



## Kirkcaldie & Stains takes steps for sale

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Kirkcaldie & Stains is preparing to hire brand experts to try to put a price on the 149-year-old Wellington department store, amid signs of progress towards a sale.

Chairman Falcon Clouston will this week hold a second meeting with John Chandler, the investment banker representing unnamed investors who have indicated they wish to buy the landmark retailer.

While Chandler declined to comment last week on whether an indicative offer for Kirks was being prepared, he and Clouston have been exchanging emails over Christmas and the investors are said to still have a "keen interest" in the assets.

Clouston said last week that if the talks appeared to be progressing he expected to hire a branding expert to attempt to establish what the business is worth.

While as a company Kirkcaldie & Stains has large and profitable commercial property assets, these do not include the main building in Lambton Quay in which the retail business operates.

As a retail business Kirks has been losing money for about five years. While Clouston believed more of the cost of management time should be charged to the property business than was currently the case, it was clear that the main value in a sale would be intangible, and difficult to define.

"The big thing is the goodwill value of the brand, and what's that worth? A 150-year-old icon company like Kirks. I don't know," Clouston said when asked if he had an idea of the store's value.

Kirkcaldie & Stains holds its annual shareholder meeting at the Wellington Club on February 14. The chairman wants to update shareholders on whether a deal is likely.

The NZX-listed company has been inching towards a separation between its retail and property assets for months, with Elevation Capital writing to the board last year noting that the book value of the property assets was greater than the company's market capitalisation.

Chandler's interest became public in early December when Kirks managing director John Milford discovered that some of the company's major shareholders – including Sir Ron Brierley – had also been contacted.

Clouston conceded that holding meetings with Chandler effectively invited all possible bidders, although so far no rival interest had been forthcoming.

"You would think that if there are other potential people out there, it would bring them out of the woodwork a bit."

At their first meeting in December, Clouston said he wanted Chandler to reveal who the investors were, give an indication of what they might be prepared to pay, and what the long-term plans for the business were. It is expected that Chandler will go some way towards meeting the demands, although no firm offer is expected this week.

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