



## Market Announcement

20 May 2016

### **Kirkcaldies enters into an unconditional deed of surrender of lease of its Petone premises, and a sub-lease of its Thorndon Quay premises**

Kirkcaldie & Stains Limited (the 'Company') has today entered into an unconditional Deed of Surrender of Lease (the 'Deed') in relation to its leasehold premises at 19 Regent Street, Petone, Lower Hutt ('Petone Lease').

Under the Deed the Company will pay the landlord a surrender payment of \$400,000 and a real estate agent's commission of \$50,000 plus GST on 31 May 2016 and, from that date, the Company will be released from the lease and from any future liability for rent at these premises.

Being released from the Petone Lease will have a materially positive impact on the expected level of cash available for distribution to shareholders in a winding up of the Company.

The Company has also today confirmed an agreement to sub-lease the Thorndon Quay premises for the remainder of the present term (which ends on 31 May 2017). This will likewise have a positive impact, but not at a level which is particularly material given the short residual lease term.

With these transactions, the Company's remaining lease exposure relates to the Pantry lease immediately adjacent to the main store lease which was assigned to David Jones Pty Limited. Interest in these premises is strong and the Board expects that a satisfactory transaction will be able to be concluded in the near term.

Collectively, resolution of these lease liabilities will enable a more reliable estimate of the cash available for distribution in a winding up. The Board expects to write to shareholders at the end of next week with advice of their latest estimates in order that they can make a decision in respect of the takeover offer from Mercantile NZ Limited.

For present purposes, shareholders should note that the Board's previous high end estimate of the likely cash available for distribution to shareholders referred to in the Target Company Statement that was sent to shareholders on 1 April 2016 was \$3.49 per share. The Board is now confident that this high end is likely to be achieved barring any unforeseen event and could be exceeded.

With these developments, the directors confirm their recommendation not to accept the current offer from Mercantile NZ Limited of \$3.00 per share.

Falcon Clouston  
Chairman

ENDS

For further information:  
Falcon Clouston  
P O Box 1494  
Wellington 6140