



**For Immediate Distribution**

**15 May 2007**

## **DAVID JONES OPTS OUT OF WESTFIELD EASTGARDENS NSW**

David Jones Limited (DJS) today announced that following negotiations with Terrace Towers (the owners of the Westfield Eastgardens, NSW shopping centre) it has decided not to renew its lease in the Centre when it expires in October 2007.

At its 3Q07 Sales announcement on 9 May 2007, the Company reiterated its position that it will not enter into long term leases in the hope of chasing top line Sales growth, if the terms of the lease do not deliver bottom line profit growth and economic value over the life of the lease.

David Jones CEO Mark McInnes said, "Despite lengthy negotiations with Terrace Towers we have been unable to reach agreement on terms that are economically feasible for our Company and in the interests of our shareholders.

"The profit that would be generated under the proposed terms of the lease will be captured as we transfer David Jones' customers to our Bondi Junction and Sydney CBD stores. This can be achieved at a vastly reduced investment on David Jones' part in comparison to renewing the lease on the terms proposed.

"We believe that given our decision not to accept Terrace Towers' terms and renew our Eastgardens lease, Myer will enter the centre on the terms we declined.

"In our view entering into a lease on the terms proposed by Terrace Towers reflects a decision based on short term Sales gain with limited long term benefit for the lessee. David Jones' Store Portfolio strategy is very straight forward - we will not commit to a long term lease on the basis of short term Sales growth - our decision will always be based on what delivers the best overall value to our shareholders over the life of each lease," Mr McInnes said.

The primary Eastgardens trade area covers Eastlakes, Daceyville, Matraville, Maroubra, Mascot, Botany, Chifley and Banksmeadow. The David Jones store in the Eastgardens centre however, generates less than half of its sales from customers in these suburbs. The majority of sales are derived from customers outside this primary catchment area.

Mr McInnes said, "Based on extensive market research, customers who live in Randwick, Clovelly, Coogee, Kingsford, Waverley, Centennial Park and Kensington have told us that in the event that the David Jones Eastgardens store were to close, they will continue to shop at our Bondi Junction and Sydney CBD stores based on our national and international brand portfolio and the quality of our service. This is further evidenced by the fact that our Eastgardens store profit has been in decline since the opening of the redeveloped Bondi Junction centre in 2004.

"We are committed to providing continued employment to all of the current Eastgardens employees within David Jones. Whilst we would have liked to enter into a long term Eastgardens lease, the terms proposed by the landlord are not in the best interests of our shareholders and we can achieve a better short, medium and long term return for shareholders

### **DAVID JONES**

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by focussing on marketing to customers in this catchment area and attracting them to our other neighbouring stores," Mr McInnes said.

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