

Meikles to sell stake in company to employee share trust

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Shareholders of Meikles Africa, Pick n Pay's Zimbabwean partner in retailer TM Supermarkets, are expected to vote for the final disposal of 10% of the group's shares to an employee share ownership trust to comply with the country's indigenisation policy.



Meikles is selling its shares to employees. Image: Company website

Pick n Pay's foray into the Zimbabwean retail sector in partnership with the Meikles Africa has increased competition in the sector, with supermarket operators modernising their stores in a bid to keep up with competition.

TM Supermarkets is revamping most of its stores in Zimbabwe, including those in Harare, Gweru and Masvingo.

Two more outlets are due to open before the end of the current financial year, a development that is expected to further strengthen the group's retail presence.

The company's shareholders are convening an extraordinary meeting on 27 November to finalise a resolution to sell about 10% of the company's authorised shares to an employee share ownership trust.

Indigenisation compliance plan

This is in line with the indigenisation compliance plan which the company said had been approved by the Indigenisation and Economic Empowerment Ministry.

"The Ministry of Youth Development, Indigenisation and Empowerment have approved the company's provisional

Indigenisation Implementation Plan on the condition that 10% of the issued share capital be issued to the Trust," Meikles company secretary Lane Mitchel said.

Mitchel said that to meet this condition a further 4m shares need to be issued to the trust in addition to the shares already authorised.

The extraordinary general meeting is also expected to pass a resolution to assist the employee share ownership trust with money for the purchase of the shares.

Mitchel said funds to help the trust acquire the shares have already been secured although such assistance will only be extended when the company's funds on deposit with the Reserve Bank of Zimbabwe are repaid.

"Shareholder approval is now being sought for the company to finance the purchase of the balance of both the trust and the scheme's shares in the company," he added.

Earnings in Meikles' supermarkets division jumped more than 50% to US\$11.2m during the year to March. The company said that trading in TM Supermarkets was within expectations for the quarter to June, when turnover grew by 5% compared with the same period last year.

Meikles Africa has other diversified interests in agroprocessing, hoteling and department stores.

Source: Business Day via I-Net Bridge

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