

Morrisons partner McColl's eyes £30m cash call

One of Britain's biggest convenience store groups is plotting a £30m cash call to accelerate the expansion of its partnership with Morrisons, the supermarket giant.

Sky News has learnt that McColl's Retail Group has approached institutional investors about a placing to raise almost as much as its existing £40m market capitalisation.

McColl's could be forced to confirm the talks in a statement to the London Stock Exchange as early as Monday morning.

City sources said this weekend that Jonathan Miller, the company's long-serving chief executive, was likely to invest a seven-figure sum in McColl's shares as part of the fundraising.

A chunk of the proceeds is expected to be used to pay down some of its debt.

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The size of the placing relative to the company's market capitalisation means it will require a shareholder vote to approve it.

McColl's, which trades from about 1200 convenience stores and newsagents across the UK, has a wholesale supply deal with Morrisons.

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As part of their relationship, McColl's is converting hundreds of sites to a store format branded Morrisons Daily.

Their alliance was extended by three years in February and is now due to run until 2027.

McColl's recently told investors that the partnership was unaffected by the bidding war which has erupted at Morrisons during the summer.

Last week, a consortium led by Fortress Investment Group increased its recommended offer for the grocer to 272p-a-share in an attempt to deter rival bidder Clayton Dubilier & Rice (CD&R) from tabling a fresh offer.

CD&R now has until the latter part of August to decide whether to trump the Fortress consortium's offer.

Panmure Gordon and Singer Capital Markets, the investment banks, are working with McColl's on the equity-raise.

A spokesman for McColl's declined to comment on Sunday.