

No word from Zimbabwe on halting deal

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SA's second-largest grocer, Pick n Pay, said on Tuesday (25 January 2011) that it had not received any notification from the Zimbabwean government of its intention to halt its bid to acquire 24% of Zimbabwean retailer TM Supermarkets.



Pick n Pay was responding to a media report stating that the Zimbabwean government had reportedly intervened and "put the brakes" on the acquisition on the grounds that its majority shareholder Meikles was not fully complying with the indigenisation law.

Pick n Pay announced in November that it bought 24% of Zimbabwe operation TM Supermarkets, bringing its total shareholding to 49% - in a deal worth about US\$13 million. The transaction is expected to be completed in March.

The report quoted a source saying that the transaction had been stopped by the government.

"Meikles has been instructed to comply with the controversial indigenisation law," the source said.

The TM Chain is controlled by Meikles Limited and is the largest chain of retail stores in Zimbabwe by number of stores, with 51 retail outlets.

"Neither Pick n Pay nor TM Supermarkets and the Meikles Africa group have had any official notification from the Zimbabwean government about this matter," Dallas Langman, Pick n Pay's director of group enterprises, told I-Net Bridge/BusinessLive.

The indigenisation bill is a form of empowerment policy that compels foreign companies operating in Zimbabwe to cede 51% of their assets to black Zimbabweans.

According to Imara Africa Securities, the bill was put on hold for further consultations with businesses, labour and community organisations.

"Zanu-PF is in full support of the bill, while the Movement for Democratic Change (MDC) does not want the bill passed in its current form, saying it could chase away existing and prospective investors," said Imara.

According to the news report, Meikles CE Brendan Beaumont said the application to the Ministry of National Indigenisation and Economic Empowerment for the Pick n Pay/TM transaction was pending.

Last year, Massmart Holdings CE Grant Pattison said the group could disinvest from Zimbabwe if the indigenisation bill was implemented.

"The thing that we need from Zimbabwe is to agree whether [the indigenisation bill is] law or not. If the indigenisation bill is left as is we'll have to pull out," Pattison told a national Consumer Goods Council of SA annual conference in Johannesburg.

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