



Tony Arbour AM
City Hall
London
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11th September 2018

Dear Chair,

I am writing to you following London Legacy Development Corporation Chairman Sir Peter Hendy's letter to you of yesterday's date, which I read following its issue to the national media.

First and foremost, please accept my sincere apologies that the Assembly has been dragged into the issues that exist between West Ham United and our landlord E20/LLDC. I assure you this was not our intention. Our sole intention is to find a way through the issues and enjoy the partnership that was envisaged and we expected when we signed our agreement in 2013 for the benefit of our supporters, the community of London and the wider public.

We are of the firm belief that those who took the decision to enter into that agreement with us made the right decision to ensure the Stadium did not become a white elephant - as so many Olympic venues have throughout the world - and instead become the catalyst for a stunning regeneration project on the Queen Elizabeth Olympic Park, for which LLDC should be commended.

I was deeply concerned, having watched footage of the London Assembly hearing, about the way in which both West Ham United's agreement with E20 and our role in the overall financial pressures which E20 and the Stadium are experiencing was presented, as it omitted a number of key facts. I had written to Lyn Garner CEO of the London Legacy Development Corporation on this matter. I attach my letter to her for your reference. In her evidence to you Ms Garner had said that one of your financial concerns was the £2.5 million fee West Ham United pays in rent. She said: "The elephant in the room is the fee they pay us for usage costs does not cover the event-day costs."

The inference was that we pay too little by way of rent.

Firstly, the rent we pay was agreed following a competitive tender.

Secondly, as Mr Hendy has now since kindly confirmed in his letter to you, we pay more than £2.5m by way of Usage Fee. Our rent is now £3m a year.

Thirdly, the Usage Fee is just one component of the aggregate revenue and income earned by E20 Stadium LLP and the Operator derived from the playing of our home matches at the London Stadium.

Fourthly, in our view (with many years of experience of operating a stadium behind us) we are staggered that the operating costs at the London Stadium exceed revenue. In our view, the actual elephant in the room is E20's failure to manage the operating costs competently.

With everything we contribute factored in, the total revenues received by E20 from West Ham United and our activities is c. £10 million a year.

The £6m of catering income, generated solely by West Ham United supporters, is the figure provided to us directly by our landlord. The distribution of this figure between the landlord and their agents is a matter for E20 so we are not in a position to explain why their return is so low.

The words 'elephant in the room' created an impression that West Ham United was to blame for not paying enough to meet operating costs. We felt Ms Garner could have made clear that in drawing attention to this 'elephant in the room' that she was not laying the blame at West Ham United's door but she did not. It is plain to see why the media reported her comments as they did. We were forced into issuing a statement of our own to correct inaccuracies in the reports.

It has taken Sir Peter's letter to make E20's position clear that Lyn Garner was not blaming West Ham and we are grateful to him for doing so.

I would like to make clear to you that at no time did West Ham state that LLDC officials had lied. We said the statement Ms Garner had made was misleading the public because it did not present all the facts. We stand by that statement.

We consider Sir Peter's expansion on those statements therefore to be helpful. Had the full context been presented to you initially we would not have felt compelled into writing to Ms Garner in the terms we did as per the attached letter.

Sir Peter also confirms in his letter that there is no stadium naming rights deal in the pipeline. In respect of Sir Peter's comments regarding our match costs the issues around security have been the subject of a number of independent investigations and as investigations are ongoing it would not be appropriate for me to comment further at this stage other than to say we do not share his interpretation of the operational issues at the Stadium.

I can also confirm we staged 21 games at the Stadium last season (2017-18 season).

In closing I would add that without Premier League exposure which West Ham delivers and the global audience that brings to the Stadium, then many of the rights currently being sold by E20 would have no value so we do also add far more broadly to the commercial attraction of the venue (e.g. the 10% of LED sold, Stadium tours, delivering 57,000 supporters week in week out etc).

Following Sir Peter's letter to you I felt it was important that these matters were viewed in possession of the wider facts to ensure balance.

Regards,

A handwritten signature in black ink, appearing to read 'Lyn Brady', written in a cursive style.

Baroness Brady
Vice-Chair, West Ham United