



## DAVID JONES SUCCESSFULLY EXITS FOUNTAIN GATE LEASE & SECURES DOMINANT PRESENCE IN VALUABLE NORTHERN CORRIDOR OF PERTH

- David Jones successfully negotiates the **termination of its Fountain Gate (Vic) lease** with Westfield.
- The Fountain Gate lease was entered into in 1996 and is not aligned to the Company's core customer base or target demography.
- **David Jones will receive value in excess of** the original payment made to Westfield in 2003 (adjusted for inflation) when the Fountain Gate lease was re-negotiated, with an **option to open a new store at Westfield's Innaloo (WA) centre**.
- The ability to secure a presence in Innaloo, coupled with David Jones' announced new store in Whitford (northern Perth) means that David Jones has **locked-in a dominant presence in one of the fastest growing and high value markets in Australia**.

David Jones Limited (DJS) today announced that it has successfully negotiated with Westfield Trust to terminate its lease at the proposed Fountain Gate shopping centre redevelopment.

On 3 June 2003 David Jones announced that it had (as part of its Strategic Review) undertaken a store portfolio review and identified the future Fountain Gate lease arrangement as unviable as it was not aligned to the Company's core customer base or target demography. The Fountain Gate agreement was entered into by David Jones in 1996 and was legally binding and enforceable by both Westfield and David Jones.

At the time of the June 3, 2003 Strategic Review, David Jones announced that it would commence negotiations with Westfield to attempt to terminate or, if this was not possible, at least renegotiate the terms of the existing Fountain Gate agreement.

Whilst the terms of the Fountain Gate lease arrangements were renegotiated at that time and involved David Jones paying Westfield an amount of \$9.8 million, David Jones has continued to seek to exit from this lease and, until now, had not been able to achieve that on acceptable commercial and strategic terms.

### DAVID JONES

David Jones Limited A.C.N. 000 074 573  
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Under the arrangements agreed with Westfield, David Jones will receive:

1. value in excess of the payment made to Westfield in 2003 when the Fountain Gate lease was re-negotiated (adjusted for inflation); and
2. an option to open a new department store at the Westfield Innaloo development in the attractive, northern corridor of Perth.

The value in excess of the \$9.8 million (adjusted for inflation) that David Jones receives from Westfield will take the form of capital expenditure funding in projects in Westfield centres (including Kotara and Innaloo), as well as payment in the final stage of the Centrepoint retail development to compensate David Jones for disruption as the air bridges between Centrepoint and David Jones Elizabeth and Market Street stores are replaced between August and October 2010. The air bridges will be replaced at no cost to David Jones.

The Westfield Innaloo option ensures David Jones' dominant presence in northern Perth, which is one of Australia's fastest growing and high value markets, and provides full flexibility for the company in this market, until there is more certainty about the development potential of other centres in this corridor, which is subject to Western Australia's planning laws.

David Jones CEO Paul Zahra said, "We are pleased to have terminated our Fountain Gate lease on acceptable commercial and strategic terms. We have known since our 2003 Strategic Review that the demography of the Fountain Gate centre is not aligned with our target customer and does not fit in with our new store strategy, which is to open high value stores in high value locations.

"We are also pleased with the option to open a new store at Innaloo located in the high growth, high value northern corridor of Perth. This coupled with our proposed new store in Whitford (also in northern Perth) means David Jones will establish a dominant presence in one of the fastest growing, high value markets in Australia," Mr Zahra said.

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