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Jones the Grocer's Singapore stores up for sale

Debbie Yong , Jones the Grocer's Singapore stores up for sale

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Shareholder cites board differences; sale comes three months after JTG gave 'business as usual' assurance

Singapore

THINGS have gone further south for Jones the Grocer Singapore (JTG), three months after the gourmet grocer from Down Under assured that it was business as usual.

The Singapore arm of the Louis Vuitton-backed Australian gourmet cafe and retail chain has been placed under judicial management, and its assets are now up for public sale.

When contacted, a manager from PriceWaterhouseCoopers, the appointed judicial manager for Singapore-registered Jones The Grocer International Pte Ltd, said that bids will close on May 22, with a view to a completion of the sale by late June. There is no minimum sum for bids. In the meantime, JTG's outlets on Dempsey Hill and in the Mandarin Gallery will continue trading as usual.

The assets up for sale include the two Singapore outlets at 6,200 square feet and 2,200 sq ft respectively, its current payroll of staff, and its existing kitchen, bar and retail inventory. Buyers also have the option to purchase the Singapore franchise rights from its Australia-registered counterpart, Jones the Grocer IP Pty Ltd.

Parent company Jones the Grocer Pty Ltd in Australia, which is majority-owned by [LVMH Moet Hennessy Louis Vuitton's](#) private equity arm L Capital, was placed under voluntary administration in its home market in mid-December last year, days after its Australian chief executive John Manos resigned from his position.

Related Australian entities including its distribution arm Senselle Foods Distribution, Jones Group Franchising, Jones Group Holdings, Jones the Grocer IP and 3GS Holdings were also placed in administration.

In Singapore, [L Capital Asia](#) chairman and managing partner Ravi Thakran had in December assured that JTG's Singapore operations would be fine and that "the prognosis is good", even as the chain was in the midst of withdrawing from its outlets in Orchard Ion. L Capital could not be reached for comment.

When contacted, Mr Manos, who is still a 37 per cent shareholder in JTG and a director of its Singapore operations, told BT that the decision to put the business on sale "is being led by differences in vision at the board level between myself and the other shareholders."

Saying that he had not been operationally involved and even "excluded from some aspects of the business" since last November, Mr Manos nevertheless believed that JTG's Singapore stores are still performing well and that "there is no fundamental issue with the brand, its offering and its following".

"These are all internal issues, and we are going through the process of resolving shareholder issues, not

fundamental operational issues," he said.

He added that potential buyers should be "strategic buyers" rather than financial investors. "They need to be someone who understands the food industry, the brand, and can invest appropriately while expecting a reasonable investment."

Insiders familiar with the company's financials said, however, that poorly managed operating expenses and overly aggressive growth plans in Singapore's costly retail landscape may have been the cause of JTG's swift decline, and going under administration was a way to free itself from debts.

"They opened multiple outlets in Orchard Ion within the span of one year, where their turnover was even less than their rent alone," noted a former staff member. JTG opened subsidiary burger joint Charlie & Co in the basement of the upscale shopping mall last February, followed by two outlets of Becasse Bakery in Orchard Ion and Dempsey two months later. The Ion outlets closed last year, while Becasse's Dempsey space and existing staff of 10 was taken over by local restaurant group GToken and rebranded as casual eatery G House on April 1.

BT understands that several suppliers to JTG have been left several thousands of dollars out of pocket, and the first creditors' meeting will be held tomorrow. According to retail manager Rashmi Pandey, however, their roster of around 140 part-time and full-time staff in both outlets are still being paid on time.

Mr Manos declined to comment on the company's financial health, but assured that "all creditors will be paid out 100 per cent" and that he is "hopeful that there will be solutions found that will look after all stakeholders".

But he also acknowledged that the Singapore market today is "much more competitive and very different from when we first launched here in 2007", with issues such as increasing labour and operating costs, even though they are "par for the course for most modern developing countries".

One food retailer, who did not want to be named, worried about the "ripple effect" that the closure of a food giant such as Jones would have on the credit extended to smaller operators. Another retail observer added that a brand's franchise would only be as strong as its parent company. "As it is, Jones does not have any more capital to invest to grow and develop the brand, or to support the franchise network that they currently have."

However, others such as **Lynda Wee**, [Nanyang Technological University](#) adjunct associate professor specialising in retail management, believe that all is not lost for JTG.

While the new buyers must do their due diligence to evaluate "if the mess is one worth clearing up", if they have a strong background in F&B operations and have deep pockets, the Jones name still carries significant brand value from a consumer's perspective.

"Of course, there will be competition but Jones had a headstart. They were one of the first ones here to offer the dine and shop concept, promoted a certain kind of lifestyle, and have a crowd that follows them. They stand a good chance to continue," she said.

Likewise for Ms Pandey, who worked her way up from sales assistant to her current position as retail manager over six years. "The company has given me many opportunities. When I think of Jones, it will always put a smile on my face."

Adding that they still pull in an 800-strong crowd of mostly regulars to their Dempsey outlet on weekends, she said: "If your clientele hasn't given up on you, why should you give up on yourself?"

JTG at the Mandarin Gallery. Insiders point to poorly managed operating expenses and over-expansion for its troubles.

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