

Woolworths to sell David Jones to Australian private-equity firm

Woolworths Holdings Limited (WHL) has entered into an agreement to sell its entire shareholding in its Australian subsidiary, department store chain David Jones, to Anchorage Capital Partners, an Australian private equity fund.



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It's [been speculated](#) that Anchorage Capital Partners agreed to pay approximately AU\$130m (\$86.9m) for the David Jones business, but the companies have not confirmed the transaction value.

As part of the deal, Woolworths will retain ownership of the flagship property asset in Bourke Street, Melbourne, which will be leased to David Jones on a long-term basis on market-related terms. A transitional services agreement will remain in place for a period of time to ensure an orderly separation of David Jones from the group.



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Repositioning WHL for growth

Woolworths said its management expects to realise value in excess of the carrying value of the David Jones assets.

The JSE-listed retail group acquired David Jones in 2014 for R21.4bn. The move to now sell the subsidiary marks another attempt to transform the 184-year-old David Jones chain, after years of write-downs and losses.

Woolworths said in a statement, "The transaction will materially improve the return on capital of the group by further transforming its balance sheet through the removal of c.R17bn in liabilities relating to the David Jones store portfolio. Importantly, this also enables the reallocation of capital and management focus towards value-accretive initiatives across other areas of the group."

It added, "Notwithstanding the commendable progress made in the turnaround of David Jones over the past two years, which has resulted in a significant improvement in the underlying operational and financial health of the business, WHL concluded that the David Jones business was no longer aligned to the strategic objectives of the group."



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1 Nov 2018



Roy Bagattini, group chief executive officer commented: "This is a major milestone in the repositioning of WHL for growth, while simultaneously improving return on capital for our shareholders. The strategic rationale at the time of the acquisition did not materialise to the extent originally envisaged.

"While David Jones has successfully executed on its turnaround, notwithstanding the Covid-19 disruptions, now is the right time for the business to operate under new ownership, while WHL refocuses on its core South African and Australian Country Road Group businesses."

The agreement is subject to terms and conditions customary for transactions of this nature, and WHL anticipates the deal to complete by the end of March 2023, with the final proceeds to be determined based on completion accounts to be prepared in due course pursuant to the agreement.

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