

Lend Lease 2007 Annual General Meeting

Opening Statement by Chairman David Crawford prior to the Formal Agenda of the Meeting

I thought I would make a few opening comments about the protest today which you saw when you arrived. That protest is part of a media campaign led by a former tenant at Erina Fair to try and extract undue compensation from the centre's owners and Lend Lease as manager.

While we have gone to great lengths to try and help the tenant with her business problems, her demands have become unrealistic and excessive. We will keep trying to talk with her but we will not be blackmailed into making undue payments.

I think shareholders deserve an explanation of the facts so you can put the claims being made into context and be assured that we are acting appropriately.

Joanne Howarth and her partner opened an up-market restaurant ten months after the redeveloped Erina Fair was opened. The restaurant initially traded well but unfortunately its offer proved too expensive to retain and build a viable customer base.

Amongst her various claims, Joanne claims we have acted unconscionably. The facts are we allowed her to operate for 24 months while only paying rent for three months. We also contributed a substantial sum towards the cost of her fit-out. Since the restaurant stopped trading, we have released her from the lease and rent obligations and forgiven the contribution to the fit-out costs.

Further, at her instigation Joanne had the ACCC investigate her claims, and the ACCC has found no incidence of wrongdoing by Lend Lease. Joanne and her partner have also blamed the failure of the business on everything from the design of the centre to misrepresentation by Lend Lease about customer traffic. The facts are that since redevelopment shopper visits to Erina Fair have increased from 10.7 million to 12.5 million per year.

Another operator, who took over Joanne's tenancy with a different, lower priced restaurant offer, has traded so successfully that he is now fitting out a second restaurant tenancy in the same precinct that Joanne claims for her problems.

Since Erina was redeveloped it has moved up the ladder to become the 14th leading regional mall in Australia in the widely recognised Shopping Centre News Big Guns Survey.

Joanne has also claimed that some 80 tenants have, to quote her, "gone to the wall" at Erina because of Lend Lease. This is just wrong. Lease surrenders and non-renewals at Erina Fair have run at about 6% over the four years since redevelopment. This is in line with experience across major regional malls.

Tenants who have left have done so for a wide variety of reasons and in the vast majority of cases we have been able to come to agreements that meet both the retailers' and the centre owners' needs.

Lend Lease works hard to support its retailers, especially when they encounter problems. At the end of the day, however, we do not intend to use shareholders' and owners' funds to underwrite the entrepreneurial risk that any business person undertakes when they open a business.

We remain open to further discussions with Joanne Howarth to try and resolve her concerns, but we will not be pressured through a false and misleading media campaign.