

MEIKLES

— LIMITED —

(Incorporated in Zimbabwe under company registration number 1/37)

Directors: J. R. T. Moxon (Executive Chairman), K. Ncube (Executive Director), J. A. Mushore (Non-Executive Director), R. Chidembo (Non-Executive Director)
Registered Address: 90 Speke Avenue, Harare, Zimbabwe

ABRIDGED CIRCULAR TO SHAREHOLDERS

Regarding the proposed disposal of the Harare Meikles hotel business and immovable property including the related furniture, plant and equipment commonly known as Meikles Hotel for a total consideration of US\$20 million

INCORPORATING: A NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS



DATE OF ISSUE: 22 NOVEMBER 2019

This Abridged Circular as well as the full Circular are only available in English. Copies of the full Circular are available at the Registered Offices of the Company and can also be downloaded from <http://www.meiklesltd.com>

THIS ABRIDGED CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Abridged Circular is neither a prospectus nor an invitation to the public to subscribe for shares in Meikles Limited ("the Company" or "the Group"), but is a document issued in compliance with the Zimbabwe Stock Exchange ("ZSE") Listings Requirements, to inform Meikles Limited Shareholders of the proposed Transactions whose terms and conditions are fully set out in this Abridged Circular.

Action required:

- Shareholders of Meikles Limited are invited to attend the Extraordinary General Meeting ("EGM"), convened in terms of the Notice to Shareholders contained herein, to be held at 1030 hours on Friday, 13 December 2019 at Parklands, 26 Greenhith Lane, Borrowdale, Harare, Zimbabwe;
- Shareholders of Meikles Limited who are unable to attend the EGM, but wish to be represented thereat should complete and sign the Form of Proxy provided at the end of this Abridged Circular and return to the Company Secretary by 1030 hours on Wednesday, 11 December 2019;
- Shareholders of Meikles Limited may attend the EGM in person, notwithstanding the completion and return of the Form of Proxy;
- If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or other professional advisor immediately; and
- If you no longer hold any shares in Meikles Limited, you should send this Abridged Circular as soon as possible to the stockbroker, bank or other agent through whom the sale of your shareholding in Meikles Limited was executed for onward delivery to the purchaser or transferee of your shares.

1. Background

Meikles Limited ("Meikles" or "the Company" or "the Group") is an investment holding company incorporated in 1892 with a dual listing on the Zimbabwe Stock Exchange "ZSE" (primary listing) and the London Stock Exchange "LSE" (secondary listing). The main activities of the Group span into agriculture, retail trading and hospitality. Meikles Hotel is part of the hospitality segment.

Meikles Hotel requires substantial modernisation of guest facilities as well as electro mechanical and plumbing infrastructure to restore it to a 5-star hotel by international standards. Major upgrades of hotels require foreign currency denominated long term capital. Initial estimates indicate that up to US\$30 million is required to bring Meikles Hotel to a 5-star property by international standards.

Against the foregoing background and taking into account the current and projected performance of the Hotel as well as the volatile economic environment, the Directors have concluded that the Hotel as well as the Group do not have the capacity to carry the level of foreign currency denominated debt required to fund the refurbishment.

In view of the foreign currency funding needs of Meikles Hotel and the financial risks of spending a less substantial sum on refurbishment, the Directors are proposing to disinvest from the city hotel business. It is the Directors' view that it is best for the future of the Hotel to place its development in the hands of skilled international hotel operators with the capacity to undertake the requisite refurbishments on the Hotel.

2. The proposed Transactions

Subject to regulatory and Shareholder approval, the Board is proposing that the Group makes the following disposals to ASB Hospitality (Zimbabwe) (Private) Limited:

- the disposal of the Hotel Business and related Hotel Assets of Meikles Hotel as a going concern for a total consideration of US\$3.8 million; and
- the disposal of the immovable property that is the Meikles Hotel building in Harare for a total consideration of US\$16.2 million.

3. Terms of the proposed Transactions

Set out below are the salient features of the arm's length negotiated and agreed terms of the two connected disposals:

3.1 The Hotel Business and related Hotel Assets disposal

Item	Terms
a) Purchaser	ASB Hospitality (Zimbabwe) (Private) Limited
b) Purchase Price	<ul style="list-style-type: none"> US\$3.8 million, plus Value Added Tax ("VAT") to the extent applicable. Payable in full in United States dollars 5 days prior to the Effective Date.
c) Hotel Employees	<ul style="list-style-type: none"> All Hotel employees as of the Effective Date shall be taken over by the Purchaser together with the Hotel Business and related Hotel Assets in terms of Section 16 of the Labour Act (Chapter 28:11). Employee liabilities up to the Effective Date shall remain for the account of Meikles Hospitality. Should the Purchaser wish to make any Hotel employees redundant after the Effective Date, all related costs, including length of service awards, shall be the sole cost, responsibility and liability of the Purchaser.
d) Sellers' Liabilities	All loans, claims and liabilities of any nature, known and unknown, accrued or pro-rated, in respect of the Hotel Business, up to the Effective Date shall remain for the account of Meikles Hospitality.
e) Intellectual Property Licence	An initial use for a period of five years with an option to renew, of the name Meikles Hotel and associated logos, restaurant and bars' names, the intellectual property relating to the Hotel Business, registered or in the process of registration, or unregistered, in any part of the world, in the name of the Licensor, and shall include all patents, inventions, restaurant naming rights, know-how, trade secrets, confidentiality agreements and confidential information, trademarks, service marks, logos, corporate names and copyrights for, including applications for registration of any of the foregoing which relate to the Hotel Business.
f) Other	Hotel Business and related Hotel Assets being sold <i>rootstoots</i> .

3.2. The Hotel Building disposal

Item	Terms
a) Purchaser	ASB Hospitality (Zimbabwe) (Private) Limited
b) Purchase Price	<ul style="list-style-type: none"> US\$16.2 million, plus any applicable VAT. Payable in United States dollars as follows: <ul style="list-style-type: none"> US\$2 million within 15 (fifteen) days from written demand by the Seller; and balance, US\$14.2 million all or any part thereof upon the earlier of the cancellation of all charges registered against the property or 180 (one hundred and eighty) days from the Effective Date.
c) Capital Gains Tax	For the Seller's account on assessment by the Zimbabwe Revenue Authority ("ZIMRA").
d) Transfer costs	For the Purchaser's account.
e) Other	Sold <i>rootstoots</i> but free of any encumbrances, charges or security interests.

NB: The Board assessed and is satisfied with ASB Hospitality Zimbabwe's capacity to fulfil the terms of the proposed Transactions, including the US\$20 million combined purchase price. It should also be noted that the previous carrying value of Meikles Hotel (US\$26.7 million as at 31 March 2018) was higher than the subsequent independent property valuations undertaken in April 2019 and August 2019.

4. Rationale for the proposed Transactions

The principal rationale for the proposed Transactions is that the Group does not want foreign currency exposure related to borrowings to fund the required refurbishment of Meikles Hotel to bring it to a five star property by international standards. Initial estimates indicate that up to US\$30 million is required for the substantial modernisation of guest facilities as well as electro mechanical and plumbing to restore the Hotel to international standards. Accordingly the Board believes that it is best for the future development of the Hotel to be placed in the hands of skilled international hotel operators with the capacity to undertake the requisite refurbishments of the Hotel.

5. Use of proceeds

There are opportunities for value creation in other segments of the Group, which will be compatible with the financial strategy of the Group. Exploitation of these opportunities will coincide with the timing of the receipt of the proceeds.

The proceeds from the disposal of the Hotel would be ring-fenced and earmarked for investments that enhance the foreign currency generation capabilities of the Group, in particular further investments in hospitality and agriculture.

The table below shows a breakdown of the proposed use of the proceeds from the Transactions:

Description	Amount (US\$)
Importation of Solar equipment	5,000,000
Importation of fruit processing equipment	3,450,000
Importation of materials for refurbishments, upgrades and expansion	10,000,000
Taxes (Capital Gains Tax and Recoupment)	1,200,000
Transaction costs	350,000
Total	20,000,000

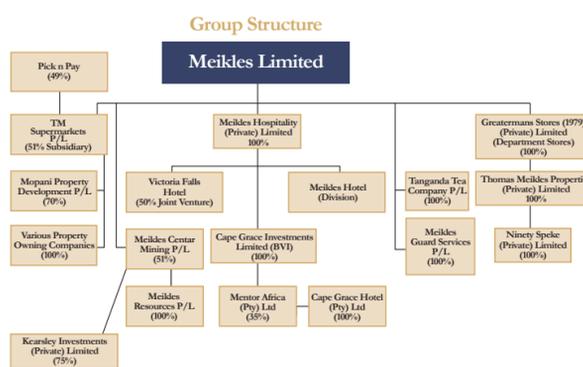
6. Independent Financial Advisors' Opinion

Having considered the proposed Transactions and based on conditions set out in the Independent Financial Advisors' Report on the proposed Transactions, KPMG has concluded that nothing had come to their attention to cause them to believe that the proposed Transactions are not fair and reasonable to the Company and its Shareholders.

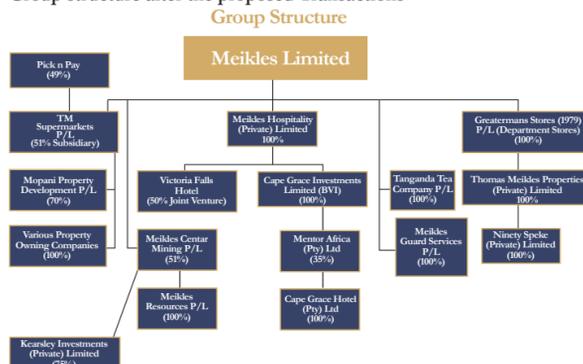
7. Effects of the proposed Transactions

7.1. Group structure before and after the proposed Transactions

Group structure before the proposed Transactions



Group structure after the proposed Transactions



7.2. Effects of the proposed Transactions on Meikles Limited's Net Asset Value ("NAV")

NAV	before the Transactions	After the Transactions
NAV (ZWL) as at 31 March 2019	203,379,000	229,752,000
Number of shares currently in issue	261,064,590	261,064,590
NAV cents per share (ZWL)	77.90	88.01

7.3 Effects of the proposed Transactions on share capital structure

The proposed disposal Transactions have no effect on the share capital structure of Meikles Limited.

7.4. Effects of the proposed Transactions on shareholding structure

The consummation of the proposed Transactions will not change the shareholding structure of Meikles Limited. As of 18 November 2019, being the Last Practicable Date prior to the publication of this Circular, the Company's abridged shareholding appeared as shown in the table below:

Shareholder	No. of shares	%
1. Gondor Capital Limited	122,903,771	47.08%
2. Old Mutual Life Assurance Company Zim Ltd	20,280,408	7.77%
3. Mega Market (Pvt) Ltd	11,956,715	4.58%
4. Stanbic Nominees (Pvt) Ltd - A/C140043470003	10,169,037	3.90%
5. Windward Capital (Pvt) Ltd	8,065,263	3.09%
6. Messina Investments Ltd	7,564,075	2.90%
7. London Register-Meikles Africa Limited	4,556,899	1.75%
8. Stanbic Nominees (Pvt) Ltd - NNR - A/C 1400434700	4,223,288	1.61%
9. Meikles Consolidated Holdings (Pvt) Ltd	4,158,319	1.59%
10. Old Mutual Zimbabwe Limited	4,006,665	1.53%
Sub-total (top 10)	197,884,440	75.80%
Other	63,180,150	24.20%
Grand total	261,064,590	100.00%

Source: ZB

7.5. Financial impact

The consolidated pro-forma financial position of Meikles Limited showing the impact of the Disposals is set out below:

MEIKLES LIMITED UNAUDITED CONSOLIDATED PRO-FORMA STATEMENT OF FINANCIAL POSITION as at 31 March 2019	Meikles Hotel disposal		
	Audited at 31 March 2019 (Note 1)	Effects of the Hotel Disposal (Note 2)	Proforma at 31 March 2019 (Note 3)
	ZWL'000	ZWL'000	ZWL'000
ASSETS			
Non-current assets			
Property, plant & equipment	172,267	-	172,267
Investment Property	236	-	236
Investment in Mentor Africa (Pty) Ltd	50,778	-	50,778
Biological assets	2,905	-	2,905
Intangible assets	124	-	124
Other financial assets	31,847	-	31,847
Deferred tax asset	9,111	-	9,111
Total non-current assets	267,268	-	267,268
Current assets			
Inventories	100,163	-	100,163
Trade & other receivables	40,471	-	40,471
Biological assets - produce on bearer plants	11,178	-	11,178
Other financial assets	9	-	9
Cash & cash equivalents	33,006	55,223	88,229
Assets held for sale	30,032	(30,032)	-
Total current assets	214,859	25,191	240,050
TOTAL ASSETS	482,127	25,191	507,318
EQUITY & LIABILITIES			
Equity			
Share capital	2,611	-	2,611
Non-distributable reserves	68,854	-	68,854
Retained earnings	131,914	26,373	158,287
Equity attributable to ordinary shareholders	203,379	26,373	229,752
Non-controlling interests	48,999	-	48,999
Total equity	252,378	26,373	278,751
Non-current liabilities			
Borrowings	12,244	(2,191)	10,053
Deferred tax	25,617	(7,264)	18,353
Total non-current liabilities	37,861	(9,455)	28,406
Current liabilities			
Trade & other payables	140,368	-	140,368
Borrowings	51,520	(1,732)	49,788
Current tax payable	-	10,005	10,005
Total current liabilities	191,888	8,273	200,161
Liabilities associated with assets held for distribution	-	-	-
TOTAL EQUITY & LIABILITIES	482,127	25,191	507,318

ABRIDGED CIRCULAR TO MEIKLES LIMITED SHAREHOLDERS

Notes:

1. Represents the audited consolidated statement of financial position of Meikles Limited as at 31 March 2019.
2. Represents the effects of the disposal Transactions and related transaction costs.
3. Represents the unaudited consolidated pro-forma statement of financial position after the effects of the disposal Transactions.

Assumptions and basis of preparation:

- The pro-forma statement of financial position has been prepared on the assumption that the proposed Transactions occurred on 31 March 2019; and
- The exact accounting effect of the Transactions will be shown in the audited financial statements of Meikles Limited for the year ended 31 March 2020.

MEIKLES LIMITED UNAUDITED CONSOLIDATED PRO-FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for year ended 31 March 2019			
	Audited at 31 March 2019 (Note 1)	Meikles Hotel disposal Effects of the Hotel Disposal (Note 2)	Proforma at 31 March 2019 (Note 3)
	ZWL'000	ZWL'000	ZWL'000
Revenue	791,620	-	791,620
Net operating costs	(703,426)	-	(703,426)
Operating profit	88,194	-	88,194
Investment income	44	-	44
Finance costs	(8,635)	-	(8,635)
Net exchange losses	(7,529)	-	(7,529)
Fair value adjustment	9,433	-	9,433
Profit before tax	81,507	-	81,507
Income tax expense	(16,670)	-	(16,670)
Profit for the year from continuing operations	64,837	-	64,837
Discontinued operations			
Profit for the period from discontinued operations	1,121	26,373	27,494
Profit for the year	65,958	26,373	92,331
Attributable to:			
Equity holders of the parent	53,827	26,373	80,200
Non-controlling interests	12,131	-	12,131
Profit attributable to shareholders	65,958	26,373	92,331
Earnings Per Share (EPS)	ZWL cents		ZWL cents
Basic EPS attributable to owners of the parent	20.99		31.27
Diluted EPS attributable to owners of the parent	19.67		29.31
Group Statements of comprehensive income	ZWL'000	ZWL'000	ZWL'000
Profit for the year	65,958	26,373	92,331
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods (net of tax):			
<i>Fair value adjustments on available for sale financial assets</i>	(9,600)	-	(9,600)
<i>Exchange gain on translation of foreign operations</i>	61,970	-	61,970
Other comprehensive income for the year (net of tax)	52,370	-	52,370
Total comprehensive income for the year	118,328	26,373	144,701
Attributable to:			
Equity holders of the parent	106,197	26,373	132,570
Non-controlling interests	12,131	-	12,131
	118,328	26,373	144,701

Notes:

1. Represents the audited consolidated statement of profit or loss and other comprehensive income of Meikles Limited for the financial year ended 31 March 2019.
2. Represents the effects of the proposed Transactions and related transaction costs.
3. Represents the unaudited consolidated pro-forma statement of profit or loss and other comprehensive income after the effects of the proposed Transactions.

Assumptions and basis of preparation:

- The pro-forma statement of profit or loss and other comprehensive income has been prepared on the assumption that the proposed disposal Transactions occurred during the financial year ended 31 March 2019; and
- The exact accounting effect of the proposed Transactions will be shown in the audited financial statements of Meikles Limited for the year ended 31 March 2020.

7.6. Tax impact of the proposed Transactions

Save for applicable Capital Gains Taxes and corporate income taxes in the books of Meikles Hospitality for the capital gains and recoupment of capital allowances to be realised through the Disposals, the proposed Transactions have no immediate tax impact in the hands of Shareholders.

8. Costs of the proposed Transactions

The costs for the proposed Transactions are expected to amount to approximately US\$350,000 which relate to various advisory, accounting, regulatory as well as advertising, printing and postage charges.

9. Implications of not implementing the Transactions

For the Group to continue operating the Hotel, the upgrade and replacement of electro mechanical and plumbing infrastructure, which are now decades old and in dire need of attention, should commence immediately. In addition, refurbishment of South Wing bedrooms is long overdue. The Group will have to immediately raise foreign currency funds to finance the upgrades and refurbishments.

10. Prospects of Meikles Limited

The make-up of the Group from a revenue and cash flow generation perspective would not change materially following the Disposals. However, everything else being equal, the profitability of the Group will increase by the extent of the interest savings. In addition, a positive working capital position coupled with a debt and interest free financial position would increase internally generated cash resources and open affordable external funding options. These developments together with ongoing strategies to restructure and reposition the Group in the current economic environment are expected to unlock value for Shareholders.

Tanganda Tea Company and the Group's immovable property portfolio will provide the much-needed value preservation backbone in this environment. On the other hand, the supermarkets segment is expected to continue positively generating reasonable local cash flow and profit which, in the absence of finance charges, the Group expects to start contributing cash flow towards giving back to Shareholders as dividends.

The Company is still expecting receipt of the debt owed by the Government and remains optimistic that the debt will be eventually settled. Receipt of the debt will provide additional funds to capitalise the remaining operations thereby unlocking Shareholder value.

Overall, the remaining operations of the Group still have the critical mass and balanced diversity to preserve and deliver returns to Shareholders despite the challenges affecting businesses in Zimbabwe.

11. Conditions Precedent

The proposed Transactions are subject to the following Conditions Precedent to the extent required by Directors, the ZSE Listings Requirements or Zimbabwean laws and regulations:

- a) the approval by a simple majority of the Members of Meikles Limited of the transaction resolutions at the Extraordinary General Meeting to be held on Friday, 13 December 2019 in terms of the EGM Notice;
- b) the cancellation of any securities registered against the Meikles Hotel immovable and movable properties to be completed either prior to, or simultaneously with transfer;
- c) the settlement of Capital Gains Tax within 30 days of the date of the assessments duly issued by ZIMRA; and
- d) approval of the Disposals to a foreign investor by the Reserve Bank of Zimbabwe and further approval from Exchange Control Authorities to receive the proceeds of the Disposals in a ring fenced foreign currency account under the control of the Company to be utilised as set out in section 5 of this Abridged as well as in the full Circular or any other mechanism that safeguards the proceeds in foreign currency to the satisfaction of the Directors.

12. Regulatory issues

12.1 ZSE approval

This Abridged Circular is issued in compliance with the ZSE Listings Requirements. The ZSE Listings Committee on 31 October 2019 approved the publication and distribution of this Abridged as well as the full Circular and the terms of the proposed Transactions. A copy of the approval letter from the ZSE Listings Committee is available for inspection by Shareholders ahead of the Extraordinary General Meeting at the registered office of the Company.

13. Financial information on Meikles Limited

The audited abridged historical financial statements of Meikles Limited for the year ended 31 March 2019 are set out below:

MEIKLES LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited
		31 March 2019 ZWL'000
Revenue		791,620
Net operating costs		(703,426)
Operating profit		88,194
Investment income		44
Finance costs		(8,635)
Net exchange losses		(7,529)
Fair value adjustment		9,433
Profit before tax		81,507
Income tax expense		(16,670)
Profit for the year from continuing operations		64,837
Discontinued operations		
Profit for the period from discontinued operations		1,121
Profit for the year		65,958
Attributable to:		
Equity holders of the parent		53,827
Non-controlling interests		12,131
Profit attributable to shareholders		65,958
Earnings Per Share (EPS)	ZWL cents	
Basic EPS attributable to owners of the parent		20.99
Diluted EPS attributable to owners of the parent		19.67
Group Statements of comprehensive income	ZWL'000	
Profit for the year		65,958
Other comprehensive income, net of tax		
Items that may be reclassified to profit or loss in subsequent periods:		
<i>Fair value loss on financial assets classified at fair value through other comprehensive income</i>		(9,600)
<i>Exchange gain on translation of foreign operations</i>		61,970
Other comprehensive income for the year (net of tax)		52,370
Total comprehensive income for the year		118,328
Attributable to:		
Equity holders of the parent		106,197
Non-controlling interests		12,131
		118,328

MEIKLES LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		Audited
		31 March 2019 ZWL'000
ASSETS		
Non-current assets		
Property, plant & equipment		172,267
Investment property		236
Investment in Mentor Africa (Pty) Ltd		50,778
Biological assets		2,905
Intangible assets		124
Other financial assets		31,847
Deferred tax asset		9,111
Total non-current assets		267,268
Current assets		
Inventories		100,163
Trade & other receivables		40,471
Biological assets		11,178
Other financial assets		9
Cash & cash equivalents		33,006
Assets held for sale		30,032
Current assets		214,859
Total assets		482,127
Equity		
Share capital		2,611
Share premium		3,925
Other reserves		64,929
Retained earnings		131,914
Non-controlling interest		48,999
Total equity		252,378
Non-current liabilities		
Borrowings		12,244
Deffered tax		25,617
Total non-current liabilities		37,861
Current liabilities		
Trade & other payables		140,368
Bank borrowings		51,520
Total current liabilities		191,888
Total liabilities		229,749
Total equity & liabilities		482,127

MEIKLES LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS		Audited
		31 March 2019 ZWL'000
Operating activities		
Profit before tax from continuing operations		81,507
Profit before tax from discontinued operations		1,121
Profit before tax		82,628
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation		14,376
Net interest		8,591
Net exchange losses		7,051
Fair value adjustments on biological assets		(9,433)
Loss on disposal of property, plant and equipment		59
Net cash flows before working capital changes		103,252
Working capital adjustments		
Increase in inventories		(56,293)
Increase in trade and other receivables		(11,522)
Increase in trade and other payables		34,088
Cash generated from operations		69,525
Income tax paid		(18,038)
Net cash generated from operating activities		51,487
Investing activities		
Proceeds from sale of property, plant & equipment		355
Purchase of property, plant & equipment		(41,870)
Net movement in service assets		51
Net movement in other investments		11
Net expenditure on biological assets		(540)
Investment income		42
Net cash utilised in investing activities		(41,951)
Financing activities		
Net decrease in interest bearing borrowings		(9,518)
Non-controlling interests arising from Mopani Property Development (P/L)		627
Finance costs		(8,635)
Dividend paid-ordinary shareholders		(568)
Net cash utilised in financing activities		(18,094)
Net decrease in cash and cash equivalents		(8,558)
Effects of exchange rate changes on cash and cash equivalents		5,743
Cash and cash equivalents at beginning of year		34,175
Translation of foreign currency		1,646
Cash & cash equivalents at end of year		33,006

MEIKLES LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Attributable to the owners of the parent						Non- controlling interest	Total equity
	Share capital	Share premium	Non- distributable reserves	Investment revaluation	Retained earnings	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 March 2018	2,502	1,469	12,559	-	82,854	99,444	36,241	135,685
Balance 1 April 2018 - ZWL	2,502	1,469	12,559	-	82,854	99,444	36,241	135,685
Change in accounting policy - IFRS 9	-	-	-	-	(1,694)	(1,694)	-	(1,694)
Balance 1 April 2018 - restated	2,502	1,469	12,559	-	81,160	97,750	36,241	133,991
Profit for the year	-	-	-	-	53,827	53,827	12,131	65,958
Other comprehensive income	-	-	61,970	(9,600)	(3,073)	52,370	-	52,370
Dividends	-	-	-	-	(3,073)	(3,073)	-	(3,073)
Issue of shares	49	2,456	-	-	2,505	2,505	-	2,505
Non-controlling Interests (Mopani)	-	-	-	-	-	-	627	627
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
As at 31 March 2019	2,611	3,925	74,529	(9,600)	171,914	263,379	48,999	312,378

ABRIDGED CIRCULAR TO MEIKLES LIMITED SHAREHOLDERS

14. Material agreements

As at the date of issue of this Abridged Circular, Meikles Limited has entered into a Business Sale and Purchase Agreement, a Memorandum of Agreement for the Sale and Purchase of Immovable Property, and an exclusive Licence Agreement in respect of the proposed Transactions. Copies of the aforementioned agreements are available for inspection ahead of the EGM.

15. Borrowings

In terms of the Company's Articles, the Directors shall not allow the borrowings of Meikles Limited to exceed at any time, twice the value of the funds attributable to the Shareholders.

The level of borrowings of Meikles Limited as of the Last Practicable Date did not exceed the limit set in terms of the Company's Articles.

16. Working capital adequacy statement

The Directors after considering the effects of the proposed Transactions, are of the opinion that the working capital available to the Company and the Group after the proposed Transactions will be sufficient for present requirements for at least the next 12 months from the date of issue of this Abridged as well as full Circular.

17. Dividend policy

The Company's policy is to declare dividends as set out in the Articles which generally provides that the Directors may from time to time pay dividends to members where the Company's performance can justify such a distribution subject to ratification by Shareholders at a General Meeting. No dividend shall be payable except out of the profits of the Company and no dividend shall carry interest against the Company.

The Board has been passing dividends in recent years until the just ended financial year when the Board declared an interim dividend and final dividend amounting to ZWL0,0887 per share.

18. Litigation statement

There are no legal or arbitration proceedings, pending or threatened, of which Meikles Limited or any of its subsidiaries (including Meikles Hospitality) are aware, that may have or have had a material effect on the financial position of Meikles Limited in the 12-month period preceding the Last Practicable Date.

19. Expert consents

Invictus Securities, Knight Frank, Integrated Properties, EPG, Corporate Excellence, ZB, St. James Corporate Services, Deloitte, KPMG and Wintertons have consented in writing to act in the capacities stated in this Circular and to their names and reports being stated and reproduced in this Circular and have not withdrawn their consents prior to the date of issue of this Abridged as well as full Circular.

20. Documents available for inspection

The following documents or certified copies thereof, are available for inspection at the Registered Offices of Meikles Limited at 90 Speke Avenue, Harare in Zimbabwe during normal business hours, on week days until the date of the EGM:

- the Memorandum and Articles of Association of Meikles Limited;
- the Business Sale and Purchase Agreement between Meikles Hospitality and ASB Hospitality Zimbabwe;
- the Memorandum of Agreement for the Sale and Purchase of Immovable Property between Meikles Hospitality and ASB Hospitality Zimbabwe;
- Addendums to the Business Sale and Purchase Agreement and the Memorandum of Agreement for the Sale and Purchase Agreement of Immovable Property between Meikles Hospitality and ASB Hospitality Zimbabwe;
- Exclusive License Agreement between Meikles Hospitality and ASB Hospitality Zimbabwe;
- the Annual Reports containing the audited financial statements of Meikles Limited for the 5-year period ended 31 March 2019;
- the 5-year period ended 31 March 2019 statutory financial statements of Meikles Hospitality showing the segmental financial information of Meikles Hotel;
- the Accountant's Reports on the historical and pro-forma financial information of Meikles Limited;
- the Independent Business Valuation Reports on Meikles Hotel;
- the Independent Professional Property Valuers' Reports on Meikles Hotel land and buildings;
- the Independent Fair and Reasonable Opinion on the proposed Transactions;
- the ZSE Listings Committee approval letter for the issuance of this abridged as well as full Circular;
- the RBZ Exchange Control conditional approval letter for the proposed Disposals;
- the letter from the Competition and Tariff Commission approving the proposed Transactions;
- the copy of the full Circular signed by the Directors; and
- the Expert Consents.

21. Directors' recommendations

The Board of Directors has considered the terms and conditions of the proposed Transactions and having also considered the fair and reasonable opinion by the Independent Financial Advisors in relation to the proposed Transactions, is of the opinion that the terms and conditions thereof are fair and reasonable to Meikles Limited Shareholders. Accordingly, the Board recommends to Meikles Limited Shareholders that they vote in favour of the resolutions to be considered at the Extraordinary General Meeting giving effect to the proposed Transactions.

The Directors will collectively vote in favour of the individual resolutions to approve the proposed Transactions at the EGM in respect of their own shareholdings.

22. Directors' responsibility statement

The Directors of Meikles Limited, collectively and individually accept full responsibility for the accuracy of the information provided in this Abridged as well as full Circular and certify that, to the best of their knowledge and belief, there are no other facts the omission of which make any statement in this Abridged as well as full Circular false or misleading, that they have made all

reasonable enquiries to ascertain such facts (where applicable), and that this Abridged as well as full Circular contains all information required by law.

23. Important dates and information

Event	Date
Notice of Meikles Limited EGM published	Friday, 22 November 2019
Abridged Circular to Meikles Limited Shareholders published	Friday, 22 November 2019
Circular to Meikles Limited Shareholders posted	Friday, 22 November 2019
Last day of lodging Proxy Forms (at 1030 hours)	Wednesday, 11 December 2019
Meikles Limited EGM (at 1030 hours)	Friday, 13 December 2019
Publication of EGM resolution results	Friday, 20 December 2019
Completion of Conditions Precedent and consummation of disposal	By 29 February 2020

Notes

- The above dates are subject to amendment at the discretion of Meikles Limited and any amendments will be published in the Zimbabwean press and on the Company's website.
- All times indicated above and elsewhere in this abridged as well as full Circular are Zimbabwean standard times.
- If the General Meeting is adjourned or postponed, Forms of Proxy submitted in respect of the General Meeting will remain valid in respect of any adjournment or postponement thereof.
- If the proposed Transactions are approved by Meikles Limited Shareholders at the EGM, update announcements will be made on progress regarding the completion of any outstanding Conditions Precedent.



NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the members of Meikles Limited will be held at Parklands, 26 Greenhithe Lane, Borrowdale, Harare on Friday, 13 December 2019 at 1030 hours. Members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below:

AS ORDINARY RESOLUTIONS:

1. Exchange Control approval

"That the Directors obtain approval from Exchange Control Authorities to receive the proceeds of the Disposals in resolutions 2 and 3 below in a ring fenced foreign currency account under the control of the Company to be utilised as set out in section 5 of this Abridged Circular as well as the Full Circular or any other mechanism that safeguards the proceeds in foreign currency to the satisfaction of the Directors."

2. Disposal of the Meikles Hotel Immovable Property

"That in terms of Article 119 of the Company's Articles of Association, and subject to the passing of resolution 1 above, the Directors be and are hereby authorised to dispose of the Meikles Hotel Immovable Property, being land and buildings located on Stand 17600 Harare Township, corner Jason Moyo Avenue and Third Street, Harare, Zimbabwe, to ASB Hospitality (Zimbabwe) (Private) Limited for a gross consideration of US\$16.2 million payable in United States dollars."

3. Disposal of the Meikles Hotel Business and Related Hotel Assets

"That in terms of Article 119 of the Company's Articles of Association and subject to the passing of resolutions 1 and 2 above, the Directors be and are hereby authorised to dispose of the Meikles Hotel Business and Related Hotel Assets to ASB Hospitality (Zimbabwe) (Private) Limited for a gross consideration of US\$3.8 million payable in United States dollars."

4. Directors' authority to give effect to the above resolution

"That the Directors of the Company be and are hereby authorised to do any and all such things as may generally be required or necessary to give effect to the above Resolutions."

BY ORDER OF THE BOARD

Company Secretary
Meikles Limited
90 Speke Avenue
P.O. Box 3598
Harare, Zimbabwe

22 November 2019

PROXY FORM

Members are notified that they are entitled to appoint one or more proxies who need not be a member of the Company, to act in their alternative, to attend, speak and vote in his/her stead at the EGM. Proxies must be lodged at the Registered Office of the Company at least forty-eight hours before the meeting.

I/We _____
(Name in block letters)

Of _____

Being the holder of _____ Shares
in the Company hereby appoint

1. _____ of _____
or failing him/her
2. _____ of _____
or failing him/her
3. the Chairman of the EGM.

As my/our proxy to act for me/us at the EGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

RESOLUTIONS			
ORDINARY RESOLUTIONS	For	Against	Abstain
1. Exchange Control Approval "That the Directors obtain approval from Exchange Control Authorities to receive the proceeds of the Disposals in resolutions 2 and 3 below in a ring fenced foreign currency account under the control of the Company to be utilised as set out in section 5 of this Abridged Circular as well as the Full Circular or any other mechanism that safeguards the proceeds in foreign currency to the satisfaction of the Directors."			
2. Disposal of the Meikles Hotel Immovable Property "That in terms of Article 119 of the Company's Articles of Association and subject to the passing of resolution 1 above, the Directors be and are hereby authorised to dispose of the Meikles Hotel Immovable Property, being land and buildings located on Stand 17600 Harare Township, corner Jason Moyo Avenue and Third Street, Harare, Zimbabwe, to ASB Hospitality (Zimbabwe) (Private) Limited for a gross consideration of US\$16.2 million payable in United States dollars."			
3. Disposal of the Meikles Hotel Business and Related Hotel Assets "That in terms of Article 119 of the Company's Articles of Association and subject to the passing of resolution 1 and 2 above, the Directors be and are hereby authorised to dispose of the Meikles Hotel Business and Related Hotel Assets to ASB Hospitality (Zimbabwe) (Private) Limited for a gross consideration of US\$3.8 million payable in United States dollars."			
4. Directors' authority to give effect to the above resolution "That the Directors of the Company be and are hereby authorised to do any and all such things as may generally be required or necessary to give effect to the above Resolutions."			

Every Meikles Limited Shareholder present in person or represented by proxy and entitled to vote at the EGM will be entitled to one vote per Meikles Limited share held by such Meikles Limited Shareholder. The Chairman of Meikles Limited has elected to call for a poll regarding the voting at the EGM.

Signed at _____ on _____ 2019

Signature(s) _____

Assisted by me _____
Full name(s) of signatory/ies if signing in a representative capacity (see note 2). (PLEASE USE BLOCK LETTERS).

NOTES TO THE FORM OF PROXY

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the EGM", but any such deletion must be initialed by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of the entire Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy, or cast them in the same way.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ies.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a company unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company by 1030 hours Wednesday, 11 December 2019.
5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. In order to be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company by 1030 hours Wednesday, 11 December 2019.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.
10. Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the Share Register by 1600 hours on Thursday, 12 December 2019.

ZIMBABWE OFFICE OF THE TRANSFER SECRETARIES

ZB Transfer Secretaries
21 Natal Road
Avondale
Harare, Zimbabwe
Tel: +263-4-242 759 660/9
Email: rmutakwa@zb.co.zw

REGISTERED OFFICE OF THE COMPANY

Company Secretary
Tabani Mpofo
Meikles Limited
90 Speke Avenue
P.O. Box 3598
Harare, Zimbabwe
Email: tmpofu@meikleslimited.co.zw