

Key players discuss Kirkcaldie sale

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Kirkcaldie & Stains has taken the first tentative steps towards a sale of its department store with a brief meeting with potential buyers.

Chairman Falcon Clouston and managing director John Milford met JC Capital director John Chandler in Wellington yesterday, to discuss whether Kirkcaldies' Lambton Quay department store could be put up for sale.

Chandler approached Kirkcaldies on Thursday on behalf of a group of unnamed investors about whether it would consider selling its retail business.

The interest became public when it became clear that some of the NZX-listed company's shareholders had also been contacted directly, forcing a market announcement.

Clouston said yesterday's meeting was preliminary, with no discussion of price or disclosure of who JC Capital was representing. "He's going to come back towards the end of January about who he is, and who's behind it."

While Clouston told Chandler the company had made no decision about whether it would consider a sale, he told the former ANZ banker that the January meeting should also indicate what the investors might be willing to pay.

"I've got to do the best thing for shareholders."

Kirkcaldies' profits are driven by its commercial property assets, with the department store struggling in difficult retail conditions.

A major shareholder, Elevation Capital, wrote to Clouston in February urging him to consider that the company be split, or retail or property business be sold, in a bid to address the undervaluation of the company.

Yesterday Elevation's managing director, Christopher Swasbrook, said while he could not understand JC Capital's motivation for making the deal public, he believed a sale could add value to the business.

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