

Zim government blocks Pick n Pay's Zimbabwe acquisition

By [Dumisani Ndelela](#)

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The Zimbabwe government has blocked the purchase of a 24% stake in TM Supermarkets by South Africa's retail group Pick n Pay due to an indigenisation law requiring foreign and white-owned firms to relinquish control to black Zimbabweans.



Pick n Pay currently holds a 25% stake in Zimbabwe's largest supermarket chain in which it announced last November that it had bought additional shares to put its combined stake in TM Supermarkets to 49% under a recapitalisation exercise meant to make TM Supermarkets competitive.

The transaction was expected to be completed in March this year.

But a source indicated this week: "That transaction has been stopped by government. Meikles has been instructed to comply with the controversial indigenisation law."

Meikles, dually-listed on the Zimbabwe and London stock exchanges, is the majority shareholder in TM Supermarkets.

"Awaiting a determination" - Meikles CEO

Asked to confirm reports the transaction with Pick n Pay had been stalled due to the indigenisation law, Meikles CEO Brendan Beaumont simply said: "The application to the Ministry of National Indigenisation and Economic Empowerment for the Pick n Pay/ TM transaction is pending. We await a determination."

Pick n Pay was to increase its stake in TM Supermarkets from 25% in March 2011 for a US\$13 million cash consideration. TM Supermarkets requires US\$21 million in fresh capital. Of that amount, US\$11 million is required for capital expenditure while US\$10 million is required for working capital.

Pick n Pay had been able to win the right to rebrand upmarket TM Supermarkets into the Pick n Pay brand under terms for its acquisition. At least six top tier retail outlets across the country in Harare, Bulawayo, Mutare and Victoria Falls were to

be targeted for the first phase of the rebranding.

Assistance since Foliwars licences

Pick n Pay has supported TM Supermarkets with stock since the introduction of Foliwars licences last year which allowed local companies to trade in foreign currency.

Pick n Pay was also expected to provide management to the Zimbabwean retail chain, and directors had indicated the existence of "close coordination and assistance from Pick n Pay South Africa".

When the country dollarised early this year, the South African group extended a large chunk of cash to enable the local operation to restock.

ABOUT DUMISANI NDLELA

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising, marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on dndlela@yahoo.co.uk.

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