbial honey pot of Blacktown, with people and activity buzzing around it, Saunders and Lowy knew opportunities in the city would be greater. So, after taking the precaution of setting up new contacts, they made the move to the CBD to Caltex House, which was the first modern high-rise office block in the city. It was built by Civil and Civic, headed by Dick Dusseldorp, an immigrant from Holland. Westfield took along a handful of employees including an accountant, a builder and a scout to look for new projects, and leased a modest amount of office space. As before, Saunders and Lowy shared an office.

From their new premises they began to make fresh contacts and were persuaded by a fellow Hungarian immigrant, Paul Kent, then managing director of the publicly listed Astor Consolidated Mills Ltd, that there would be tremendous advantages in taking Westfield public. It would, he argued, raise funds which they could use for bigger, more lucrative developments. After much deliberation, Kent introduced Saunders and Lowy to the principals of stockbroker Clarence Degenhardt and Co. Then he introduced them to Don Stephens, chairman of the publicly listed transport company FH Stephens, and suggested Stephens be chairman of the new publicly listed Westfield. Stephens had 'establishment' contacts and would be able to open doors.


POST 3

The Float

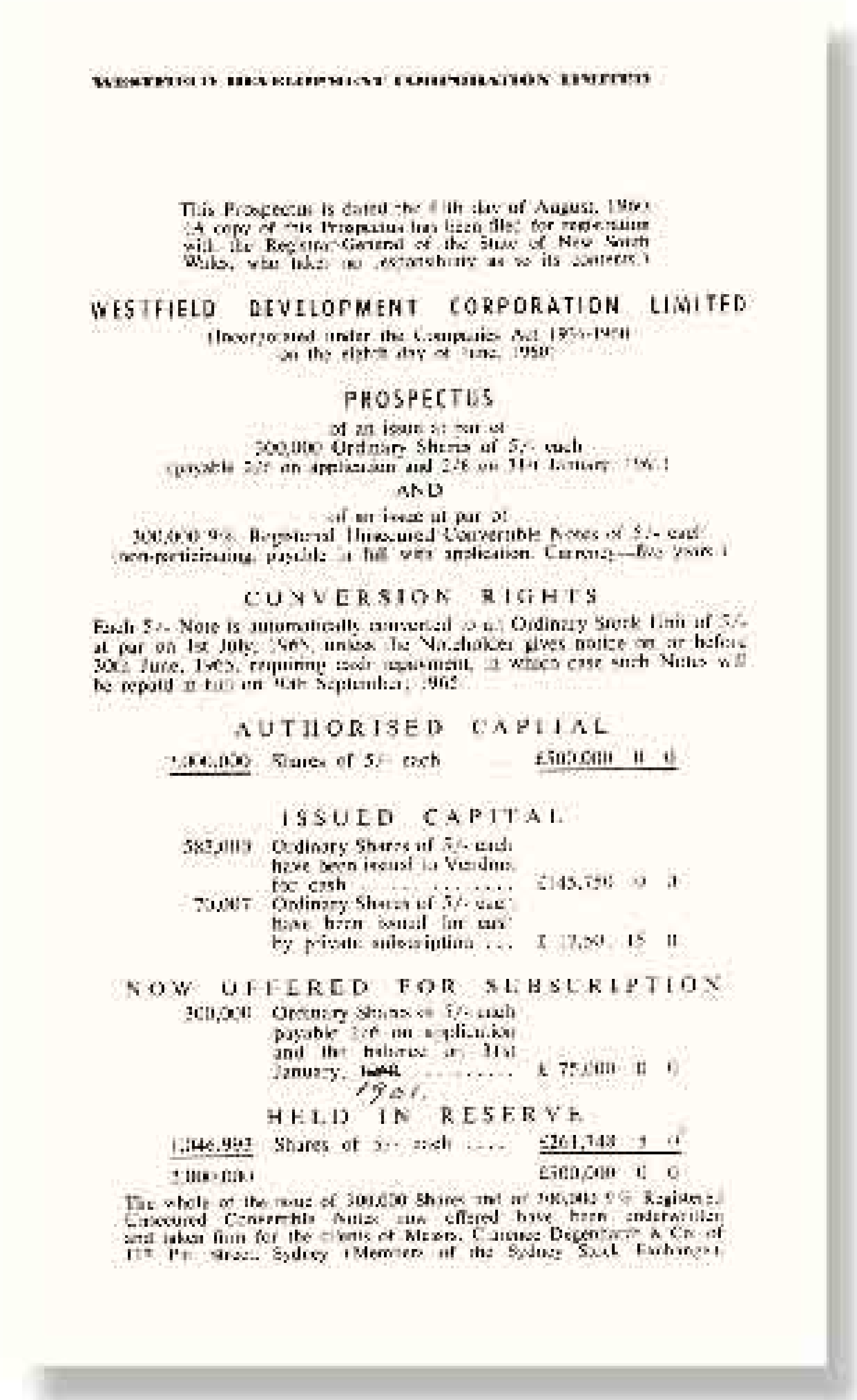
By the time the company went public, Saunders and Lowy had already successfully undertaken many projects including obtaining a site for a motel, subdividing for home building sites, and building shopping centres. Although Westfield Development Corporation Ltd, as the public company would be known, would concentrate on real estate and property development in general, the prospectus highlighted the fact that it would retain a special focus on shopping centres. It predicted there would be a rapid expansion of shopping centres in Australia and noted that both Saunders and Lowy had given undertakings that they would not engage in shopping centre developments other than through this company. In what would prove to be a remarkable understatement, the prospectus observed that shopping centres 'would yield satisfactory returns'.

It was decided that four of Westfield's projects would be put into the public company. These included a recently acquired site at Hornsby, on the northern outskirts of Sydney, a shopping centre under construction at Sutherland, and residential developments at Pennant Hills and St Ives. On the strength of these projects, Westfield Development Corporation Ltd floated in September 1960. The issue was for 300 000 ordinary shares priced at 5/–, half of which was payable on application, so raising £75 000, with a further £75 000 payable by January 1961. There was also an issue of 300 000 unsecured convertible notes at 5/– each. About 38 per cent of the stock went to the public, 20 per cent went to Kent, with Saunders and Lowy each owning half of the remaining 42 per cent. The board comprised founding chairman Don Stephens, Paul Kent, Saunders and Lowy.

The float brought a change in banking relationships for Westfield. The bank that had been so helpful a few years earlier was not willing to support this bold step. Despite the move to the city, the pair had continued their relationship with the bank at Blacktown. However, the size of the loan was beyond the capacity of the local bank manager with whom Saunders and Lowy had enjoyed such a good rapport. When this manager referred the application to his head office, it was rejected. The risk was too big. Paul Kent then decided to introduce Westfield to his banker, the National Bank of Australasia, which later became the National Australia Bank. It took Westfield on as a client and lent it £75 000 until the money from the float came in. The company has remained with this bank ever since.

Left: A call at the Sydney Stock Exchange, 1960.

One of the most famous documents in Australian business history. Anyone who invested £500 in this float in 1960 and kept the shares for 40 years – providing they reinvested all dividends and bonus issues – would, by 2000, have made about $109 million (according to ASX/S&P Index Services). This investment return is unrivalled in Australia.



WESTFIELD DEVELOPMENT CORPORATION LIMITED

This Prospectus is dated the 8th day of August, 1960. (A copy of this Prospectus has been filed for registration with the Registrar-General of the State of New South Wales, who takes no responsibility as to its contents.)

WESTFIELD DEVELOPMENT CORPORATION LIMITED

(Incorporated under the Companies Act 1936-1958 on the eighth day of June, 1959)

PROSPECTUS

of an issue at par of
300,000 Ordinary Shares of 5/- each
(payable 2/6 on application and 2/6 on 31st January, 1961)

AND

of an issue at par of
300,000 9% Registered Unsecured Convertible Notes of 5/- each
(non-participating, payable in full with application. Currency—five years.)

CONVERSION RIGHTS

Each 5/- Note is automatically converted to an Ordinary Stock Unit of 5/- at par on 1st July, 1965, unless the Noteholder gives notice on or before 30th June, 1965, requiring cash repayment, in which case such Notes will be repaid in full on 30th September, 1965.

AUTHORISED CAPITAL

2,000,000	Shares of 5/- each	£500,000 0 0

ISSUED CAPITAL

582,000	Ordinary Shares of 5/- each have been issued to Vendors for cash	£145,750 0 0
70,007	Ordinary Shares of 5/- each have been issued for cash by private subscription	£ 17,501 15 0

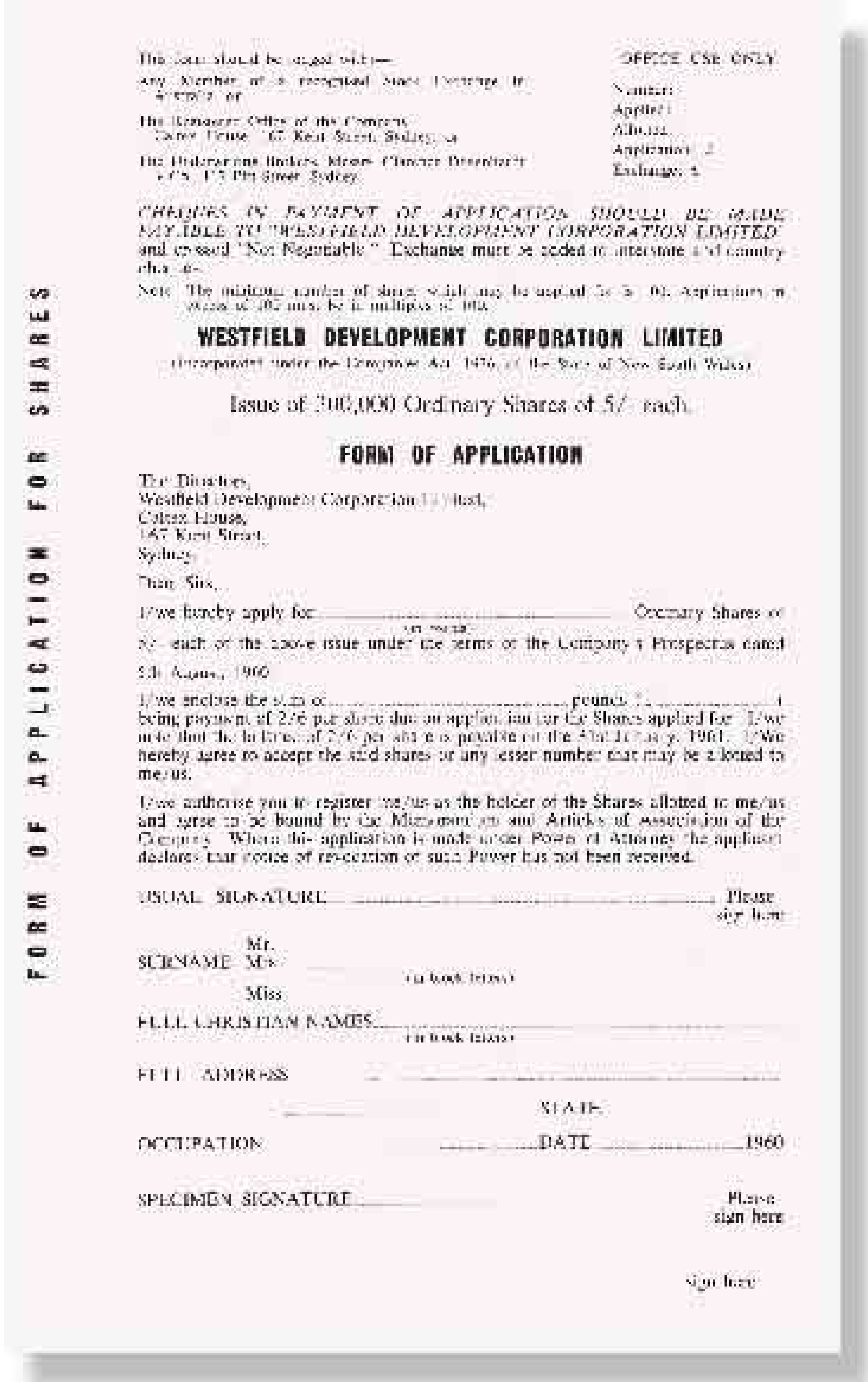
NOW OFFERED FOR SUBSCRIPTION

300,000	Ordinary Shares of 5/- each payable 2/6 on application and the balance on 31st January, ~~1960~~ 1961.	£ 75,000 0 0

HELD IN RESERVE

1,046,993	Shares of 5/- each	£261,748 5 0
2,000,000		£500,000 0 0

The whole of the issue of 300,000 Shares and of 300,000 9% Registered Unsecured Convertible Notes now offered have been underwritten and taken firm for the clients of Messrs. Clarence Degenhardt & Co. of 115 Pitt Street, Sydney (Members of the Sydney Stock Exchange).



FORM OF APPLICATION FOR SHARES

This form should be lodged with:—

Any Member of a recognised Stock Exchange in Australia, or

The Registered Office of the Company, Coles House, 167 Kent Street, Sydney, or

The Underwriting Brokers, Messrs. Clarence Degenhardt & Co., 115 Pitt Street, Sydney.

OFFICE USE ONLY
Number:
Applied:
Allotted:
Application: £
Exchange: £

CHEQUES IN PAYMENT OF APPLICATION SHOULD BE MADE PAYABLE TO "WESTFIELD DEVELOPMENT CORPORATION LIMITED" and crossed "Not Negotiable". Exchange must be added to interstate and country cheques.

Note: The minimum number of shares which may be applied for is 100. Applications in excess of 100 must be in multiples of 100.

WESTFIELD DEVELOPMENT CORPORATION LIMITED

(Incorporated under the Companies Act 1936, of the State of New South Wales)

Issue of 300,000 Ordinary Shares of 5/- each

FORM OF APPLICATION

The Directors,
Westfield Development Corporation Limited,
Coles House,
167 Kent Street,
Sydney.

Dear Sirs,

I/we hereby apply for ______________ Ordinary Shares of
(in words)
5/- each of the above issue under the terms of the Company's Prospectus dated 8th August, 1960.

I/we enclose the sum of ______________ pounds (£ ______) being payment of 2/6 per share due on application for the Shares applied for. I/we note that the balance of 2/6 per share is payable on the 31st January, 1961. I/We hereby agree to accept the said shares or any lesser number that may be allotted to me/us.

I/we authorise you to register me/us as the holder of the Shares allotted to me/us and agree to be bound by the Memorandum and Articles of Association of the Company. Where this application is made under Power of Attorney the applicant declares that notice of revocation of such Power has not been received.

USUAL SIGNATURE ______________ Please sign here

SURNAME Mr. / Mrs. / Miss ______________ (in block letters)

FULL CHRISTIAN NAMES ______________ (in block letters)

FULL ADDRESS ______________

______________ STATE ______________

OCCUPATION ______________ DATE ______________ 1960

SPECIMEN SIGNATURE ______________ Please sign here

sign here

Kerry Stephen in 1960.

The Stephen children in the late 1970s. All five went through private schools on the proceeds of Westfield shares. From left: Martin, Margaret, Damien, Christine and Patricia.

'All on my Father's Advice...'

In 1959, while young Kerry Stephen was serving on HMAS *Tobruk* in the Far East, most of his fortnightly wages were going directly into his bank account in Sydney.

He was a naval lieutenant with the Royal Australian Navy ships deployed to assist during the Malayan Emergency and had little opportunity to spend money. For ten months, his bank account grew steadily.

When he eventually returned to Sydney in 1960, his father Alex, who was aware of the money he had saved, had some financial advice for him. 'Buy yourself some Westfield Development Corporation shares,' he said.

Alex Stephen had a small share portfolio himself and took a keen interest in the sharemarket. He had examined the Westfield prospectus, liked what he had seen reported in the press and told his son that 'this company has good prospects'.

Kerry, then 22 years old, had never owned shares but had faith in his father's judgment. He withdrew a few hundred pounds — his life savings and accumulated wages — and bought directly into the Westfield float.

It was the best investment he would ever make. In the first few years, before he started a family, he would reinvest all the dividends and bonuses.

'With five children and a Navy salary it was difficult, if not impossible, to put them all through private schools. However, by owning Westfield shares it was possible. Every time school bills arrived, I would be able to sell some of my Westfield shares,' Kerry says.

'It was hard to part with the shares because I knew how valuable they were becoming, but I also wanted my children to have the best education. Only once did I sell a few for another reason — that was in 1970 when I wanted a new Valiant station wagon!

'I have continuously owned Westfield shares for 40 years and still have a few left. I know that if I'd kept them all, I would have many millions of dollars today, but my children would not have had the start in life that they have been given.'

Kerry Stephen AM left the Navy in 1986 with the rank of Commander and has no doubt that the investment he made 40 years ago changed the course of his and his family's life.

'I will always be grateful for my father's advice and Westfield's growth,' Kerry says.

A Wobbly Start to a Prosperous Decade

After the buoyant economic activity of the late 1950s, Westfield anticipated that its maiden year as a public company in 1960 would be smooth sailing. Instead, in November that year it hit a major credit squeeze, the first of many to befall the fledgling company. With the fall in wool prices, coupled with the effects of drought and inflation, the Government imposed a credit squeeze, raised interest rates and heavily increased sales tax on motor vehicles. A severe recession in the building industry followed. This did not augur well for Westfield. With several crucial projects in the pipeline, it urgently needed funds.

At the time, it was impossible to foresee that the 1960s would eventually become one of the most prosperous periods in Australia's economic history. Not since the 1890s would the country enjoy such prosperity and create conditions so conducive to retail expansion and development.

The 1960s were all about opportunity. Australia's population in 1945 was 7 million; by 1963 it was 11 million. Car ownership, a key factor for retailers who offered parking, grew from one vehicle for every nine people in 1945 to one for every three by 1968. Spending was booming too. Private consumption expenditure increases averaged almost 5 per cent annually throughout the decade. New suburbs were appearing everywhere. In 1947 some 47 per cent of families did not own their own homes. The urban majority lived in rented apartments and terraces. By 1961, some 70 per cent were homeowners or mortgage payers.

During this decade Australia ranked in the first dozen of trading nations internationally. It accounted for nearly 4 per cent of world food exports and, in the latter half of the 1960s, its exports, including grain, increased fivefold amid a growth in world trade of 50 per cent in the same period.

It was also the decade which would see the Vietnam War tear at Australia's heart and in which, in 1966, the new decimal currency came into circulation. The following year, the stable rate of exchange against the pound sterling ended when Australia did not follow the devaluation of the British currency.

Into all of this came television and its bountiful opportunities for advertising.

Television advertised cars, houses and all the things that could be bought in supermarkets and shopping centres. Commercial television and retailing seemed made for each other. Television stars began 'launching' new supermarkets and soon politicians followed suit.

Even the Prime Minister, Sir Robert Menzies, who disliked business and usually avoided its leaders, agreed to speak at the opening of a supermarket in Canberra in 1963. The grandson of a grocer himself, he described the supermarket as the 'the last word in shopping facilities'. The nation was yet to feel the full impact of the shopping centre phenomenon.

In 1960, Westfield most pressingly needed funds to complete the shopping centre at Hornsby, but several factors were against it raising money. Not only was there a recession in the building industry, but banks and finance companies were unfamiliar with the concept of shopping centres and were reluctant to support it.

Putting up advertising billboards for the Hornsby centre prior to its construction.

Westfield was also an unknown quantity and the banks didn't feel comfortable taking the risk. To get out of the squeeze, Kent approached his stockbrokers again, who agreed to underwrite a £150 000 debenture issue for the company.

By the time the prospectus for this issue was published in 1961, Westfield had already refined its business focus. Now its primary goal was acquiring and developing carefully selected projects for retention as income-producing investments. Its secondary aim was to acquire real estate for development and re-sale.

Because of rising interest rates, the timing of the debenture issue was poor. The issue remained open for three months before closing dismally undersubscribed and raising slightly more than half of the amount sought. The underwriter honoured its agreement and Westfield was saved from serious financial hardship. Around that time, Westfield also managed to obtain some help from Temperance and General (T&G) insurance company (later National Mutual and then AXA), which came in as a long-term lender, assuring the future of the Hornsby centre.

Australia's First Shopping Centre

Brisbane was the home of Australia's first-ever shopping centre. The Chermside Drive-In Shopping Centre, which opened in May 1957, was built by Allen & Stark Ltd and the first development of its kind outside of the United States. Because of its free off-street parking for 700 cars, it was marketed as 'an island of retailing in a lake of parking'. It was such a noteworthy development that a crowd of more than 150 000 shoppers gathered to watch the Premier of Queensland, Jack Duggan, turn the key at the main entrance.

Chermside went through numerous redevelopments, survived storms, floods and fires and, just before its fortieth birthday, was purchased by Westfield and became Westfield Shoppingtown Chermside. A few months later, it was ravaged by yet another hailstorm.

Shortly after Chermside's debut, in November 1957, the Top Ryde Shopping Centre opened its doors in Sydney. It drew shoppers from far afield who wanted to avail themselves of excellent service and a variety of quality merchandise which could be had all under the one roof.

Westfield Place in Blacktown was considerably smaller than Chermside and opened next, in July 1959. The following year, a blockbuster shopping centre opened in Melbourne.

Left: The opening of Chermside in Brisbane, 1957.

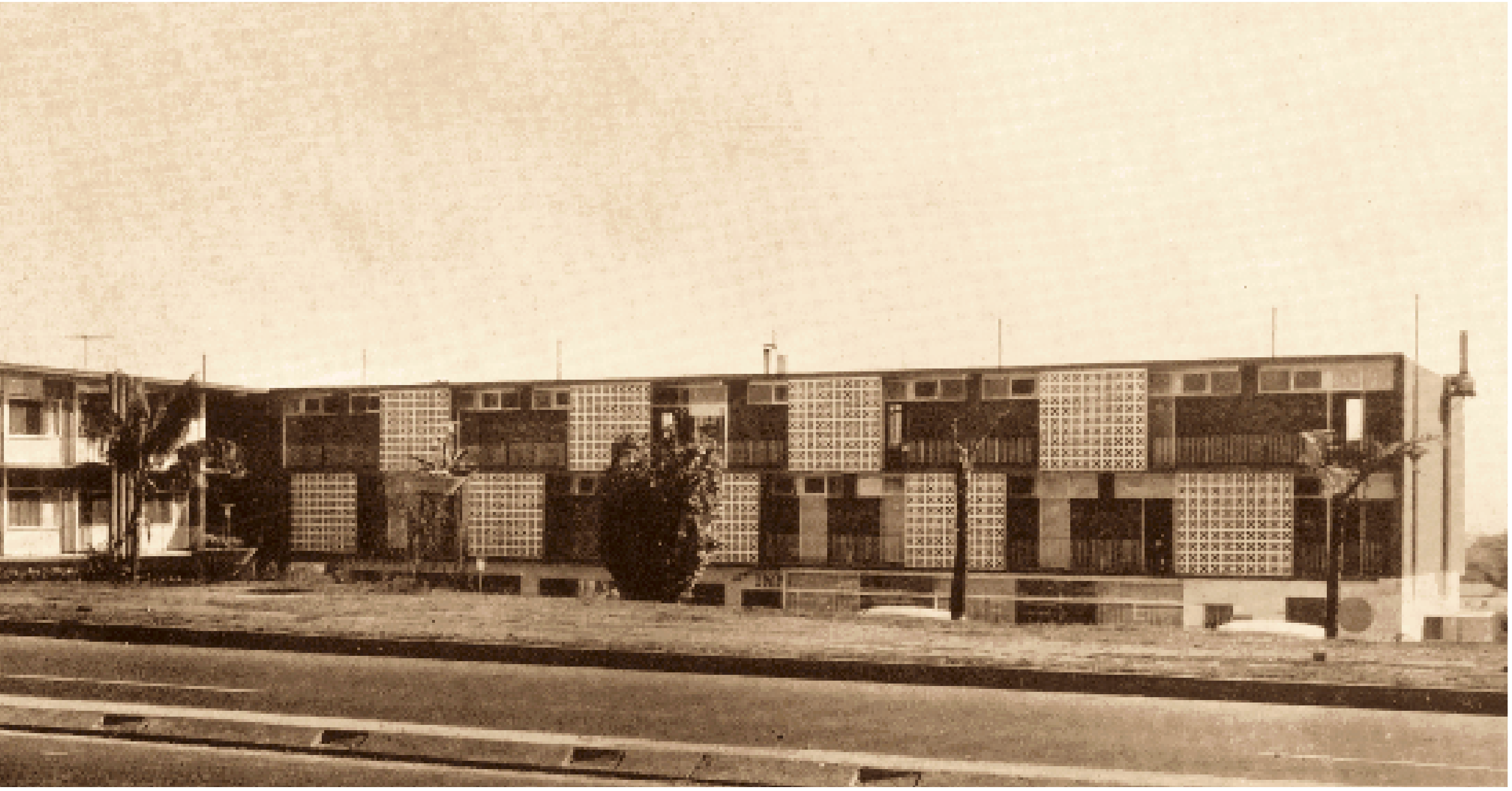
Chutzpah and the Gathering of Intelligence

In October 1960, an important event in Australian retailing took place in Melbourne. The country's biggest regional shopping centre, Chadstone, opened. It had cost £6 million, housed 83 retailers, had free parking for 2500 cars and, in every way, was state-of-the-art. Built by the Myer Emporium, it was described as 'a town within a town' and said to represent a turning point in retailing.

To the opening were invited all the socially, commercially and politically important figures of the day. As much as they yearned to be on the guest list, Saunders and Lowy did not receive an invitation. Undeterred, Saunders flew to Melbourne on the day of the opening and took a taxi out to Chadstone. Once there, he crawled under the fence, being careful to protect his suit, and mingled with the crowd. He had a splendid morning, looking around, admiring the features, noting the innovations and listening carefully to the speeches. After spending a cheerful afternoon discussing the merits of the new development with other guests, enjoying the food and collecting as much information as he could, he left via the official exit and hailed a taxi for the airport.

Nothing that he had picked up went to waste. In fact, Saunders was an obsessive reader of newspapers, magazines and journals — anything that provided new ideas that could augment the business. One such idea he was extremely keen on was the motel.

In 1959, Saunders and his wife had taken a trip to an international shopping centre convention in Las Vegas and, along the way, went motel sightseeing between San Francisco and Los Angeles. There were very few motels in Australia and those were shabby and poorly serviced. In contrast, US motels were pristine and the rooms had televisions, refrigerators and modern bathrooms. Inspired, Saunders returned home with plans to build a high-quality motel in Sydney. A few months later, Lowy would make a similar reconnaissance of motels and shopping centres along the US West Coast, but this time accompanied by an architect, Emery Nemes. Typically, Lowy



The Shore Motel, Pacific Highway, Artarmon, as it was in 1962 and in the mid 1970s. This was Saunders's 'baby', a project that he took a great personal interest in and nurtured. When he left Westfield, in the 1980s, he bought it for himself.

and Nemes would arrive at a motel, measure the rooms, the bathrooms and corridors, analyse the tariff, and check the quality of the furnishings. By the time they returned to Australia, they had all their business requirements mapped out.

Westfield found a parcel of land north of the Sydney Harbour Bridge on the Pacific Highway and began the planning for the Shore Motel. One afternoon, while Saunders was checking the progress being made on the site, a man approached him claiming to be a Swiss graduate of one of the famous hotelier schools and said he could do an excellent job as manager. Saunders hired him on the spot.

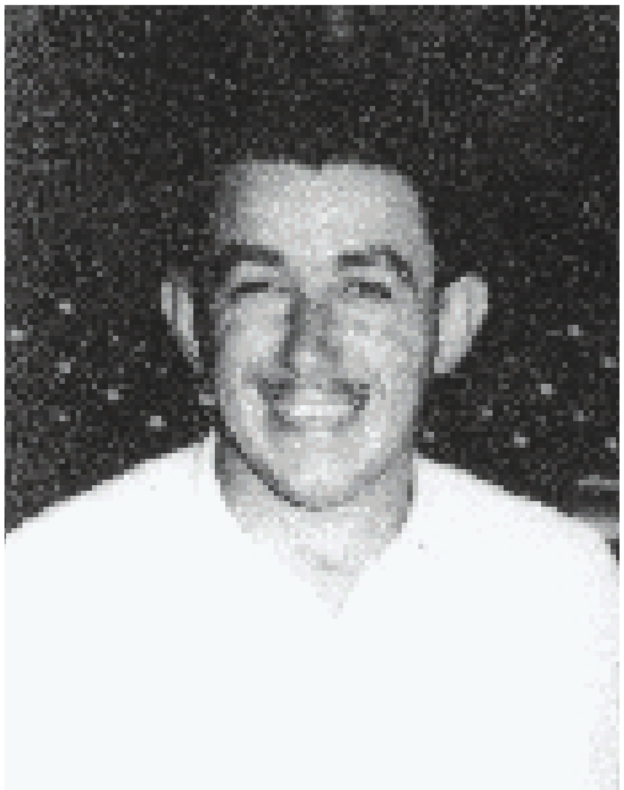
This was typical of Saunders's instinctual style of business and by 1962 the Shore Motel had exceeded even the company's high expectations. It had high occupancy rates and plans for its expansion were already on the drawing board.

Years later, it would gain an exotic Spanish-style façade, complete with a tower, become a local landmark and be renamed the Shore Inn. Saunders's unconventional hiring practices continued. In the 1980s, he met a chef at a hotel in Hungary and invited him to work at the Shore Inn. The chef accepted the offer and the Shore Inn flourished.

After several renovations and expansions, the Shore Inn was given a stucco façade which made it highly conspicuous on one of the main thoroughfares into the heart of Sydney. Years later, it underwent another transformation, being converted into an apartment building.

Three examples of Coles supermarkets built by Westfield in the early 1960s. From top: Baulkham Hills, Liverpool, and Gosford.

‘Music to Our Ears’



A beaming Lowy. Seventeen supermarkets for Coles in three years spelt success for Westfield.

While the Hornsby centre was going up, one prospective tenant, the grocery chain Matthew Thompson, was taken over by the large Melbourne retailer G. J. Coles. Coles wanted to enter New South Wales and expand beyond its variety range into food.

Lowy approached Coles and managed to persuade the company to take space in the new Hornsby centre. During the negotiations, he and Saunders met Coles’ chairman, Sir Edgar Coles, and mentioned they had a couple of other suburban sites the newly arrived Coles may well find suitable for its expansionary plans.

Sir Edgar, impressed by what he heard, sensed potential in the relationship with Westfield and commissioned it to build more supermarkets.

With Lowy and others, he would drive around Sydney and its environs in a chauffeur-driven car, looking for well positioned sites in densely populated suburbs with poor retail services. Sir Edgar would sit in the front seat and, through the window, point and say, ‘Get me a site here and get me a site there.’

‘And we did,’ remembers Lowy. ‘It was music to our ears.’

Westfield quickly understood exactly what Coles required and deployed scouts to locate sites. In the early 1960s, in a matter of three years, it had built seventeen supermarkets for Coles.

It was a mutually beneficial partnership. Westfield played a major role in getting Coles established in New South Wales, and Coles contributed greatly to getting Westfield launched in Australia.

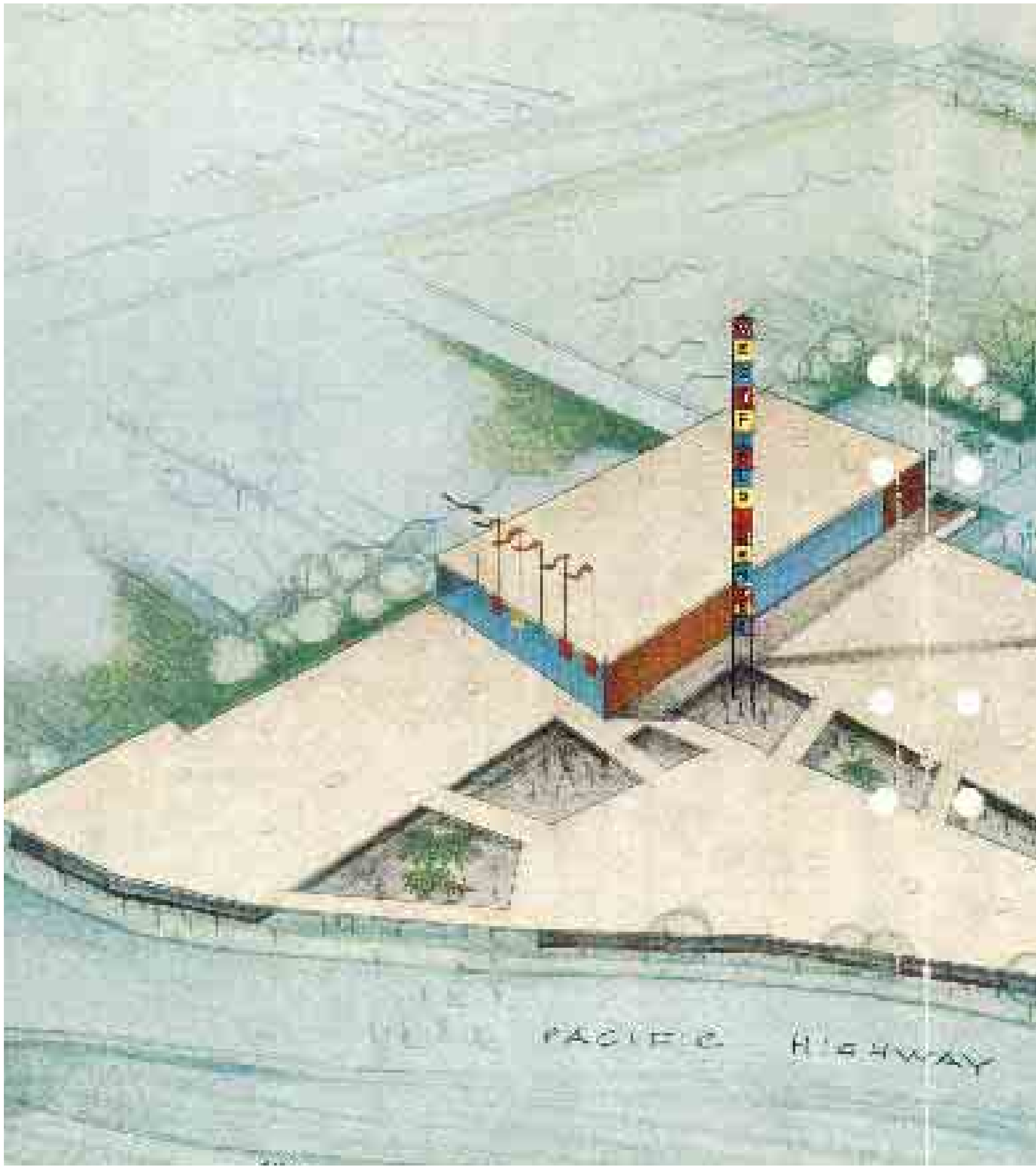
The Aussie Piazza — An Unexpected Development

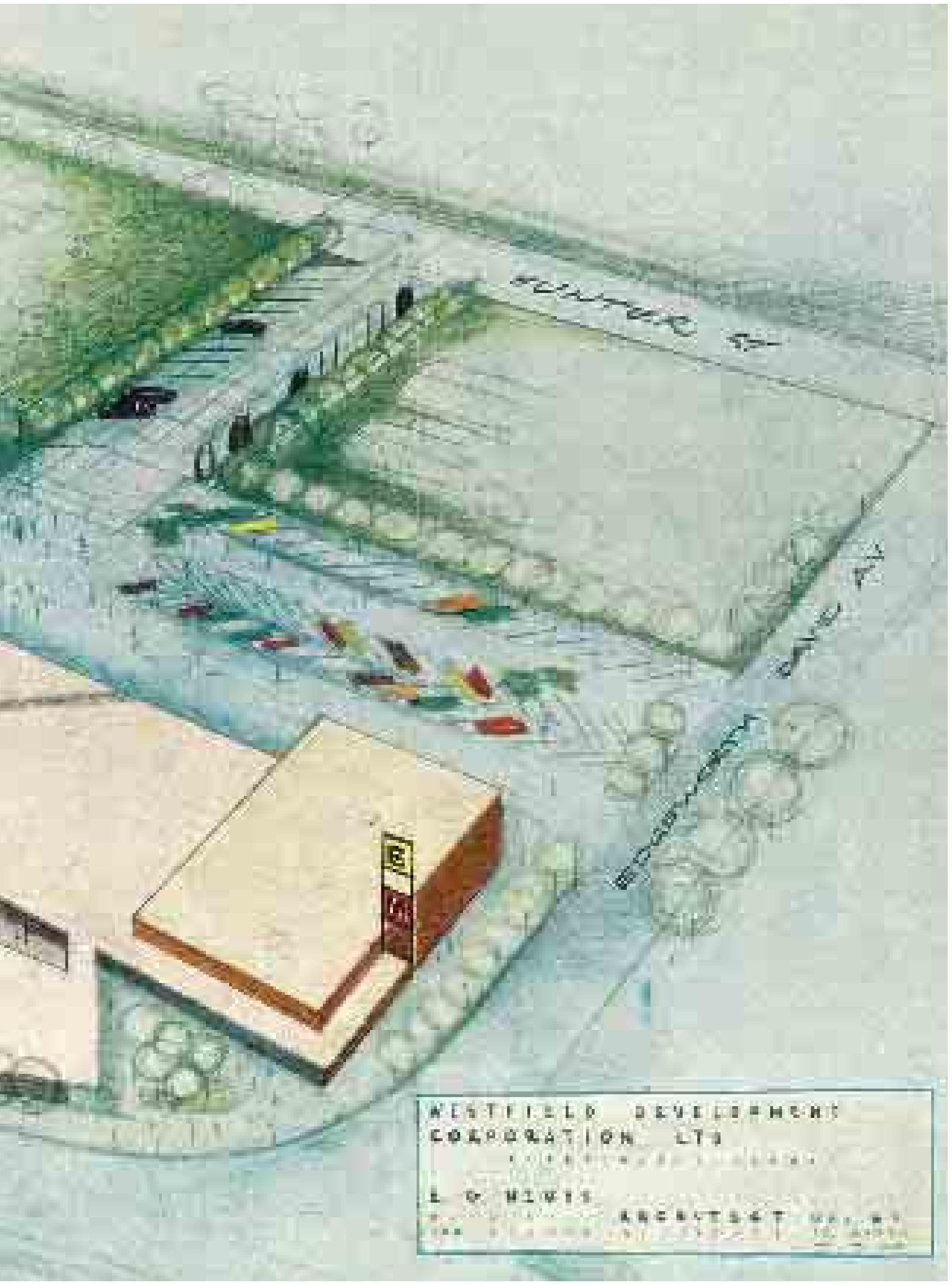
When the Hornsby shopping centre began trading in the early 1960s, it initiated a social shift across the shire. Up until then, the area had suffered from a lack of natural meeting places for people to congregate. Unlike the piazzas in Italy, the village squares in central Europe or the commons in England, there were no designated spaces in the built environment where people could spontaneously gather. There was just bland suburban sprawl.

Although Hornsby had experienced considerable population growth, its retail heart had remained static. An absence of sufficient stores to cater for increasing needs and lack of parking meant people got into their cars and bypassed the suburb altogether.

Westfield changed that. With a department store, hardware store, 22 shops, a supermarket and ample parking, it drew in people from all over the district. It generated new jobs and the suburb buzzed with activity.

Although the primary function of retailing has always been about the exchange of goods and services for money, its secondary function has been to provide an environment for social interaction. Westfield recognised this early on and concentrated on promoting this secondary aspect. While ensuring the commercial fundamentals were sound, it placed great importance on community needs, and on providing a place for people to meet, enjoy some entertainment, and have an experience so pleasurable they would want to do it over and over again.

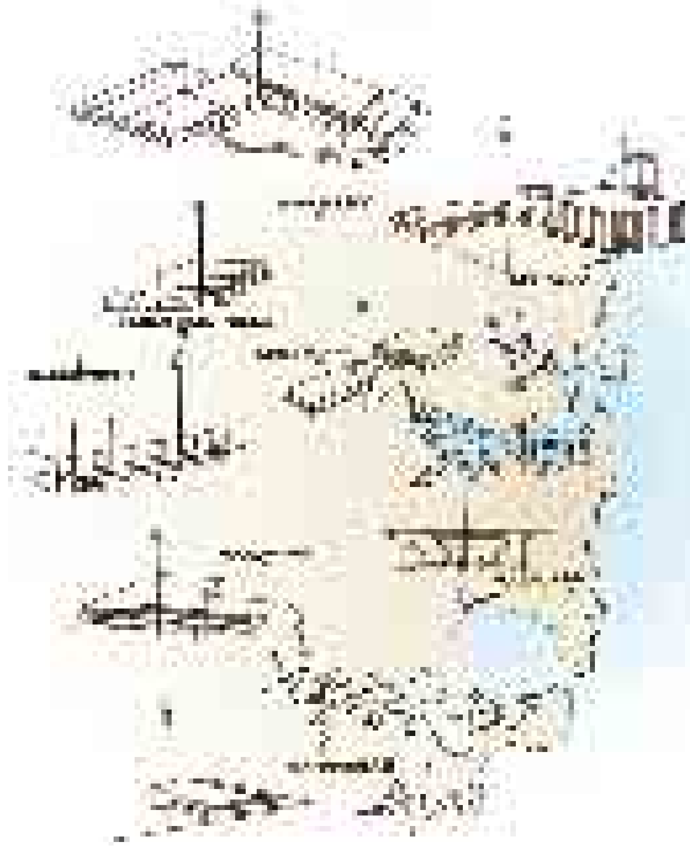




An architect's drawing of the proposed Hornsby development.

1962: growth GROWTH GROWTH...

By its third year as a public company, Westfield had experienced considerable growth in its operations. The economic shakiness of its early months was but a memory and the company was on firm and lucrative ground. Not only had business opportunities increased but Westfield had evolved into a one-stop shopping centre company. It did most things for itself — it built, planned, designed and developed all within its own organisation. This resulted in the construction of highly efficient centres with low capital costs.



By the end of 1962, Westfield had these eight projects either completed, on the drawing board, or underway in metropolitan Sydney.

How Did This …

The grand and commanding Mark Foy's department store, set on a full city block, Sydney, 1939, …

Large stores, such as Mark Foy's in Sydney, dominated retailing in Australia between the wars. Many such stores had become prosperous enough by the end of the nineteenth century and the beginning of the twentieth to erect impressive, ornate buildings. They had also become household names, trading on customer goodwill and faultless reputation.

After the First World War, these grand retailing houses quickly detected the public's need to put faith in the country's institutions. Thus they promoted themselves as bastions of traditional values and patriotism and, when the Second World War loomed, became involved in the war effort.

The culture of these big retail institutions was largely British. Although they were strong supporters of 'Buy Australian' campaigns and local industry — and even had factories themselves — their sentiment was avowedly pro-British. All had well-established London buying offices, UK-trained managers and ran promotions like 'Empire Week'. Tremendous value was placed on the phrase 'British Made'. When it was used to describe merchandise, it was synonymous with quality.

The big stores actively exploited the gulf between the city and the suburban shopping experience. The city was cosmopolitan and in the big stores customers were made to feel important. Staff were excessively polite, liveried doormen opened doors and made polite greetings, and customers could choose to be personally guided through the store during their visit. There was an exaggerated emphasis on 'good service'.

However, by the 1930s chainstores

... Become That?

... and downsized in Westfield's Eastwood shopping centre, 1964.

offering cheap merchandise which customers could pick off the shelves themselves were flourishing in the suburbs. These American forerunners of modern self-serve supermarkets began emerging at the beginning of the Depression. They caught the imagination of the working class, who couldn't afford to go to town where the large department stores dominated. The busy atmosphere, the goods on open display, the ability to examine merchandise, the bins and 'cash only' transactions gave the impression of bargain shopping. In fact, the first Woolworths was set in a basement and became known to its customers as a 'bargain basement'. Eventually, the resurgence in suburban retailing began to affect the city retail houses.

What also affected these emporiums, in equal measure, were the constantly changing traffic patterns in the city, as trams gave way to buses, as private buses were replaced by Government ones, and as bus routes changed and the underground railway network developed. Eventually, only large stores in the very heart of Sydney, such as David Jones and Gowings, remained in place. Those just outside the heartland, such as Mark Foy's, struggled on futilely. Despite their size, range and priceless street frontage, these stores couldn't survive. Ironically, what did survive in the Australian idiom was the saying, 'He's got more front than Mark Foy's.'

By the time the next 'American' phenomenon of regional suburban shopping centres was redefining Australian retailing in the late 1950s and early 1960s, Mark Foy's was ready to take space in them — as it did in Westfield's Eastwood shopping centre.

Opening the Doors

How Westfield Ended its First Decade as

1960

Westfield Development Corporation is engaged 'in the business of real estate and property development generally, and in particular in the specialised field of shopping centres'.

1961

Residential developments are not selling as quickly as anticipated, and the company switches its focus to the building of retail stores and shopping centres.

1962

The company stops building residential developments. Through the establishment of its own building, planning and design facilities, Westfield is now able to develop shopping centres completely within its own organisation.

1963

All stocks of developed residential land have been sold at a profit. Westfield now acts as a consultant to retailers on matters of development, design and construction of stores.

Westfield offers shareholders a one-for-two share issue at par.

The investment aspect of the company is becoming more important with each passing year. While still maintaining its full complement of development activities, one of the company's main business objectives now is to create equities in real estate through the development of income-producing properties which, on completion, are managed by the company for further income. As an investor-builder, its portfolio of investment properties is similar to a portfolio of shares.

However, in creating its own investment interests, Westfield, through its specialised resources, achieves a cost well below market value, instead of buying a portfolio at current market prices. Thus, the growth potential of its asset values becomes one of the central platforms for the company's continued success.

To enable more properties to be built, a sale-leaseback arrangement is entered into with a leading Australian financial institution in respect of the Eastwood shopping centre.

1964

The company is now handling all aspects of shopping centre development, including acquisition, design, construction, leasing, management and promotion. Significantly, the projects in hand are tailor-made to retailers' requirements.

to Opportunity

a Public Company on an Unexpected High

Shoppers pressing against the doors of a city department store in the 1960s.

1965

Best profits and highest volume of business ever achieved.

1966

Further increases in profits and shareholders' equity. Westfield Burwood opens. Westfield expands interstate. With the conversion of unsecured notes, for the first time the capital of the company exceeds $1 million.

1967

Previously, projects were not commenced until long-term finance had been arranged. By this time, Westfield was able to arrange short- to medium-term finance for the construction phase on attractive terms. The most advantageous long term finance could then be put in place after completion.

In regard to the company's changed circumstances, the ceiling for directors' total fees is lifted from $5250 per annum in 1960 to $10 000.

1968

In a gesture of goodwill and appreciation to its staff, share options are issued to Westfield executive directors and executive staff.

As a result of improved profits, the dividend to shareholders increases. Since floating, the company has paid a dividend of 10 per cent per annum. This year sees it rise to 12.5 per cent.

1969

Westfield's fixed freehold properties have an asset value of $1.77 million. This does not include income-producing properties held under long-term leases. Dividend up to 13 per cent.

Another offer is made to shareholders — they are now able to take up one new 50 cent share at $1 a share for every six shares held.

1970

Westfield's first decade ends on a high note, with its corporate/finance strategy sharply focused.

Dividend up to 15 per cent, with options for 32 employees who missed previous issues, and the value of income-producing leasehold properties passing the $4 million mark.

The company announces its plans for a $13 million development in William Street, Sydney, starting with the construction of a 24-floor office block and a 280-suite international-standard motel. For the tenth consecutive year, profits are on the rise.

A Westfield advertisement in The Sun *newspaper, October 1966.*

In 1966, when Burwood Shoppingtown opened six months ahead of schedule, it was hailed as one of the most beautiful and finely detailed air-conditioned indoor shopping centres in the world. Its trade area potential covered more than 150 000 people with a total annual retail expenditure of over $100 million.

For Westfield the Burwood centre represented many firsts:

- It was the first centre to open with a major department store. In this case it was the leading national department store chain, Farmer's and Burwood marked the beginning of a long and fruitful business relationship between the two companies.
- It was also the first centre to benefit from a major marketing effort. As part of that campaign, it became the first to be branded with the Westfield Shoppingtown logo and to use the Westfield 'family of five' in its advertisements (see opposite).
- It was the first project in which Westfield used the 'critical path method'. With the help of PA Management it applied this method to all facets of the project and, as a result, was able to open six months ahead of schedule. Since then, every one of Westfield's projects has employed this method. It has become almost a mantra in Westfield project management.

Building Up a Head of Steam

The Sun newspaper reporting on the development of Burwood Shoppingtown and featuring the Westfield family of five.

By the second half of the 1960s, shareholders in Westfield would have had good reason to congratulate themselves on their investment. A shareholder who invested $1000 in the company in 1960 had, by 1965, an investment worth $2817 assuming that all dividends and other benefits were invested in additional shares. Over the next five years, this investment would soar to $16 850.

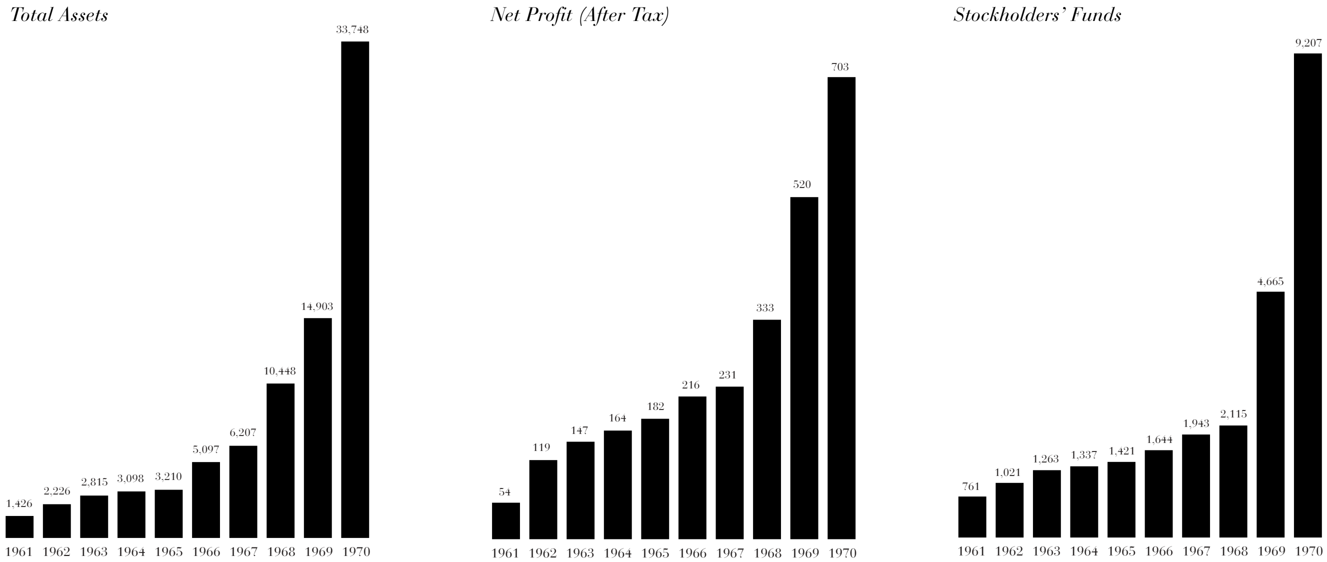
During this five-year period of unprecedented growth, Westfield completed major projects every year. It was busy expanding beyond not only Sydney, but beyond New South Wales.

In 1965 it completed a supermarket for Coles and opened a shopping centre at Figtree in Wollongong, south of Sydney. The following year it completed another Coles supermarket and then opened the Burwood centre six months ahead of schedule.

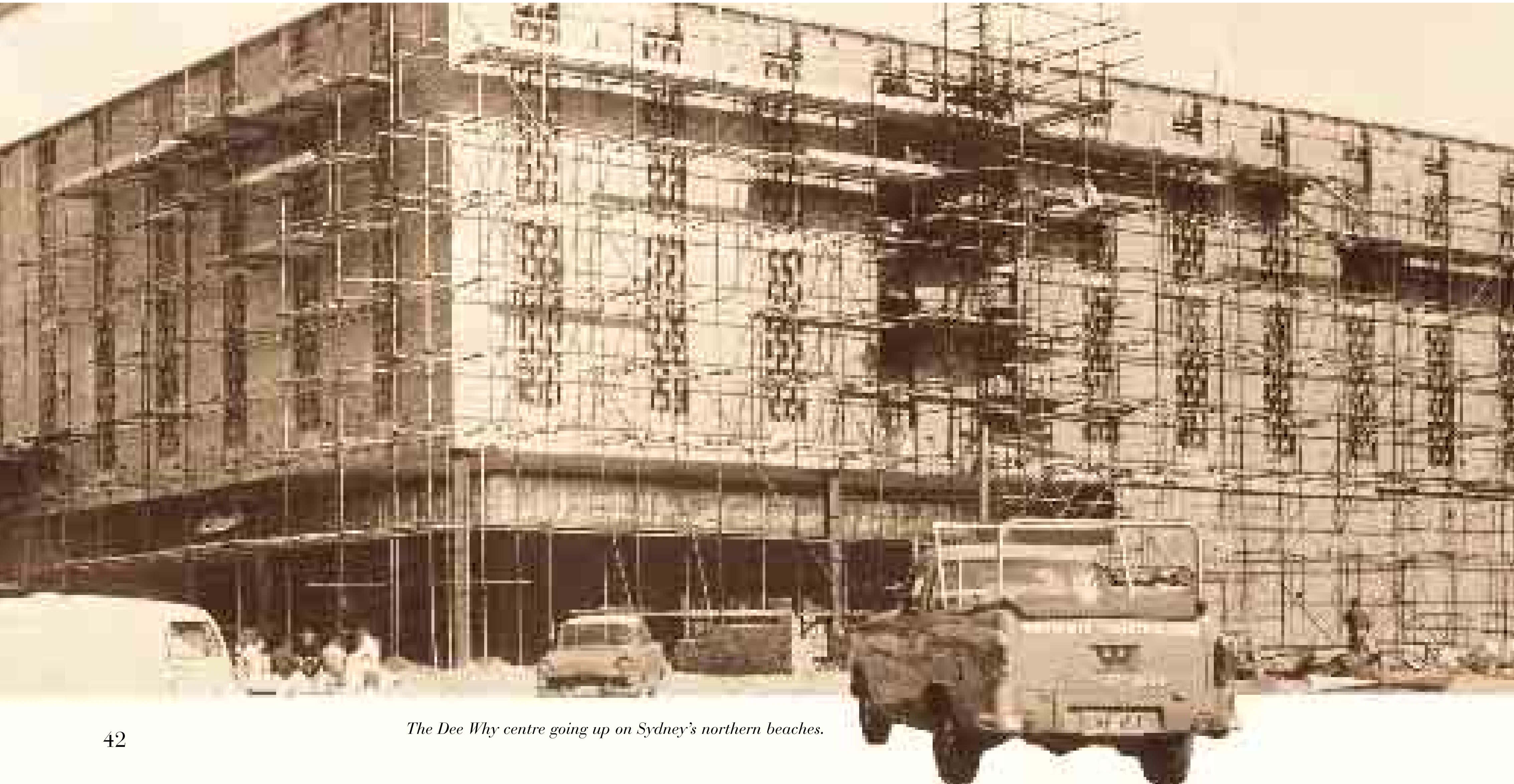
Not stopping to draw breath in 1967, it established a conspicuous presence in Queensland with the opening of the Toombul shopping centre.

In the meantime, it had been renovating and enlarging the Hornsby centre to four times its original size and opened this new redevelopment in 1968.

Then, in 1969, it bought the ailing Miranda centre from Farmer's (now part of Coles Myer) and began to remodel it. This year also saw Westfield make its debut appearance in Victoria with an impressive new centre at Doncaster.



Growth Record ($'000s) 1961–1970



The Dee Why centre going up on Sydney's northern beaches.

Westfield's Eight Rules of Shopping Centre Development

As Explained to Investors in a Pamphlet in 1968

1 Site Selection

A site is selected only after careful assessment of what the future development of the total environment is likely to be.

Surveys are often conducted in liaison with major retailers who then become important merchants — magnets for customers in the completed centre.

2 Design

The design department at Westfield takes in needs and aspirations of the entire potential customer base. The social and economic background of the trading area is considered in the creation of a pleasant, harmonious atmosphere. Special architectural features, shopfront designs, commissions from outside clients and the many merchant and customer facilities are brought together to stimulate the best trading conditions.

3 Leasing

For continuous and sound trading, it is essential that the 'balance' of shops in a centre be wide and varied — emulating the traditional facilities of a shopping precinct in a normal town. To achieve a good balance of retailers, leasing begins at an early stage of the design.

4 Construction

For this, a very high degree of organisation is required. The building division of Westfield controls the detail and finish of the project according to the total concept. Using the latest techniques and time-planning control methods, constructions are completed in the shortest possible time.

Westfield builds for itself and other developers.

5 Financing

Financing of multimillion-dollar centres is managed by a group of specialised executives under central finance control.

The capital structuring of each project requires individual attention and a decision has to be made whether, on completion, the project will be:

1. owned straight out
2. jointly owned
3. sold outright
4. sold and leased back

Each requires a different approach to funding and is handled by the company's own specialist in each field.

6 Management

Staff chosen for management positions will have already experienced the retail field. They have to manage the complex requirements of the retailers, the customers and the facilities.

Further training in such tasks is provided by sending staff to courses and conventions in the United States and other countries. Westfield is a member of the International Council of Shopping Centres, which ensures it is well placed to study all development trends in retailing anywhere in the world. Where applicable, these ideas are implemented.

7 Promotion

Promotion is the active spearhead of the combined efforts of developer, landlord and merchants within a centre. Continuous study of changing fashions is undertaken so that promotions fulfil the entire merchandising needs of communicating to the widest possible audience. A Merchants' Association is established within the centre. After Westfield has organised this association, it continues to play an active role, with staff and financial assistance, to ensure that merchants obtain the maximum benefit from combining their own promotional efforts.

8 Catering to the Customer

The shopping centre aims to meet the sophisticated tastes of modern shoppers, stimulate their imaginations, elevate their sense of well-being and widen their everyday world, linked as it is, to other forms of mass communication. By providing an atmosphere of excitement through the visual, aural and tactile senses, the centres attempt to generate an ever-increasing trade potential.

All ages are catered for. For children, there are nurseries, playgrounds and entertainment. Music, food and clothing stores encourage teenagers to use the centres as gathering points. For the housewife, shopping becomes a pleasure, with easy access and everything under one air-conditioned roof.

With Expansionary Eyes, Westfield Goes Interstate

Queensland

In the mid 1960s Westfield turned its attention to Queensland. John Lowy (brother of Frank), together with an engineer who was familiar with Brisbane, flew up to find a site. There, a local real estate agent, Donald Petrie, took them to Toombul, 10 km outside the CBD, to a site superbly located in the middle of a densely populated area. But it was on a floodplain, with a creek running through it. When Saunders and Lowy later saw the site they instantly realised its commercial potential. Westfield promptly got an option on the land and employed experts from the local university to overcome the water problems. It subsequently filled some of the land and built a bridge over the canal.

But there was another problem. The Chermside centre was nearby and housed a Myer department store, making it difficult for Westfield to attract another department store as its anchor tenant. After some effort, Westfield finally found a secondary department store and secured a Coles supermarket. However, that wasn't the end of its worries. As Westfield was an unknown quantity in Brisbane, how was it to fill the 60 untenanted shops? Frank Lowy took on the job with Petrie and walked the streets of the CBD, calling on retailers to attract them to the new centre.

The effort paid off. When the Toombul centre opened 100 per cent leased in 1967, it was Brisbane's first fully air-conditioned drive-in centre with parking for 1500 cars.

Victoria

While Toombul was opening, so Westfield was busily constructing its biggest centre to date at Doncaster in Melbourne.

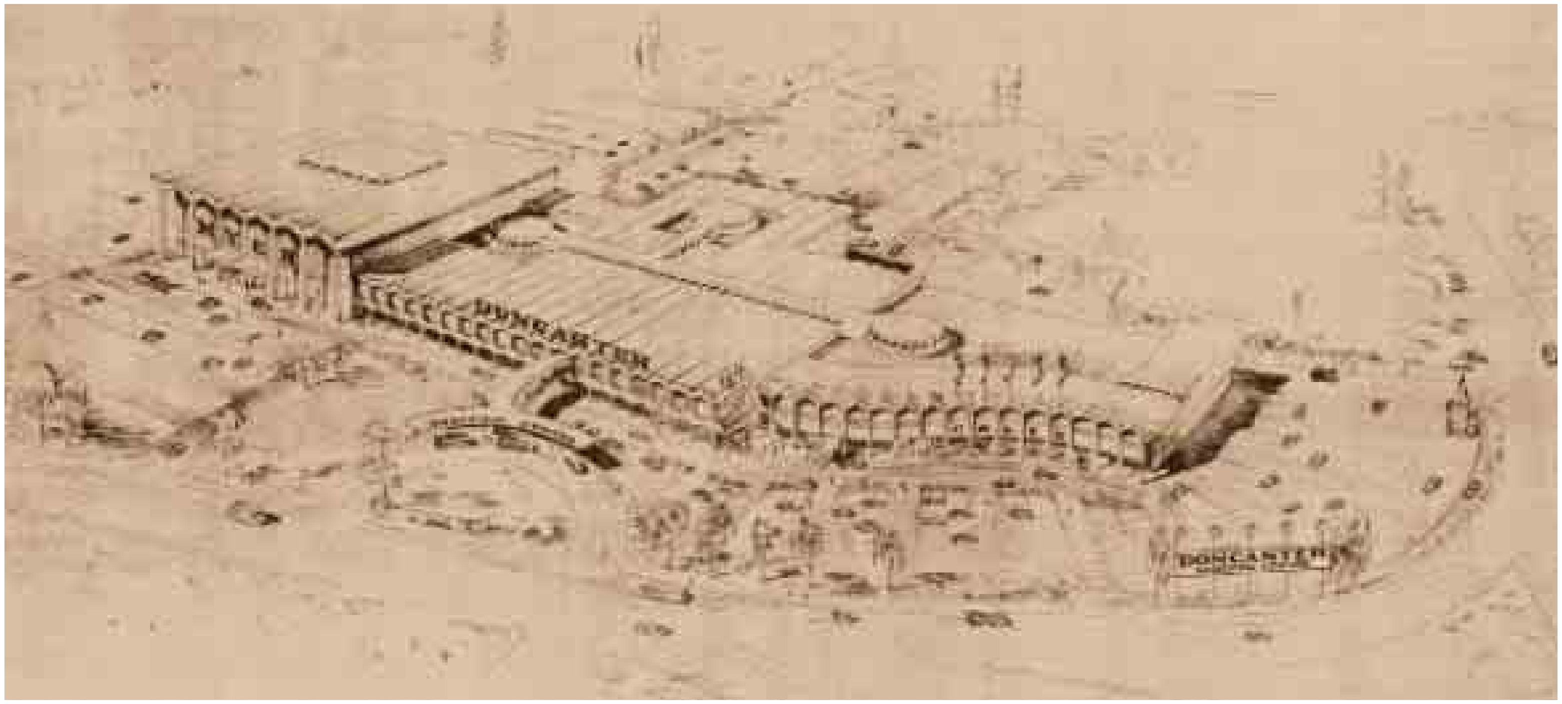
It had been offered this golden opportunity by Coles, which wanted a supermarket in the affluent and fast-developing area of Doncaster but wanted it bundled with a major department store; in particular, a Myer store. Coles had the land but lacked the expertise to put such a project together. Ongoing rivalry between it and Myer was hampering progress, so to make some headway on the project, Westfield was called in.

Westfield could see the potential. Nearby orchards and farms were being rezoned for residential and commercial uses and new roads were being constructed. It readily accepted the offer to buy the land and build a shopping centre meeting Coles' requirements.

Thus, in 1969, with much fanfare, the then Premier of Victoria, Sir Henry Bolte, opened the $12 million, fully air-conditioned Doncaster Shoppingtown. It had 80 shops, five major stores, a tower with professional services and amenities, and parking for 3000 cars.

It had been financed on a sale-and-leaseback arrangement with Temperance and General and was Westfield's eighth major centre development. Like the original development at Hornsby, it provided extra stimulus to community growth in the surrounding area.

An aerial view of Toombul Shoppingtown under construction, showing the canal.



An architect's early sketch of Doncaster Shoppingtown.

Milestones in Westfield's First Decade	World and Australian Events
1960	
• Westfield Development Corporation lists on the Sydney Stock Exchange	• Australia wins eight gold medals at Rome Olympics • John F. Kennedy elected US President
1961	
• Hornsby shopping centre opens • Shore Motel opens	• Thalidomide recognised as causing serious birth defects • Pilbara iron-ore venture mounted
1963	
• Centres built at Yagoona, Dee Why and Eastwood	• President Kennedy assassinated • Bob Dylan emerges as a major folk-rock singer
1965	
• Figtree opens	• Australian soldiers go to Vietnam • First computer language designed for public use
1966	
• Burwood opens	• Decimal currency introduced • Sir Robert Menzies retires
1967	
• Toombul opens	• Prime Minister Harold Holt disappears • Active DNA is first synthesised
1968	
• Hornsby centre enlarged to four times its original size	• Australia's population reaches 12 million • Science fiction film *2001: A Space Odyssey* released
1969	
• Miranda centre purchased • Doncaster Shoppingtown opens	• Man lands on the moon • Concorde makes its first supersonic flight
1970	
• Land purchased in William Street • Indooroopilly Centre opens	• Pope Paul VI visits Australia • Floppy disks introduced for computer storage

Profits Soar

Share Issue at a Premium

In the summer heat of early February 1969, Westfield's directors made an attractive offer to shareholders. As the company had just experienced a 45 per cent jump in net profit for the half-year to December 1968, they were offering a one-for-six issue to shareholders.

Shareholders registered by the end of February were invited to take up one new 50 cent share for every six shares held.

The shares would be payable in full on application by the end of March and would rank for a dividend as from April.

This was the second issue the company had made since floating in 1960. The first, in 1963, was a one-for-two issue at par.

On announcing the issue, the directors predicted profit for the full year was likely to exceed the record earned in 1967–1968.

It did.

That year, a month before Christmas, Westfield announced a $13 million Sydney CBD development. It planned to build an international hotel office complex along William Street, between Kings Cross and Hyde Park.

Its plans for the complex were as grand as its expectations for its next decade of business. The business expectations would be more than met. The city development, however, would have to be scaled back considerably …