

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This 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 Circular. The definitions and interpretations commencing in the Definitions section of this Circular apply, mutatis mutandis, throughout this Circular from the cover page to all appendices and attachments (unless the context indicates a contrary intention).

### 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 Greenhithe 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 included in Appendix VI of this 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 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.

**Meikles Limited does not accept responsibility and will not be held liable for any action of, or omission by, any securities custodian or stockbroker or banker or investment manager of any Meikles Limited Shareholder to notify such Meikles Limited Shareholder of the EGM and the transactions contemplated in this Circular.**

# MEIKLES

— L I M I T E D —

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

## 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 AND SUCH DISPOSAL CONSTITUTING A CATEGORY 1 TRANSACTION IN TERMS OF THE ZSE LISTINGS REQUIREMENTS.**

### AND INCORPORATING:

- a) a Notice of the Extraordinary General Meeting of Shareholders; and
- b) a Form of Proxy for purposes of the Extraordinary General Meeting.

<b>Lead Financial Advisors</b> 	<b>Independent Financial Advisors</b> 	<b>Independent Property Valuers</b> 	<b>Sponsoring Brokers</b>  Member of ZSE
<b>Independent Reporting Accountants &amp; Auditors</b> 	<b>Legal Advisors</b> 	<b>Zimbabwe Transfer Secretaries</b> 	<b>London Corporate Advisors</b> 

**DATE OF ISSUE: 22 NOVEMBER 2019**

This Circular is available in English only. Additional copies of this Circular are available from the Company Secretary at the Registered Offices of the Company during normal business hours on Business Days from Date of Issue up to the Date of the EGM. A copy of this Circular will also be available for viewing and downloading on Meikles’ website <http://www.meiklesltd.com>.

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## CORPORATE INFORMATION AND ADVISORS

<b>Directors</b>	<ol style="list-style-type: none"> <li>1. John Ralph Thomas Moxon (Executive Chairman)</li> <li>2. Kazilek Ncube (Executive Director)</li> <li>3. James Andrew Mushore (Non-executive Director)</li> <li>4. Rugare Chidembo (Non-executive Director)</li> </ol>
<b>Company Secretary &amp; Registered Office</b>	<p>Mr. Tabani Mpfu Meikles Limited 90 Speke Avenue P.O. Box 3598 Harare, Zimbabwe</p>
<b>Lead Financial Advisors</b>	<p>Corporate Excellence Financial Advisory Services (Private) Limited 3 Drummond Chaplin Street Milton Park, Harare, Zimbabwe</p>
<b>Independent Financial Advisors to the Directors of Meikles Limited</b>	<p>KPMG Advisory (Private) Limited Mutual Gardens, 100 The Chase (West) Emerald Hill Harare, Zimbabwe</p>
<b>Sponsoring Brokers</b>	<p>Invictus Securities (Private) Limited (Member of the ZSE) 37 Victoria Drive Newlands Harare, Zimbabwe</p>
<b>Legal Advisors</b>	<p>Wintertons Legal Practitioners Beverley Corner 11 Selous Avenue Harare, Zimbabwe</p>
<b>Independent Auditors &amp; Reporting Accountants</b>	<p>Deloitte &amp; Touche (Chartered Accountants) Zimbabwe West Block, Borrowdale Office Park Borrowdale Road Borrowdale Harare, Zimbabwe</p>
<b>Independent Property Valuers</b>	<p>Knight Frank Zimbabwe Partnership 1st Floor, Finsure House, 86 Kwame Nkrumah Avenue Harare, Zimbabwe</p> <p>Integrated Properties (Private) Limited 6th Floor, Green Bridge South Eastgate Complex, Harare, Zimbabwe</p> <p>Edinview Property Global (Private) Limited 4th Floor, South Wing, Runhare House, 4th Street/Kwame Nkrumah Avenue Harare, Zimbabwe</p>
<b>Zimbabwe Transfer Secretaries</b>	<p>ZB Transfer Secretaries (Private) Limited 21 Natal Road Avondale P.O Box 2540 Harare, Zimbabwe</p>
<b>London Corporate Advisors</b>	<p>St James Corporate Services Limited Suite 31, Second Floor 107 Cheapside London, England</p>

## CERTAIN FORWARD-LOOKING STATEMENTS

This Circular contains statements which are or may be, “forward-looking statements” which are prospective in nature. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning strategy, the economic outlook for the hotel, production, cash flows and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy and expansion prospects, or future capital expenditure levels and other economic factors, such as, amongst other things, interest and exchange rates.

All these forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Meikles Limited cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which Meikles Limited operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, as regards Meikles Limited and made by Meikles Limited as communicated in publicly available documents by Meikles Limited, all of which are estimates and assumptions, although Meikles Limited believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Meikles Limited or not currently considered material) may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Meikles Limited Shareholders should keep in mind that any forward-looking statements made in this Circular or elsewhere are applicable only at the date on which such forward-looking statements are made. New factors that could cause the business of Meikles Limited not to develop as expected may emerge from time to time and it is not possible to predict all of them. The extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Meikles Limited has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of issue of this Circular, except as may be required by law.

## ACTION REQUIRED FROM MEIKLES LIMITED SHAREHOLDERS

This Circular is important and requires your immediate attention.

### A. Extraordinary General Meeting

To consider and, if deemed fit, approve the special business relating to the proposed Transactions, by resolutions set out in Appendix VI, Meikles Limited Shareholders are being called by notice dated Friday, 22 November 2019 (notice of which is attached to and forms part of this Circular) to attend the EGM of the Company which will be held at Parklands, 26 Greenhithe Lane, Borrowdale, Harare in Zimbabwe at 1030 hours on Friday, 13 December 2019.

### B. Voting and attendance at the EGM

Please take careful note of the following provisions regarding the action required by Meikles Limited Shareholders:

- If you are in any doubt as to what actions to take, please consult your stockbroker, banker, attorney, accountant or other professional advisor immediately.
- If you have disposed of all your Meikles Limited Shares, this Circular should be handed to the purchaser of such Meikles Limited Shares or to the stockbroker, banker, attorney or other agent through whom the disposal was executed.
- You may attend the EGM in person and may vote at the EGM.
- Alternatively, you may appoint a proxy to represent you at the EGM by completing the attached Form of Proxy in accordance with the instructions contained therein. It is recommended that, for administrative purposes only, the Form of Proxy, duly completed, be returned to the Company Secretary or the Transfer Secretaries on or before 1030 hours on Wednesday, 11 December 2019, but in any event, duly completed Forms of Proxy must be received by the Transfer Secretaries prior to the proxy exercising any of your rights as a Meikles Limited Shareholder at the EGM.

### C. Interests in the proposed Transactions and/or related-party declaration

#### • Purchasers' declaration:

ASB Hospitality Zimbabwe and its associates, including Albwardy and ASB Hospitality as well as directors, employees and agents, have neither interest, direct or indirect, beneficial or non-beneficial, in Meikles Limited.

#### • Sellers' declaration:

Meikles Limited, including its associates as well as its directors, employees and agents, have neither interest, direct or indirect, beneficial or non-beneficial, in ASB Hospitality Zimbabwe and its associates.

**Accordingly, based on the above and upon reasonable enquiry, the Directors of Meikles Limited hereby declare that the proposed Transactions do not qualify as related-party transactions in terms of the provisions of the ZSE Listings Requirements.**

### D. Voting procedure and quorum for the EGM

- In terms of section 74 (a) of the Articles of Association of Meikles Limited, the Chairman of Meikles Limited has elected to call for a poll regarding the voting for each resolution to be voted for at the Extraordinary General Meeting to be held on Friday, 13 December 2019. On a poll, 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 quorum for the Extraordinary General Meeting is at least three persons present in person or represented by proxy and entitled to vote on the resolutions proposed to be passed at the EGM by Meikles Limited Shareholders.

## IMPORTANT DATES AND TIMES

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 Circular are Zimbabwean standard times.
- If the EGM is adjourned or postponed, Forms of Proxy submitted in respect of the EGM will remain valid in respect of any adjournment or postponement thereof.
- If the 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.

## DEFINITIONS

In this Circular the following definitions apply, unless otherwise stated or the context indicates otherwise, the words in the first column have the meanings stated opposite them in the second column. Words in the singular shall include the plural and vice versa, and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

<b>“Albwardy”</b>	Albwardy Investments LLC, a company registered and incorporated under the laws of Dubai, that is the parent company of ASB Hospitality which in turn wholly-owns ASB Hospitality (Zimbabwe), the proposed Purchaser.
<b>‘Articles’</b>	The Articles of Association of Meikles Limited.
<b>“ASB Hospitality”</b>	ASB Hospitality LLC, a 100% Dubai registered subsidiary of Albwardy and immediate parent company of ASB Hospitality (Zimbabwe), the proposed Purchaser.
<b>‘ASB Hospitality Zimbabwe’ or ‘the Purchaser’</b>	ASB Hospitality (Zimbabwe) (Private) Limited, a Zimbabwean registered company ultimately 100% foreign owned by Albwardy Investments LLC of Dubai, that is the Purchaser of the Business, and Immovable Assets including the related furniture, plant and equipment commonly known as Meikles Hotel. The company was formerly known as Choicebrands Investments (Private) Limited.
<b>‘Board’ or ‘Directors’</b>	The Board of Directors of Meikles Limited whose names appear in the Corporate Information and Advisors’ section of this Circular.
<b>‘Business Day’</b>	A day other than a Saturday, Sunday or official public holiday in Zimbabwe.
<b>‘Category 1 Transaction’</b>	In accordance with Section 253 (3) of the ZSE Listings Requirements, a transaction whose value relative to either the market capitalisation or net assets of the company in percentage terms is 30% or more.
<b>‘Circular’</b>	This Circular to the Shareholders of Meikles Limited which sets out the details of the proposed Transactions and incorporates all notices, letters and appendices relating to the proposed Transactions.
<b>‘Companies Act’</b>	The Companies Act of Zimbabwe (Chapter 24:03), as amended.
<b>‘Conditions Precedent’</b>	The conditions precedent to which the proposed Transactions are subject, details of which are set out in this Circular.
<b>‘Consumables’</b>	All unused and unopened food, beverages and bottles, engineering, maintenance and housekeeping supplies, including cleaning materials, fuels, and consumable materials, stationery, printing items and supplies, other supplies of all kinds held in reserve or storage for future use, in connection with the maintenance and operation of the Hotel and Hotel Assets, and shall specifically exclude all partly used or opened Consumables, or Consumables agreed between the Parties to be retained by Meikles Group post the Effective Date.
<b>‘Corporate Excellence’</b>	Corporate Excellence Financial Advisory Services (Private) Limited, a Zimbabwe Securities Exchange Commission of Zimbabwe licensed financial advisory services company, and Lead Financial Advisors to Meikles Limited on the proposed Transactions.
<b>‘Deloitte &amp; Touche’</b>	Deloitte & Touche (Chartered Accountants) Zimbabwe, the independent Auditors & Reporting Accountants on the proposed Transactions.
<b>‘EBIT’</b>	Earnings before interest and taxation.
<b>‘EGM’ or ‘Extraordinary General Meeting’</b>	The Extraordinary General Meeting of the Shareholders of Meikles Limited to be held at Parklands, 26 Greenhithe Lane, Borrowdale in Harare, Zimbabwe on Friday, 13 December 2019 at 1030 hours, for purposes of considering the business relating to the proposed Transactions.
<b>‘Effective Date’</b>	The first day of the month following the satisfactory completion of all, or agreed waiver of any, of the Conditions Precedent, unless the Parties agree in writing to a later date.

## DEFINITIONS

<b>EPG</b>	Edinview Property Global (Private) Limited, a company licensed by the Real Estates Council of Zimbabwe and the Valuers' Council of Zimbabwe and the independent professional property valuers on the proposed Transactions.
<b>'Exchange Control Regulations'</b>	The Exchange Control Regulations prevailing in Zimbabwe.
<b>'Fixtures &amp; Fittings'</b>	All fixtures, furniture, furnishings, fittings, artworks, equipment, machinery, apparatus, appliances and other articles located on or in the Hotel, as of the Effective Date, and used or usable in connection with any present or future occupation or operation of all or any part of the Hotel Business but excluding the Hotel land and buildings.
<b>'Form of Proxy'</b>	The Form of Proxy accompanying this Circular, which provides for the Company's Shareholders to appoint a proxy to attend the EGM and vote on their behalf on the resolutions being proposed.
<b>'Hotel Assets'</b>	Shall include, without limitation, all assets on the effective date, rights and interests held by the Hotel Business in the Hotel and shall specifically include all Consumables, Fixtures and Fittings, Miscellaneous Hotel Assets and Operating Equipment owned by the Meikles Group, through Meikles Hospitality, and attributable to the Hotel but excluding the Hotel land and buildings, excluding debtors, stocks, bank balances and cash.
<b>'Hotel Building' or 'the Immovable Property'</b>	The land and building, housing the business of Meikles Hotel, being a certain piece of land measuring 7,244m <sup>2</sup> together with improvements thereon situated at Stand 17600 Harare Township held under Certificate of Consolidated Title No. 4456/92 dated 21 August 1992 (Street Address: Corner of Third Street & Jason Moyo Avenue, Harare, Zimbabwe), being proposed for disposal in terms of this Circular.
<b>'Hotel Business'</b>	The management, marketing, staffing and operation of the Meikles Hotel, in the ordinary course of business.
<b>'Hotel Employees'</b>	All employees of the Hotel Business who work at the Hotel as of the effective date.
<b>"Integrated Properties"</b>	Integrated Properties (Private) Limited, a company licensed by the Real Estates Council of Zimbabwe and the Valuers' Council of Zimbabwe and the independent professional property valuers on the proposed Transactions.
<b>'Invictus Securities'</b>	Invictus Securities Zimbabwe Limited, a registered member of the Zimbabwe Stock Exchange Limited licensed by the Securities and Exchange Commission of Zimbabwe as a Securities Dealing Company in terms of the Securities and Exchange Act (Chapter:24:25) and the Sponsoring Brokers to the proposed Transactions.
<b>"Knight Frank"</b>	Knight Frank Zimbabwe, a partnership registered in Zimbabwe, licensed by the Real Estates Council of Zimbabwe and the Valuers' Council of Zimbabwe and the independent professional property valuers on the proposed Transactions.
<b>'KPMG'</b>	KPMG Advisory (Private) Limited, a Zimbabwe Securities Exchange Commission of Zimbabwe licensed financial advisory services company, and the Independent Financial Advisors to the Directors of Meikles on the proposed Transactions.
<b>'Last Practicable Date'</b>	Last practicable date of updating this Circular before issuance and publication being 18 November 2019.
<b>'LSE'</b>	The London Stock Exchange Limited where the Company's ordinary shares have a secondary listing.
<b>'Meikles Hospitality' or 'the Seller'</b>	Meikles Hospitality (Private) Limited, a 100% owned subsidiary of Meikles Limited that owns the Meikles Hotel business and Immovable Property.
<b>'Meikles Hotel' or 'Hotel'</b>	The business unit of the Meikles Group, comprising the Harare based hotel business of the Meikles Group, which is being proposed for disposal as a going concern in terms of this Circular.
<b>'Meikles Limited' or 'Meikles Group' or 'the Group'</b>	Meikles Limited and its subsidiaries ("the Group"), a Zimbabwean registered and dual-listed (ZSE primary listing and LSE secondary listing) holding company of hospitality, agriculture, retail, property and financial services businesses.
<b>'Miscellaneous Hotel Assets'</b>	Means and includes all contract rights, leases, concessions, trademarks, services marks, logos, names of Hotel restaurants, spas and bars, technical information, copyrights, warranties, plans, drawings and other items of intangible property relating to the ownership or operation of the Hotel Business or Hotel Assets and owned by the Seller.

## DEFINITIONS

<b>‘NAV’</b>	Net Asset Value.
<b>‘Non-resident Shareholder’</b>	Meikles Limited Shareholders with non-resident status in terms of Exchange Control Regulations of Zimbabwe.
<b>‘Operating Equipment’</b>	Means all crockery, cutlery, kitchen equipment, china, glassware, linens, silverware, used or held in reserve storage for future use, in connection with the operation of the Hotel Business, which are on hand on the Effective Date.
<b>‘RBZ’</b>	Reserve Bank of Zimbabwe.
<b>‘SECZ’</b>	The Securities and Exchange Commission of Zimbabwe.
<b>‘Shareholders’ or ‘Members’</b>	Registered holders of Meikles Limited ordinary shares.
<b>‘SJCS’</b>	St James Corporate Services Limited, the Company’s corporate advisors in the United Kingdom.
<b>‘the Parties’</b>	The parties to the proposed Transactions i.e. Meikles Hospitality (“the Seller) and ASB Hospitality Zimbabwe (“the Purchaser”).
<b>‘Transactions’ or ‘the Disposals’</b>	The proposed disposal to ASB Hospitality Zimbabwe of Meikles Hotel as follows; a. the proposed 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 b. the proposed disposal of the immovable property that is the Meikles Hotel building in Harare for a total consideration of US\$16.2 million.
<b>‘US\$’</b>	The United States dollar, the official trading currency of the United States of America.
<b>‘Wintertons’ or ‘Legal Advisors’</b>	Wintertons Legal Practitioners, the Company’s Legal Advisors in connection with the proposed Transactions.
<b>‘ZB’</b>	ZB Transfer Secretaries (Private) Limited, the Company’s Transfer Secretaries in Zimbabwe.
<b>‘Zimbabwe’</b>	The Republic of Zimbabwe.
<b>‘ZIMRA’</b>	Zimbabwe Revenue Authority.
<b>‘ZSE’</b>	The Zimbabwe Stock Exchange Limited where the Company’s ordinary shares have a primary listing.
<b>‘ZSE Listings Requirements’</b>	The Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 as outlined in S.I. 134 of 2019
<b>‘ZWL’</b>	The Zimbabwe dollar, an official sole trading currency in Zimbabwe introduced under Statutory Instrument 142 of 2019

## SALIENT INFORMATION

This summary presents the salient information in relation to the proposed Transactions, the detailed terms and conditions of which are more fully set out in this Circular. The Circular should accordingly be read in its entirety for a full appreciation of the rationale for, and the implications of the Transactions, as well as regarding determining the action required by the Shareholders of Meikles Limited.

### The Proposed Transactions

Subject to Shareholder approval and the fulfilment of the Conditions Precedent, the Directors are proposing the following arm's length and interconnected disposal transactions:

**a. Meikles Hotel Business disposal**

The proposed disposal of the Hotel Business and related Hotel Assets of Meikles Hotel, a division of Meikles Hospitality, to ASB Hospitality Zimbabwe in exchange for a total consideration of US\$3.8 million.

**b. Meikles Hotel Immovable Property disposal**

The proposed disposal of the Immovable Property housing the business of Meikles Hotel to ASB Hospitality Zimbabwe in exchange for a total consideration of US\$16.2 million.

**NB:** The Directors, upon reasonable enquiry, hereby declare that the proposed Transactions are being carried out at arm's length and that the Purchaser has no prior relations and is not related to the Meikles Group and any of the Meikles Group Directors, employees and agents.

### Share capital structure of Meikles Limited before and after the proposed Transactions

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

### Net Asset Value of Meikles Limited before and after the proposed Transactions

Effect on NAV	Before Transactions	Profit on disposal	After Transactions
Net Asset Value as at 31 March 2019 (ZWL)	203,379,000	26,373,000	229,752,000
Issued Ordinary Shares as of Last Practicable Date	261,064,590		261,064,590
NAV cents per share ZWL	77.90		88.01

### Notes

- Profit on disposal is disposal proceeds less transaction costs, taxes and carrying amount of disposed assets.*
- The interbank exchange rate between the USD and the ZWL on the 31st of March 2019 was 3.01*

# MEIKLES

— L I M I T E D —

(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**

**Dear Shareholders,**

## **1. Background**

Shareholders are referred to the Cautionary Announcement released by the Company on 22 February 2019, and subsequent updates wherein it was advised that Meikles Limited was in negotiations contemplating the disposal of certain of the Group's hospitality business and assets to a foreign investor.

Subject to regulatory and Shareholder approval, your Board is pleased to advise that the Group has entered into the following two disposal agreements which are expected to realise US\$20 million in total:

- a. the US\$3.8 million Business Sale and Purchase Agreement for the disposal to ASB Hospitality Zimbabwe of the Meikles Hotel Business and associated Hotel Assets, including the transfer of hotel employees and rights to the use of the name Meikles Hotel; and
- b. the US\$16.2 million Memorandum of Agreement for the Sale and Purchase of Immovable Property, being the Hotel Building housing the business of Meikles Hotel.

It should be noted that the previous carrying amount 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.

The above transactions are the culmination of a broad search process which included the appointment of overseas agents to identify and select potential buyers for the Meikles Hotel business and assets.

The purpose of this Circular, which was approved by the ZSE Listings Committee on 31 October 2019, is to:

- provide Shareholders with all relevant information on the Disposals, thereby enabling them to make informed decisions as to whether or not they should vote in favour of the resolutions contained in the Notice of EGM attached to and forming part of this Circular; and
- convene the required Extraordinary General Meeting in terms of the ZSE Listings Requirements for Category 1 Transactions.

The combined gross value of the proposed Transactions i.e. the US\$20 million consideration (which is equivalent to ZWL330 million at the prevailing interbank exchange rate between the US\$ and ZWL of 16.5 on the 18th of November 2019) is 62% of the ZWL535 million market value of Meikles Limited, qualifying the Transactions for Category 1 classification and disclosure requirements, including the need for Shareholder approval at an EGM.

## **2. Conflict of interests' declaration**

As of the Last Practicable Date, nothing came to the attention of the Board that any of the Directors nor the Company's advisors nor the existing Shareholders of the Company have any conflict of interest in so far as the contemplated Transactions are concerned. Accordingly, and upon reasonable enquiry, the proposed Transactions do not constitute related party transactions as defined in Section 266.1 of the ZSE Listings Requirements. It is therefore the Board's opinion that as of the Last Practicable Date all Shareholders registered as such are eligible to vote on the resolutions to be tabled at the Extraordinary General Meeting for the purposes of approving the disposal Transactions.

## PART I: LETTER TO SHAREHOLDERS

### 3. The 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	<ul style="list-style-type: none"> <li>ASB Hospitality (Zimbabwe) (Private) Limited (see profile in Appendix V)</li> </ul>
b) Purchase Price	<ul style="list-style-type: none"> <li>US\$3.8 million, plus Value Added Tax ("VAT") to the extent applicable</li> <li>Payable in full in United States dollars 5 days prior to the Effective Date.</li> </ul>
c) Hotel Employees	<ul style="list-style-type: none"> <li>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).</li> <li>Employee Liabilities up to the Effective Date shall remain for the account of Meikles Hospitality.</li> <li>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.</li> </ul>
d) Sellers' Liabilities	<ul style="list-style-type: none"> <li>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.</li> </ul>
e) Intellectual Property Licence	<ul style="list-style-type: none"> <li>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.</li> </ul>
f) Other	<ul style="list-style-type: none"> <li>Hotel Business and related Hotel Assets being sold <i>voetstoots</i>.</li> </ul>

#### 3.2. The Hotel Building disposal

Item	Terms
a) Purchaser	<ul style="list-style-type: none"> <li>ASB Hospitality (Zimbabwe) (Private) Limited (see profile in Appendix V)</li> </ul>
b) Purchase Price	<ul style="list-style-type: none"> <li>US\$16.2 million, plus any applicable VAT.</li> <li>Payable in United States dollars as follows: <ol style="list-style-type: none"> <li>US\$2 million within 15 (fifteen) days from written demand by the Seller; and</li> <li>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.</li> </ol> </li> </ul>
c) Capital Gains Tax	<ul style="list-style-type: none"> <li>For the Seller's account on assessment by ZIMRA.</li> </ul>
d) Transfer costs	<ul style="list-style-type: none"> <li>For the Purchaser's account.</li> </ul>
e) Other	<ul style="list-style-type: none"> <li>Sold <i>voetstoots</i> but free of any encumbrances, charges or security interests.</li> </ul>

**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.

**4. Rationale for the proposed Transactions**

As stated in the Chairman’s statement accompanying the Group’s financial results for the year ended 31 March 2019, Meikles Hotel now requires substantial modernisation of guest facilities as well as electro mechanical and plumbing infrastructure to restore it to a 5-star property by international standards. After close to two decades operating at low room occupancy (below 50%), hotel refurbishment and back of house services have fallen far behind the requirements of a 5-star hospitality offering. 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.

After taking into account the current and projected performance of the Hotel as well as the volatile environment, your Board has 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.

The Directors have considered the financial possibility of spending a less substantial sum on refurbishment. However, even if only half the present estimate were to be spent on the hotel, the financial risks remain substantially the same. The exchange rate risks on foreign borrowings and the cost of local borrowings will be at a level that the hotel business will be unable to service any debt without support of the Group as a whole. Opportunities for growth in the rest of the Group may well be compromised as a result and this will restrain growth in Group values.

Accordingly, the Directors recommend the Group to disinvest from city hotel business. 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 of the Hotel as well as the environment in which the hotel is located.

The Directors have considered what they believe to be the most appropriate financial strategy for the Group. The strategy will include a degree of comfort in the event of unknown but potential stresses in either the local economy or environment. In this context, Directors are to focus on ensuring that the Group maintains an acceptable degree of liquidity and that the Group as a whole should have limited or no local or external borrowings. Any borrowings should be limited primarily to export segments of the Group.

A profile of the Meikles Hotel Business is included in Appendix I of this Circular.

**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:**

<b>Description</b>	<b>Amount (US\$)</b>
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
<b>Total</b>	<b>20,000,000</b>

**6. Independent Financial Advisors’ Opinion**

The Fair and Reasonable Report of the Independent Financial Advisors, KPMG, is reproduced in Appendix III of this Circular.

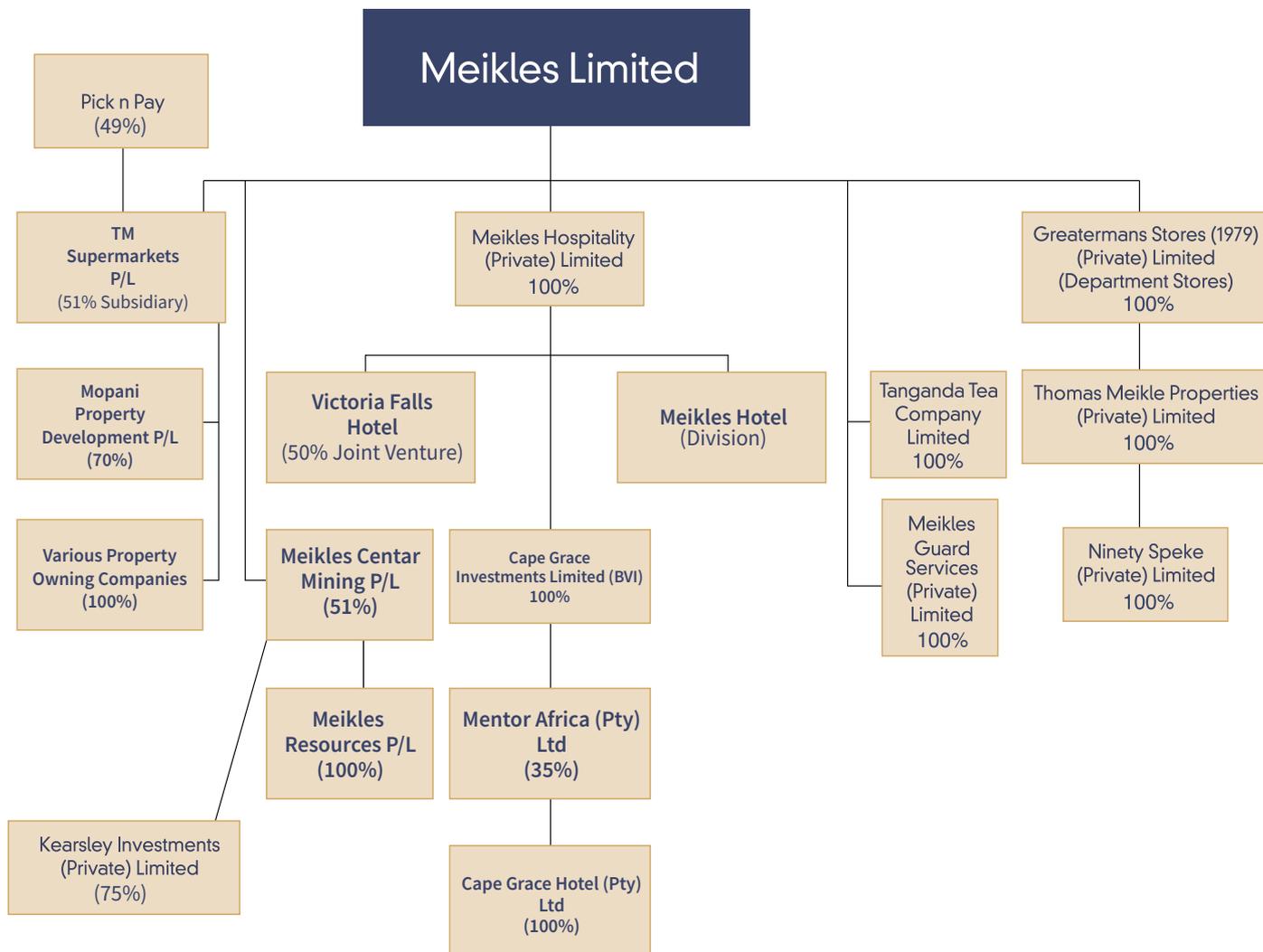
Having considered the proposed Transactions and based on conditions set out in the Independent Financial Advisors’ Report on the proposed Transactions, KPMG has concluded that nothing had come to their attention to cause them to believe that the proposed Transactions are not fair and reasonable to the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

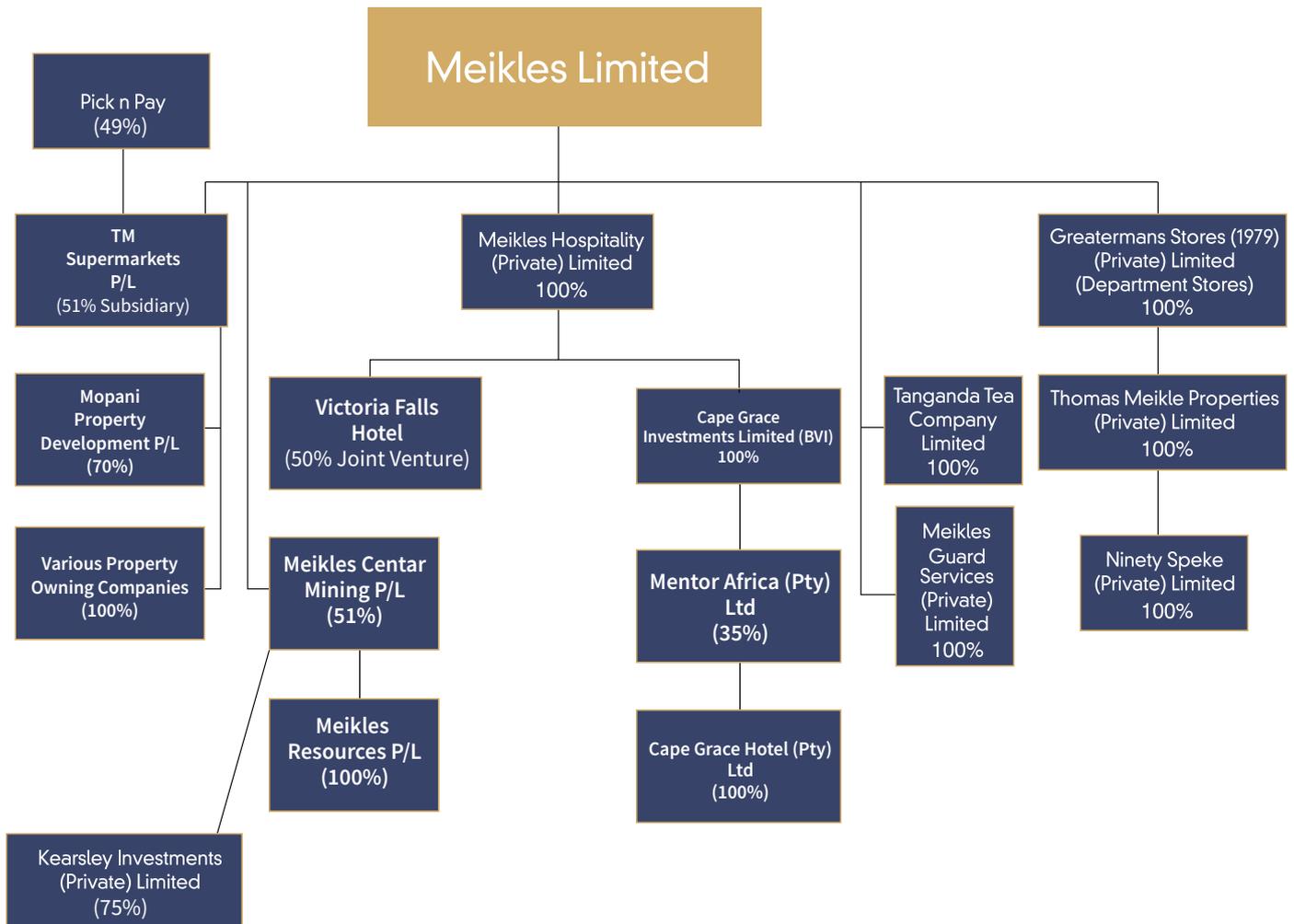


7. Effects of the proposed Transactions (continued)

7.1. Group structure before and after the proposed Transactions (continued)

Group structure after the proposed Transactions

Group Structure



7.2. Effects of the proposed disposal Transactions on Meikles Limited's 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

Notes

1. Profit on disposal is disposal proceeds less transaction costs, taxes and carrying amount of disposed assets.
2. The interbank exchange rate between the USD and the ZWL on the 31st of March 2019 was 3.01

7.3. Effects of the proposed Transactions on share capital structure

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

**7.4. Effect on shareholding structure**

**7.4.1. Meikles Limited 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 (Pty) 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%
<b>Sub-Total (Top 10)</b>	<b>197,884,440</b>	<b>75.80%</b>
Other	63,180,150	24.20%
<b>Grand Total</b>	<b>261,064,590</b>	<b>100.00%</b>

Source: ZB

**7.5. Financial impact**

The pro-forma financial position of Meikles Limited is set out together with the Accountant’s Report in Appendix II(b) to this Circular together with the abridged historical financial information.

**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. The table below depicts a breakdown of the costs of the proposed Transactions.

Description	Amount (US\$)
Professional fees	300,000
Printing & distribution	50,000
Total	350,000

**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 as the Group will not need to borrow to fund refurbishment and upgrades at Meikles hotel. 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.

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 the Directors, 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 EGM to be held on Friday, 13 December 2019 in terms of the EGM Notice in Appendix VI;
- 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 assessment 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 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 Circular is issued in compliance with the ZSE Listings Requirements. The ZSE Listings Committee on 31 October 2019 approved the distribution of this 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. Summary information on Meikles Limited

An overview of the current business operations of Meikles Limited, together with statutory information required in terms of the Companies Act (Chapter 24:03), is set out in Appendix I to this Circular.

### 14. Material agreements

As at the date of issue of this 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 License 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 Meikles Limited 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 Meikles Limited's Articles.

### 16. Working capital adequacy statement

The Directors after considering the effect of the proposed Transactions, are of the opinion that the working capital available to Meikles Limited after the proposed Transactions will be sufficient for Meikles Limited's present requirements for at least the next 12 months from the date of issue of this 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, SJCS, Deloitte & Touche, 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 Circular.

### 20. Documents available for inspection

The following documents or certified copies thereof, are available for inspection at the Registered Office of Meikles Limited at 90 Speke Avenue, Harare Zimbabwe as well as at the offices of ZB 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 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;
- 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 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 EGM 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.

Yours faithfully,

For and on behalf of the Board of Meikles Limited



J. R. T. Moxon  
Executive Chairman

**22. Directors' responsibility statement**

The Directors of Meikles Limited, whose names are set out below, collectively and individually accept full responsibility for the accuracy of the information provided in this 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 Circular false or misleading, that they have made all reasonable enquiries to ascertain such facts (where applicable), and that this Circular contains all information required by law.

**Signed on 22 November 2019 by the Directors:**

<b>Director</b>	<b>Position</b>	<b>Signature</b>
John Ralph Thomas Moxon	Executive Chairman	
Kazilek Ncube	Executive Director	
James Andrew Mushore	Non-Executive Director	
Rugare Chidembo	Non-Executive Director	

**Appendix I: Information on Meikles Limited**

**A1.1 Company background**

The corporate history of Meikles dates back to 1892 growing over the years until the listing of Meikles Limited in 1996 by way of a reverse-listing through the then North Charterland Exploration Company (1937) Limited ('Northchart'). Northchart's name was changed to Meikles Limited with John Moxon becoming Chairman and Chief Executive. The 1996 reverse-listing raised US\$68 million through a private placement on the LSE at which time the LSE listing became secondary as the Company moved its primary listing to the ZSE.

The main activities of the Group span into agriculture, hotels and retail trading through the following entities:

**Material operating entities controlled by Meikles Limited**

Entity	Holding	Country of incorporation	Business
<b>Subsidiaries:</b>			
1. Meikles Hospitality P/L	100%	Zimbabwe	Hotels
2. Tanganda Tea Company P/L	100%	Zimbabwe	Agriculture
3. Greatermans Stores (1979) P/L	100%	Zimbabwe	Retail
4. Thomas Meikle Properties P/L	100%	Zimbabwe	Property owning
5. Ninety Speke P/L	100%	Zimbabwe	Property owning
6. Meikles Guard Services P/L	100%	Zimbabwe	Security guard services
7. TM Supermarkets P/L	51%	Zimbabwe	Retail
8. Meikles Centar Mining P/L	51%	Zimbabwe	Mining
9. Mentor Africa (Pty) Ltd	35%	South Africa	Holding company of the Cape Grace Hotel

**Overview of significant operating segments**

**a. Hotels segment**

The hotels segment includes the Meikles Hotel in Harare, the Victoria Falls Hotel (50% joint operation in Victoria Falls) and a 35% interest in Mentor Africa (Pty) Ltd which owns 100% of Cape Grace Hotel in Cape Town, South Africa.

**Overview of Meikles Hotel (proposed for disposal in terms of this Circular)**

Established in 1915, Meikles Hotel is considered Zimbabwe's premier 5-star hotel which is situated in the heart of the capital city Harare. It features 312 guest rooms in 2 multi-storey wings (North & South) on 12 floors:

South Wing			North Wing		
Room type	No.	South Wing description	Room type	No.	North Wing description
Standard	88	-Centrally controlled	Deluxe	42	-Refurbished for US\$9M in 2013
Standard park view	81	air conditioning	Deluxe park view	42	-Each room is unique
Honeymoon suites	2	- More traditional	Club	13	-Individually controlled
Park suites	7	-Were not part of the	Club park view	19	air conditioning
Royal suite	2	major 2013	Park suites	14	- Exclusive Club Lounge, private
		refurbishment	Imperial suite	1	kitchen and chef, sumptuous
			Presidential suite	1	boardroom for 12, conference room
<b>Total</b>	<b>180</b>			<b>132</b>	and state-of-the-art gymnasium.

**Dining and entertainment**

The Hotel has 3 restaurants, 2 bars and a tea lounge:

**i. La Fontaine Grill Room**

The Hotel's flagship restaurant, with a seating capacity of 60, has been operational since 1958. In 2013 it was extensively refurbished, and its kitchen modernised.

**ii. Pavilion Bistro**

With a seating capacity of 100, the Pavilion Bistro serves breakfast and dinner buffet.

**iii. The Pool Deck**

The Meikles Pool Deck is located on the 14th floor and is reserved exclusively for hotel guests. The pool is a favourite spot for guests to relax and enjoy the Pool Bar's cocktails and light meals.

**Victoria Falls Hotel overview (50% joint operation in operating lease)**

Built in 1904 and redecorated in 2013, the Victoria Falls Hotel is a 5-star hotel with 161 rooms that is situated in a prime location overlooking the Victoria Falls in Zimbabwe. The Victoria Falls Hotel is a member of the Leading Hotels of the World.

The hotel building belongs to Emerged Railways Properties (Private) Limited and there is a shared 50/50 partnership operation between Meikles Limited and African Sun Limited, of the hotel business.

**Mentor Africa (Pty) Limited (Cape Grace Hotel) overview**

Meikles Limited, through Meikles Hospitality (Private) Limited and Cape Grace Investments Limited owns 35% of Mentor Africa (Pty) Limited which in turn wholly owns the Cape Grace Hotel in South Africa, among its assets. Cape Grace Hotel is a V&A Waterfront hotel with its own quay providing 5-star 120 luxurious rooms for tourists visiting the Atlantic Seaboard region in Cape Town, South Africa. V&A Waterfront is a retail complex in Cape Town with shops and other amenities and tourist attractions.

**b. Retail segment**

The retail segment is operated under 2 sub-segments i.e. supermarkets and department stores. Supermarkets are operated under TM Supermarkets which is owned 51% by Meikles Limited and 49% by the Pick n Pay Group of South Africa. TM Supermarkets is a chain of 55 stores across Zimbabwe of which 38 are branded and trade as “TM” while 17 stores are branded and trade as “Pick n Pay”. The supermarkets chain retails a wide range of groceries and perishables, with a limited range of general merchandise and a fresh offering that caters specifically for the communities they serve. TM Supermarkets draws its customers from all communities and income groups across Zimbabwe, while store formats range from convenient small supermarkets to larger supermarkets.

Meikles Group departmental stores were operated under Greatermans Stores (1979) Limited and they included trading names such as Barbours and The Meikles Store. The remaining outlets of these departmental stores were closed at the end of June 2019.

**c. Agriculture**

The agricultural segment is operated under Tanganda Tea Company. Tanganda Tea Company produces the following at its estates in the Eastern Highlands of Zimbabwe:

- bulk tea;
- packaged tea;
- avocados;
- macadamia nuts; and
- bottled spring water under the Tingamira brand name.

**d. Other operations**

Additionally, the Group owns properties, provides security guard services and the mining segment is still to be operationalised.

**A1.2 INFORMATION ON MEIKLES LIMITED GOVERNANCE**

**A1.2.1 The Directors of Meikles Limited**

As of the Last Practicable Date, the Meikles Limited Board consisted of the following four members:

<b>Director</b>	<b>Residential address</b>	<b>Position:</b>
John R. T. Moxon	61 Piers Road, Borrowdale, Harare	Executive Chairman
Kazilek Ncube	13/14 Donnybrook Avenue, Greendale, Harare	Executive Director
James A. Mushore	27 Worpleston Way, Glen Lorne, Harare	Non-Executive Director
Rugare Chidembo	7 Cosham Road, Borrowdale, Harare	Non-Executive Director

## PART II: APPENDICES

### A1.2.2 Directors' profiles:

Set out below are the brief profiles of the Directors of Meikles Limited:

#### **John R. T. Moxon – Executive Chairman**

John is a fellow of the Institute of Chartered Accountants of England and Wales and also holds a Masters of Business Administration from the University of Cape Town. He joined the Meikles Group in 1970. He was re-appointed Chairman of Meikles Limited in June 2011.

#### **Kazilek Ncube – Executive Director**

Kazilek is the Managing Director of Meikles Guard Services (Private) Limited. He served in the Zimbabwe Republic Police for 31 years, retiring in 1999 at the rank of Assistant Commissioner. Whilst in the ZRP he successfully completed a number of courses including Human and Material Resources Management (ZIPAM) and Financial Management (ZIPAM). On retirement he joined MineTech Zimbabwe as Operations Manager. As Operations Manager of an International Demining and Security Company, Kazilek oversaw a number of international contracts. He joined the Meikles Board in December 2009.

#### **James A. Mushore – Non-Executive Director**

James was instrumental in the establishment of the then National Merchant Bank of Zimbabwe as the first wholly Zimbabwean indigenous merchant bank in 1993. NMB Bank is now a retail bank catering for corporates and high net worth individuals. He set up, and served as the Group Chief Executive Officer of NMBZ Holdings Limited, the holding company of NMB Bank Limited, from 2010 to 2014. James also played a pivotal role in the dual listing for NMB on both the London and Zimbabwe Stock Exchanges.

Prior to that James spent 6 years in the UK from 2004 to 2010, as a financial advisor to companies doing business in Southern Africa.

Prior to NMB Bank Limited, he was a partner with Coopers & Lybrand in Zimbabwe and Zambia. Whilst at Coopers & Lybrand, he served as the Managing Partner of the Zambian Practice where he also had responsibility for the Corporate Finance practice.

James is a past director of the Zimbabwe Revenue Authority and past Chairman of the Zimbabwe Tourism Authority as well as past President of the Institute of Chartered Accountants of Zimbabwe.

#### **Rugare Chidembo – Non-Executive Director**

Rugare is an extensively experienced business leader, Non-Executive Director, Entrepreneur and Business Turnaround Strategist. He has held executive management and senior finance positions at Lonrho Zimbabwe, Econet Group for both local as well as regional operations and First Transfer Secretaries. Rugare is currently a consultant Chief Executive Officer for TN Harlequin Luxaire. Rugare obtained his Bachelor of Accountancy Degree in 1982 from the University of Zimbabwe. He completed his articles of clerkship with Deloitte having passed his Board examinations in 1983, and he was duly admitted as a fully qualified member of the Institute of Chartered Accountants of Zimbabwe in February 1986. Rugare holds a Master's in Business Administration Degree from the University of Zimbabwe.

### A1.2.3 The Directors' shareholding interests

At the Last Practicable Date, the shareholding direct and indirect interests of the Directors of Meikles Limited and their immediate families were as follows:

Name	Number of shares
John R. T. Moxon#	27,279,389
Kezilek Ncube	-
James A. Mushore	-
Rugare Chidembo	863,751
<b>Total</b>	<b>28,143,140</b>

# Mr John R. T. Moxon's indirect beneficial interests through Gondor Capital Limited are included in the disclosures above. Gondor Capital Limited has a 47.08% shareholding in the Company.

**A.1.2.4 Other interests**

Except as disclosed in this Circular, none of the Directors of Meikles Limited nor any member of their immediate families, nor any person acting in concert with the Directors of Meikles Limited, control or is interested, beneficially or otherwise, in any Meikles Limited shares or in any securities convertible to rights to subscribe for Meikles Limited shares.

As provided by the Companies' Act (Chapter 24:03), the Directors are bound to declare at any time during the year, in writing, whether they have any interest in any contract of significance with the Company or any of its subsidiaries or joint ventures. No Director confirmed having, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses except as disclosed in note 25.2 of the audited financial statements of the Group for the year ended 31 March 2019. Executive Directors have employment contracts with the Company or its subsidiaries.

**A.1.2.5 Directors emoluments**

The Directors' remuneration for the financial years ending 31 March 2018 and 2019 was as follows:

Description	2019 (ZWL)	2018 (ZWL)
JRT Moxon (executive)	0	0
K Ncube (executive)	149,475	135,984
J A Mushore	31,096	20,563
R Chidembo	34,688	23,781
<b>Total</b>	<b>215,259</b>	<b>180,328</b>

**A1.3 Corporate Governance**

The Company is in the process of considering the adoption a new code of corporate governance and a decision is anticipated to have been made by March 2020.

Currently governance of the Group is superintendent by the Board which is expected to meet at least 4 times annually with a seating every quarter. Key matters reserved for the decision of the Board are the Group strategy, acquisition and divestment policy, approval of the Group budget and major capital projects, and general treasury and risk management policies. Daily operations of the Group are delegated to an executive management team which is accountable to the Board. The Board is ultimately responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage, and monitor key business risks.

The Board has 2 committees i.e. the Audit Committee and the Remuneration Committee whose make-up and functions are as set out below:

- **the Audit Committee**

- the Audit Committee is chaired by Mr. R. Chidembo, a Non-Executive Director, and meets at least quarterly;
- the internal and external auditors attend Audit Committee meetings by invitation
- the Audit Committee reviews the Group's interim and annual financial statements before submission to the Board for approval;
- the main mandate of the Audit Committee is to:
  - ensure that the Board is advised on all matters relating to corporate governance and the creation and maintenance of effective internal controls;
  - advise the Board and management on measures which ensure that respect for both regulatory issues and internal controls is demonstrated and stimulated;
  - review the effectiveness of the internal audit function, its programmes and reports;
  - develop and monitor the Group's risk management policies;
  - review all reports from the external auditors on accounting and internal control matters, and monitors action taken where necessary; and
  - recommends the appointment and fees of external auditors.

- **the Remuneration Committee**

- the Remuneration Committee is chaired by Mr. K. Ncube, an Executive Director, and meets at least quarterly;
- the terms of reference of the Remuneration Committee are to determine the Group's policy on the remuneration of senior executives.

**Semi-autonomous governance of subsidiaries**

The Group operates a decentralised subsidiary structure. Each significant subsidiary has a formal operating board with a clear definition of responsibility and operates within well-defined policies. There is comprehensive financial reporting with actual results reported monthly against budget and prior year.

## PART II: APPENDICES

### **A1.4 Financial information on Meikles Limited**

The audited abridged historical financial statements of Meikles Limited for the 5-year period ended 31 March 2015, 2016, 2017, 2018 and 2019 are set out together with the Accountants Report in Appendix II(a).

### **A1.5 Pro-forma financial information of Meikles Limited**

The pro-forma financial statements have been prepared to illustrate how the Transactions might have affected the financial position of Meikles Limited had the Transactions been completed on 31 March 2019. The pro-forma financial information is set out in Appendix II(b).

Appendix II(a) : Accountant's Report on the historical financial information of Meikles Limited



P O Box 267  
Harare  
Zimbabwe

Deloitte & Touche  
Registered Auditors  
West Block  
Borrowdale Office Park  
Borrowdale Road  
Borrowdale  
Harare  
Zimbabwe

Tel: +263 (0) 8677 000261  
+263 (0) 8644 041005  
Fax: +263 (0) 242 852130  
www.deloitte.com

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR TO MEIKLES LIMITED SHAREHOLDERS**

As per your request and for the purposes of the Circular dated 22 November 2019, issued to provide the shareholders of Meikles Limited with the requisite statutory and regulatory information in connection with the proposed transaction that will result in the disposal of the Harare Meikles Hotel business including the related assets namely including furniture and fittings, plant and equipment and the immovable property (hereafter together referred to as "Harare Meikles Hotel") to enable them to make an informed decision at the Extraordinary General Meeting, and in terms of Section 240(a) of the Zimbabwe Stock Exchange ("ZSE") Listings Requirements, as applicable to this transaction, we report to you hereunder on the historical financial information laid out from page 28 to 33 of the Circular.

We have performed the procedures agreed with you and enumerated below on the historical financial information of Meikles Limited ("the Company"), in respect of the years ended 31 March 2015 to 31 March 2019, set out on pages 28 to 33.

The historical financial information in respect of each annual period comprises the consolidated statement of financial position as at the year ended 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended as well as segmental assets and liabilities as at the year ended 31 March 2015, 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019 and the segmental profit or loss for the years then ended.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information". The procedures were performed solely to assist you in providing an accountant's report for the purposes of the Circular to the Meikles Limited Shareholders regarding the proposed disposal of the Harare Meikles Hotel and are summarised as follows:

- Inspection of the historical information included in the Circular for the years ended 31 March 2015 to 31 March 2019 and agreeing to the audited financial statements for the respective years.
- Inspection of the audit reports issued on the consolidated financial statements for the years ended 31 March 2015 to 31 March 2019 for the following
  - Scope of the audits; and
  - Opinions issued.

**Directors' Responsibility for the Historical Financial Information**

The Company's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the Zimbabwe Stock Exchange (ZSE) Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

An agreed upon procedure engagement involves applying our expertise to perform procedures as agreed by us and the Company and reporting the factual findings from the procedures performed. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since an agreed upon procedure engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information management has provided to us to complete the agreed upon procedure engagement. Accordingly, we do not express an audit opinion or a review conclusion on the information.

**Findings**

We report our findings as below:

- *Historical information*

The historical information that has been included in the Circular and set out on pages 28 to 33 agrees to the audited financial statements for the respective years except for the following:

- The consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity presented for the year ended 31 March 2016 are restated positions following the adoption of Amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 Agriculture in the 2017 financial year.

#### - Scope of the audits

The scope of the audits, on inspection of the audit reports for the years 2015 to 2019, was as follows:

- The audits were performed in accordance with International Standards on Auditing. Those standards require that the auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

#### - Audit Opinions

The audit opinions inspected were issued by Deloitte & Touche and are as follows:

- **Audited financial statements for the year ended 31 March 2015**  
In our opinion, the financial statements present fairly, in all material aspects, the consolidated financial position of Meikles Limited as at 31 March 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.
- **Audited financial statements for the year ended 31 March 2016**  
In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Meikles Limited as at 31 March 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.
- **Audited financial statements for the year ended 31 March 2017**  
In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Meikles Limited as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99 and SI62/96).

A material uncertainty related to going concern was included in the audit report and this did not result in a modification of the opinion.

In addition to the material uncertainty related to going concern, the following matters were determined to be key audit matters and included in the audit opinion:

- Valuation of biological assets; and
- Contingent assets and liabilities.

- **Audited financial statements for the year ended 31 March 2018**  
In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Meikles Limited as at 31 March 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99 and SI62/96).

A material uncertainty related to going concern was included in the audit report and this did not result in a modification of the opinion.

In addition to the material uncertainty related to going concern, the following matter was determined to be a key audit matter and was included in the audit opinion:

- Contingent assets and liabilities

- **Audited financial statements for the year ended 31 March 2019**

##### Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly, the consolidated statement of financial position of Meikles Limited as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03), the relevant Statutory Instruments ("SI") SI33/99 and SI 62/96.

##### Basis for Adverse Opinion

The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms.

During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled.

As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates."

As a result of these factors the directors performed an assessment on the functional currency of the Group in accordance with IAS 21 and acknowledged that the functional currency of the Group is no longer USD.

On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

The Directors used the same date to effect the change in functional currency. Because the Group transacted using a combination of United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 October 2018 to 22 February 2019, the decision to change the functional currency on 22 February 2019 in accordance with SI 33/19 results in material misstatement to the financial performance and cash flows of the Group, as transactions denominated in USD were not appropriately translated during that period. Had the Group applied the requirements of IAS 21, many of the elements of the accompanying consolidated financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the consolidated financial statements of this departure have not been determined.

A material uncertainty related to going concern was included in the audit report and this did not result in a further modification of the opinion.

In addition to the matters described in the Basis for Adverse Opinion above, and the material uncertainty related to going concern, the following matters were determined to be key audit matters and were included in the audit opinion:

- Valuation of expected credit losses on financial assets; and
- Valuation of investment in Mentor Africa (Pty) Limited

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the historical information of Meikles Limited for the financial years 2015 to 2019.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of Meikles Limited taken as a whole. Our report should not in any way constitute recommendations regarding the completion of the transaction or the issue of the circular to shareholders

#### **Exclusion of Notes and Accounting Policies**

At the request of Meikles Limited and with the approval of the ZSE, the notes to the financial statements, and the accounting policies have been excluded from this Circular, but are available for inspection.

Yours faithfully

*Deloitte & Touche*

#### **DELOITTE & TOUCHE**

Chartered Accountants (Zimbabwe)  
Registered Auditor  
Per Charity Mtwazi  
PAAB Practice Certificate No 0585  
Partner  
Registered Auditor

**Date 22 November 2019**

## PART II: APPENDICES

MEIKLES LIMITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited				
	31-Mar-19	31-Mar-18	31-Mar-17	*Restated 31-Mar-16	31-Mar-15
	ZWL'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	791,620	534,930	457,626	453,648	413,349
Net operating costs	(703,426)	(508,197)	(444,452)	(452,260)	(423,723)
<b>Operating profit / (loss)</b>	<b>88,194</b>	<b>26,733</b>	<b>13,174</b>	<b>1,388</b>	<b>(10,374)</b>
Investment income	44	271	2,134	3,628	4,546
Finance costs	(8,635)	(8,640)	(9,163)	(10,516)	(12,527)
Impairment of investment in Mentor Africa (Pty) Limited	-	-	-	(2,885)	(4,726)
Net exchange (losses) / gains	(7,529)	(468)	(161)	(274)	329
Loss recognised on discounting Treasury Bills	-	(6)	(1,429)	(8,628)	(9,019)
Provision for discount on RBZ balances	-	-	-	-	(14,705)
Fair value adjustment	9,433	1,336	789	(528)	8,590
<b>Profit / (loss) before tax</b>	<b>81,507</b>	<b>19,226</b>	<b>5,344</b>	<b>(17,815)</b>	<b>(37,886)</b>
Income tax (expense) / credit	(16,670)	(11,533)	(6,090)	(4,860)	3,400
<b>Profit / (loss) for the year from continuing operations</b>	<b>64,837</b>	<b>7,693</b>	<b>(746)</b>	<b>(22,675)</b>	<b>(34,486)</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	1,121	501	-	-	-
<b>Profit / (loss) for the year</b>	<b>65,958</b>	<b>8,194</b>	<b>(746)</b>	<b>(22,675)</b>	<b>(34,486)</b>
<b>Attributable to:</b>					
Equity holders of the parent	53,827	(829)	(6,719)	(26,045)	(34,445)
Non-controlling interests	12,131	9,023	5,973	3,370	(41)
<b>Profit / (loss) attributable to shareholders</b>	<b>65,958</b>	<b>8,194</b>	<b>(746)</b>	<b>(22,675)</b>	<b>(34,486)</b>
<b>Earnings Per Share (EPS)</b>	<b>ZWL cents</b>	<b>US cents</b>	<b>US cents</b>	<b>US cents</b>	<b>US cents</b>
Basic EPS attributable to owners of the parent	20.99	(0.32)	(2.65)	(10.26)	(13.57)
Diluted EPS attributable to owners of the parent	19.67	(0.31)	(2.46)	(9.53)	(12.60)
<b>Group Statements of comprehensive income</b>	<b>ZWL</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Profit / (loss) for the year</b>	<b>65,958</b>	<b>8,194</b>	<b>(746)</b>	<b>(22,675)</b>	<b>(34,486)</b>
<b>Other comprehensive income, net of tax</b>					
Items that may be reclassified subsequently to profit or loss:					
<i>Reclassification adjustments relating to available-for-sale financial assets disposed of in the current year</i>	-	47	441	4,471	-
<i>Fair value adjustments on available for sale financial assets</i>	(9,600)	-	653	6,860	(12,472)
<i>Exchange gain on translation of foreign operations</i>	61,970	-	-	-	-
<b>Other comprehensive income / (loss) for the year (net of tax)</b>	<b>52,370</b>	<b>47</b>	<b>1,094</b>	<b>11,331</b>	<b>(12,472)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>118,328</b>	<b>8,241</b>	<b>348</b>	<b>(11,344)</b>	<b>(46,958)</b>
<b>Attributable to:</b>					
Equity holders of the parent	106,197	(782)	(5,625)	(14,714)	(46,917)
Non-controlling interests	12,131	9,023	5,973	3,370	(41)
	<b>118,328</b>	<b>8,241</b>	<b>348</b>	<b>(11,344)</b>	<b>(46,958)</b>

Refer to note 1 on page 33 regarding the functional and presentation currencies.

Refer to note 2 on page 33 for the restatement of the March 2016 financial statements.

## PART II: APPENDICES

MEIKLES LIMITED  CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	Audited				
				*Restated	
	31-Mar-19 ZWL'000	31-Mar-18 US\$ '000	31-Mar-17 US\$'000	31-Mar-16 US\$ '000	31-Mar-15 US\$ '000
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>267,268</b>	<b>208,911</b>	<b>209,552</b>	<b>207,583</b>	<b>205,979</b>
Property, plant & equipment	172,267	175,267	172,664	170,454	125,145
Investment property	236	239	243	248	249
Investments in associates	50,778	20,046	20,046	20,046	22,931
Biological assets	2,905	1,299	1,147	1,227	41,083
Intangible assets	124	124	124	124	124
Non-current financial assets	31,847	11,815	11,901	12,004	12,246
Deferred tax asset	9,111	121	3,427	3,480	4,201
<b>Current assets</b>	<b>214,859</b>	<b>101,579</b>	<b>73,098</b>	<b>73,523</b>	<b>98,666</b>
Balances with RBZ	-	-	-	-	7,229
Treasury Bills	-	-	3,024	11,106	22,942
Inventories	100,163	43,870	34,467	33,391	35,626
Trade & other receivables	40,471	17,341	13,969	14,248	19,893
Biological assets	11,178	2,810	1,867	791	-
Other current financial assets	9	3,383	4,134	3,493	4,093
Cash & cash equivalents	33,006	34,175	15,637	10,494	8,883
Assets held for sale	30,032	-	-	-	-
<b>Total assets</b>	<b>482,127</b>	<b>310,490</b>	<b>282,650</b>	<b>281,106</b>	<b>304,645</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent</b>	<b>203,379</b>	<b>99,444</b>	<b>100,049</b>	<b>105,674</b>	<b>119,875</b>
Share capital	2,611	2,562	2,538	2,538	2,538
Share premium	3,925	1,469	1,316	1,316	1,316
Other reserves	64,929	12,559	12,512	11,418	87
Retained earnings	131,914	82,854	83,683	90,402	115,934
Non-controlling interest	48,999	36,241	28,591	21,182	17,281
<b>Total equity</b>	<b>252,378</b>	<b>135,685</b>	<b>128,640</b>	<b>126,856</b>	<b>137,156</b>
<b>Non-current liabilities</b>	<b>37,861</b>	<b>36,498</b>	<b>26,878</b>	<b>26,650</b>	<b>36,910</b>
Borrowings	12,244	17,309	9,241	11,063	24,402
Deferred tax	25,617	19,189	17,637	15,587	12,508
<b>Current liabilities</b>	<b>191,888</b>	<b>138,307</b>	<b>127,132</b>	<b>127,600</b>	<b>130,579</b>
Trade & other payables	140,368	82,334	70,155	60,700	60,397
Bank borrowings	51,520	55,973	56,977	66,900	70,182
<b>Total liabilities</b>	<b>229,749</b>	<b>174,805</b>	<b>154,010</b>	<b>154,250</b>	<b>167,489</b>
<b>Total equity &amp; liabilities</b>	<b>482,127</b>	<b>310,490</b>	<b>282,650</b>	<b>281,106</b>	<b>304,645</b>

Refer to note 1 on page 33 regarding the functional and presentation currencies.

Refer to note 2 on page 33 for the restatement of the March 2016 financial statements.

## PART II: APPENDICES

MEIKLES LIMITED	Audited				
				*Restated	
	31-Mar-19 ZWL'000	31-Mar-18 US\$'000	31-Mar-17 US\$'000	31-Mar-16 US\$'000	31-Mar-15 US\$'000
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>					
<b>Operating activities</b>					
Profit / (loss) before tax from continuing operations	81,507	19,226	5,344	(17,815)	(37,886)
Profit before tax from discontinued operations	1,121	554	-	-	-
Profit / (loss) before tax	82,628	19,780	5,344	(17,815)	(37,886)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Depreciation	14,376	13,311	11,801	10,170	9,454
Net interest	8,591	8,415	8,022	7,927	9,199
Dividend income	-	(53)	(992)	(1,039)	(1,217)
Net exchange losses/(gains)	7,031	468	161	274	(329)
Profit on disposal of operation	-	(768)	-	-	-
Fair value adjustments on biological assets	(9,433)	(1,336)	(789)	528	(8,590)
Loss recognised on discounting Treasury Bills	-	6	1,429	8,628	9,019
Loss / (profit) on disposal of property, plant and equipment	59	1,545	123	(25)	230
Impairment of investment in Mentor Africa (Pty) Limited	-	-	-	2,885	4,726
Impairment of intangible assets	-	-	-	-	1,404
Provision for settlement discount on RBZ	-	-	-	-	14,705
Impairment of investment in Afrasia Zimbabwe Holdings Limited	-	-	-	-	152
<b>Net cash flows before working capital changes</b>	<b>103,252</b>	<b>41,368</b>	<b>25,099</b>	<b>11,533</b>	<b>867</b>
<i>Working capital adjustments</i>					
(Increase) / decrease in inventories	(56,293)	(9,403)	(1,076)	2,235	1,005
(Increase) / decrease in trade and other receivables	(11,522)	(3,627)	1,317	6,137	396
Increase in trade and other payables	34,088	11,895	8,986	1,246	10,139
Cash generated from operations	69,525	40,233	34,326	21,151	12,407
Income tax paid	(18,038)	(6,447)	(3,520)	(915)	(225)
<b>Net cash generated from operating activities</b>	<b>51,487</b>	<b>33,786</b>	<b>30,806</b>	<b>20,236</b>	<b>12,182</b>
<b>Investing activities</b>					
Proceeds from sale of property, plant & equipment	355	350	230	203	158
Purchase of property, plant & equipment	(41,870)	(17,717)	(14,229)	(16,831)	(25,319)
Proceeds from sale of Treasury Bills and coupon interest	-	3,075	8,809	24,164	24,128
Net movement in service assets	51	(89)	37	630	(43)
Net movement in other investments	11	847	(515)	885	255
Net expenditure on biological assets	(540)	241	(374)	(158)	(2,337)
Net cash flow on disposal of subsidiary	-	1,060	-	-	-
Investment income	42	208	56	152	590
<b>Net cash (utilised in) / generated from investing activities</b>	<b>(41,951)</b>	<b>(12,025)</b>	<b>(5,986)</b>	<b>9,045</b>	<b>(2,568)</b>
<b>Financing activities</b>					
Net (decrease) / increase in interest bearing borrowings	(9,518)	7,064	(11,745)	(16,621)	(12,329)
Non-controlling interests arising from Mopani Property Development (Private) Limited	627	519	1,436	531	3,100
Finance costs	(8,635)	(8,640)	(9,163)	(10,516)	(12,527)
Dividend paid-ordinary shareholders	(568)	-	-	-	-
Dividend paid-minority shareholders	-	(1,715)	-	(1,063)	(2,138)
<b>Net cash utilised in financing activities</b>	<b>(18,094)</b>	<b>(2,772)</b>	<b>(19,472)</b>	<b>(27,669)</b>	<b>(23,894)</b>
Net (decrease) / increase in cash and cash equivalents	(8,558)	18,989	5,348	1,612	(14,280)
Effects of exchange rate changes on cash and cash equivalents	5,743	(451)	(205)	(1)	211
Cash and cash equivalents at beginning of year	34,175	15,637	10,494	8,883	22,952
Translation of foreign currency	1,646	-	-	-	-
<b>Cash &amp; cash equivalents at end of year</b>	<b>33,006</b>	<b>34,175</b>	<b>15,637</b>	<b>10,494</b>	<b>8,883</b>

Refer to note 1 on page 33 regarding the functional and presentation currencies.

Refer to note 2 on page 33 for the restatement of the March 2016 financial statements.

## PART II: APPENDICES

MEIKLES LIMITED  CONSOLIDATED STATEMENTS 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		
As at 31 March 2014	2,538	1,316	12,559	-	155,455	171,868	14,222	186,090
Loss for the year	-	-	-	-	(34,445)	(34,445)	(41)	(34,486)
Dividend	-	-	-	-	(5,076)	(5,076)	-	(5,076)
Other comprehensive income	-	-	-	(12,472)	-	(12,472)	-	(12,472)
Non-controlling Interests ( Mopani)	-	-	-	-	-	-	3,100	3,100
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 March 2015	2,538	1,316	12,559	(12,472)	115,934	119,875	17,281	137,156
Restatement due to amendments to IAS 16 & IAS 41	-	-	-	-	513	513	-	513
Restated at 1 April 2015	2,538	1,316	12,559	(12,472)	116,447	120,388	17,281	137,669
(Loss) / profit for the year	-	-	-	-	(26,045)	(26,045)	3,370	(22,675)
Other comprehensive income	-	-	-	11,331	-	11,331	-	11,331
Non-controlling Interests ( Mopani)	-	-	-	-	-	-	531	531
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 March 2016	2,538	1,316	12,559	(1,141)	90,402	105,674	21,182	126,856
(Loss) / profit for the year	-	-	-	-	(6,719)	(6,719)	5,973	(746)
Other comprehensive income	-	-	-	1,094	-	1,094	-	1,094
Non-controlling Interests ( Mopani)	-	-	-	-	-	-	1,436	1,436
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 March 2017	2,538	1,316	12,559	(47)	83,683	100,049	28,591	128,640
(Loss) / profit for the year	-	-	-	-	(829)	(829)	9,023	8,194
Issue of shares	24	153	-	-	-	177	-	177
Other comprehensive income	-	-	-	47	-	47	-	47
Dividend paid - minority shareholders	-	-	-	-	-	-	(1,715)	(1,715)
Non-controlling Interests ( Mopani)	-	-	-	-	-	-	342	342
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 March 2018	2,562	1,469	12,559	-	82,854	99,444	36,241	135,685
Balance 1 April 2018 - ZWL	2,562	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	2,562	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)	-	52,370	-	52,370
Dividends	-	-	-	-	(3,073)	(3,073)	-	(3,073)
Issue of shares	49	2,456	-	-	-	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)	131,914	203,379	48,999	252,378

Refer to note 1 on page 33 regarding the functional and presentation currencies.

Refer to note 2 on page 33 for the restatement of the March 2016 financial statements.

## PART II: APPENDICES

### Segmental Profit and Loss

MEIKLES LIMITED							
Segment revenue and result - continuing operations							
	Supermarkets	Hotels	Agriculture	Department Stores	Wholesaling	Corporate	Group
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
<b>31 March 2019</b>							
Sale of goods	747,338	2,644	37,015	792	-	(2,626)	785,163
Sale of services	-	6,457	-	-	-	-	6,457
Total Revenue	747,338	9,101	37,015	792	-	(2,626)	791,620
Operating profit/(loss)	59,548	8,113	29,353	(3,649)	-	(5,171)	88,194
Investment income	10	129	96	1	-	(192)	44
Finance costs	(181)	(859)	(1,583)	(552)	-	(5,460)	(8,635)
Net exchange (losses)/gains	(23,902)	6,383	11,028	(1,113)	-	75	(7,529)
Loss recognised on discounting Treasury Bills	-	-	-	-	-	-	-
Fair value adjustments on biological assets	-	-	9,433	-	-	-	9,433
Income tax (expense)/credit	(10,687)	(4,486)	(7,900)	142	-	6,261	(16,670)
Profit/(loss) for the year	24,788	9,280	40,427	(5,171)	-	(4,487)	64,837
<b>31 March 2018</b>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sale of goods	487,822	7,052	28,847	1,881	224	(1,490)	524,336
Sale of services	-	10,594	-	-	-	-	10,594
Total Revenue	487,822	17,646	28,847	1,881	224	(1,490)	534,930
Operating profit/(loss)	26,145	2,593	6,755	(3,218)	(2,107)	(3,435)	26,733
Investment income	192	129	94	1	-	(145)	271
Finance costs	(377)	(1,350)	(1,764)	(481)	(455)	(4,213)	(8,640)
Net exchange (losses)/gains	(455)	(11)	8	(6)	-	(4)	(468)
Loss recognised on discounting Treasury Bills	-	-	-	-	-	(6)	(6)
Fair value adjustments on biological assets	-	-	1,336	-	-	-	1,336
Income tax (expense)/credit	(7,013)	(1,481)	158	(1,326)	(1,904)	33	(11,533)
Profit/(loss) for the year	18,492	(120)	6,587	(5,030)	(4,466)	(7,770)	7,693
<b>31 March 2017</b>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sale of goods	413,997	5,882	21,173	4,640	4,432	(1,283)	448,841
Sale of services	-	8,785	-	-	-	-	8,785
Total Revenue	413,997	14,667	21,173	4,640	4,432	(1,283)	457,626
Operating profit/(loss)	17,118	401	3,866	(2,415)	(2,909)	(2,887)	13,174
Investment income	113	3	2	4	-	2,012	2,134
Finance costs	(371)	(1,265)	(2,018)	(407)	(153)	(4,949)	(9,163)
Net exchange (losses)/gains	(155)	(29)	12	(1)	(62)	74	(161)
Loss recognised on discounting Treasury Bills	-	-	-	-	-	(1,429)	(1,429)
Fair value adjustments on biological assets	-	-	789	-	-	-	789
Income tax (expense)/credit	(4,320)	5	(1,426)	(714)	411	(46)	(6,090)
Profit/(loss) for the year	12,385	(885)	1,225	(3,533)	(2,713)	(7,225)	(746)
<b>31 March 2016 - restated</b>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sale of goods	395,297	6,134	22,412	6,465	15,740	(2,078)	443,970
Sale of services	-	9,678	-	-	-	-	9,678
Total Revenue	395,297	15,812	22,412	6,465	15,740	(2,078)	453,648
Operating profit/(loss)	10,318	(321)	(1,768)	(1,251)	(2,380)	(3,210)	1,388
Investment income	87	5	6	3	1	3,526	3,628
Finance costs	(1,091)	(1,368)	(2,016)	(355)	(67)	(5,619)	(10,516)
Net exchange (losses)/gains	33	(58)	(42)	31	(1)	(237)	(274)
Loss recognised on discounting Treasury Bills	-	-	-	-	-	(8,628)	(8,628)
Impairment on investments in Mentor Africa Limited	-	-	-	-	-	(2,885)	(2,885)
Fair value adjustments on biological assets	-	-	(528)	-	-	-	(528)
Income tax (expense)/credit	(2,420)	(1,226)	(127)	(1,208)	511	(390)	(4,860)
Profit/(loss) for the year	6,927	(2,968)	(4,475)	(2,780)	(1,936)	(17,443)	(22,675)
<b>31 March 2015</b>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sale of goods	360,328	6,323	21,091	7,035	10,308	(1,811)	403,274
Sale of services	-	10,075	-	-	-	-	10,075
Total Revenue	360,328	16,398	21,091	7,035	10,308	(1,811)	413,349
Operating profit/(loss)	4,287	509	(1,896)	(3,635)	(2,448)	(7,191)	(10,374)
Investment income	310	14	4	6	-	4,212	4,546
Finance costs	(1,806)	(1,590)	(3,067)	(493)	(39)	(5,532)	(12,527)
Net exchange (losses)/gains	262	(59)	(13)	146	(7)	-	329
Loss recognised on discounting Treasury Bills	-	-	-	-	-	(9,019)	(9,019)
Provision for discount on RBZ balances	-	-	-	-	-	(14,705)	(14,705)
Impairment of investment in Mentor Africa Limited	-	-	-	-	-	(4,726)	(4,726)
Fair value adjustments on biological assets	-	-	8,590	-	-	-	8,590
Income tax (expense)/credit	(514)	96	1,953	1,020	604	241	3,400
Profit/(loss) for the year	2,539	(1,030)	5,571	(2,956)	(1,890)	(36,720)	(34,486)

Refer to note 1 on page 33 regarding the functional and presentation currencies.

Refer to note 2 on page 33 for the restatement of the March 2016 financial statements.

## PART II: APPENDICES

### Segmental Assets and Liabilities

31 March 2019	Department						Group ZWL'000
	Supermarkets ZWL'000	Hotels ZWL'000	Agriculture ZWL'000	Stores ZWL'000	Wholesaling ZWL'000	Corporate ZWL'000	
Segment assets	204,081	54,930	120,763	20,285	-	82,068	482,127
Segment liabilities	(108,112)	(26,761)	(33,385)	(18,102)	-	(43,389)	(229,749)
Capital expenditure	35,944	875	5,040	(10)	-	21	41,870
Depreciation and impairment	(9,462)	(1,508)	(1,717)	(952)	-	(737)	(14,376)
<b>31 March 2018</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Segment assets	126,701	46,966	85,582	23,446	1,071	26,724	310,490
Segment liabilities	(56,148)	(23,515)	(32,779)	(18,999)	(10,032)	(33,332)	(174,805)
Capital expenditure	13,348	169	4,100	81	-	19	17,717
Depreciation and impairment	(8,369)	(1,471)	(2,177)	(1,000)	(109)	(185)	(13,311)
<b>31 March 2017</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Segment assets	98,532	46,460	76,038	26,899	4,196	30,525	282,650
Segment liabilities	(43,314)	(22,782)	(30,944)	(17,286)	(8,690)	(30,994)	(154,010)
Capital expenditure	10,943	144	2,448	405	140	149	14,229
Depreciation and impairment	(6,689)	(1,413)	(2,397)	(1,082)	(113)	(107)	(11,801)
<b>31 March 2016 - restated</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Segment assets	88,113	47,557	74,254	30,015	4,268	36,899	281,106
Segment liabilities	(46,716)	(22,887)	(32,552)	(16,984)	(6,049)	(29,062)	(154,250)
Capital expenditure	11,219	447	4,188	404	283	290	16,831
Depreciation and impairment	(5,592)	(1,376)	(2,023)	(1,066)	(54)	(59)	(10,170)
<b>31 March 2015</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Segment assets	83,464	49,216	75,270	30,516	2,048	64,131	304,645
Segment liabilities	(49,524)	(20,922)	(33,933)	(16,533)	(3,542)	(43,035)	(167,489)
Capital expenditure	20,858	345	2,857	1,079	157	23	25,319
Depreciation and impairment	(5,020)	(1,484)	(1,792)	(1,077)	(33)	(48)	(9,454)

Refer to notes below.

#### Notes to the financial statements

- Both the functional and presentation currency changed to ZWL in the year ended 31 March 2019 from US\$ in prior years. The change in both functional and presentation currency was necessitated by significant developments in the economic environment in Zimbabwe and promulgation of Statutory Instrument "SI" 33 of 2019.
- Amendments to International Accounting Standard (IAS) 16- Property, Plant and Equipment and IAS 41- Agriculture. The Group applied the amendments to IAS 16 and IAS 41 for the first time in the year ended 31 March 2017 and restated the financial statements for the year ended 31 March 2016. The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16 instead of IAS 41. The value of Tea, Macadamia, Avocado and Coffee plantations that was previously measured at fair value and disclosed under biological assets at 31 March 2015 was transferred to property, plant and equipment.

Appendix II(b): Accountant's Report on the unaudited pro-forma financial position of Meikles Limited



P O Box 267  
Harare  
Zimbabwe

Deloitte & Touche  
Registered Auditors  
West Block  
Borrowdale Office Park  
Borrowdale Road  
Borrowdale  
Harare  
Zimbabwe

Tel: +263 (0) 8677 000261  
+263 (0) 8644 041005  
Fax: +263 (0) 242 852130  
www.deloitte.com

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO-FORMA FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR TO MEIKLES LIMITED SHAREHOLDERS**

We have completed our assurance engagement to report on the compilation of pro-forma financial information of Meikles Limited ("the Group") by the Directors as set out in Appendix II (b) of the Circular dated 22 November 2019. The Directors propose to dispose of the Meikles Hotel business including the related furniture and fittings, plant and equipment and the immovable property ("Meikles Hotel"). The pro-forma financial information consists of the pro-forma statement of financial position as at 31 March 2019, and related notes as set out on page 36 to 39 of the Circular issued by the Directors. The applicable criteria on the basis of which Directors have compiled the pro-forma financial information are specified in the Zimbabwe Stock Exchange ("ZSE") Listings Requirements.

This report is prepared in terms of the Listings Requirements of the Zimbabwe Stock Exchange. In accordance with Section 241 of the Zimbabwe Stock Exchange Listings Requirements, we confirm that the engagement Partner is a registered accountant and auditor, and, together with the firm, is independent of Meikles Limited, the issuer of the pro-forma information.

The pro-forma financial information has been compiled by the Directors to illustrate the impact of the proposed transaction on the Group's financial position as at 31 March 2019 as if the proposed transaction had taken place at 31 March 2019. As part of this process, information about the Group's statement of financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2019, on which an audit report has been published.

**The Directors' Responsibility for the Pro-Forma Financial Information**

The Directors are responsible for compiling the pro-forma financial information on the basis of the applicable criteria specified in the ZSE Listings Requirements.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Public Accountants and Auditors Board Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)(Parts A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 - and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by the ZSE Listings Requirements, about whether the pro-forma financial information has been compiled, in all material respects, by the Directors on the basis specified in the ZSE Listings Requirements.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Circular, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Directors has compiled, in all material respects, the pro-forma financial information on the basis specified in the ZSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro-forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro-forma financial information.

The purpose of pro-forma financial information included in the circular is solely to illustrate the impact of the significant proposed transaction on unadjusted financial information of the Group as if the proposed transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed transaction at 31 March 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro-forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro-forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the proposed transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro-forma adjustments give appropriate effect to those criteria; and
- The pro-forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to the our understanding of the nature of the Group, the proposed transaction in respect of which the pro-forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro-forma financial information.

#### **Exclusion of Notes and Accounting Policies**

The Group reports in terms of International Financial Reporting Standards ("IFRS"). The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous years as disclosed in the respective annual reports, with the exception of International Accounting Standard 21 – The effects of changes in foreign exchange, on which an adverse opinion was issued.

At the request of the Directors and with approval of the ZSE, the notes to the financial statements, and the accounting policies have been excluded from this Circular.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the pro-forma financial information as at 31 March 2019 has been compiled, in all material respects, on the basis of the applicable criteria described in Part IX Sub Part B of the ZSE Listings Requirements.

Yours faithfully

*Deloitte & Touche*

#### **DELOITTE & TOUCHE**

Chartered Accountants (Zimbabwe)  
Registered Auditor  
Per Charity Mtwazi  
PAAB Practice Certificate No 0585  
Partner  
Registered Auditor

**Date 22 November 2019**

**PART II: APPENDICES**

MEIKLES LIMITED UNAUDITED CONSOLIDATED PRO-FOMA STATEMENT OF FINANCIAL POSITION as at 31 March 2019	Audited at 31 March 2019 (Note 1)	Meikles Hotel disposal	Proforma at 31 March 2019 (Note 3)
		Effects of the Hotel Disposal (Note 2)	
	ZWL'000	ZWL'000	ZWL'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>	<b>267,268</b>	<b>-</b>	<b>267,268</b>
<b>Current assets</b>			
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
<b>Total current assets</b>	<b>184,827</b>	<b>55,223</b>	<b>240,050</b>
Assets held for sale	30,032	(30,032)	-
	<b>214,859</b>	<b>25,191</b>	<b>240,050</b>
<b>TOTAL ASSETS</b>	<b>482,127</b>	<b>25,191</b>	<b>507,318</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	2,611	-	2,611
Non-distributable reserves	68,854	-	68,854
Retained earnings	131,914	26,373	158,287
<b>Equity attributable to ordinary shareholders</b>	<b>203,379</b>	<b>26,373</b>	<b>229,752</b>
Non-controlling interests	48,999	-	48,999
<b>Total equity</b>	<b>252,378</b>	<b>26,373</b>	<b>278,751</b>
<b>Non-current liabilities</b>			
Borrowings	12,244	(2,191)	10,053
Deferred tax	25,617	(7,264)	18,353
	<b>37,861</b>	<b>(9,455)</b>	<b>28,406</b>
<b>Current liabilities</b>			
Trade & other payables	140,368	-	140,368
Borrowings	51,520	(1,732)	49,788
Current tax payable	-	10,005	10,005
<b>Current liabilities</b>	<b>191,888</b>	<b>8,273</b>	<b>200,161</b>
Liabilities associated with assets held for distribution	-	-	-
<b>Total current liabilities</b>	<b>191,888</b>	<b>8,273</b>	<b>200,161</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>482,127</b>	<b>25,191</b>	<b>507,318</b>

### 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 proforma 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 disposal 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 31 March 2019 (Note 1) ZWL'000	Meikles Hotel disposal	Proforma 31 March 2019 (Note 3) ZWL'000
		Effects of the Hotel Disposal (Note 2) ZWL'000	
<b>Revenue</b>	791,620	-	791,620
Net operating costs	(703,426)	-	(703,426)
<b>Operating profit</b>	<b>88,194</b>	-	<b>88,194</b>
Investment income	44	-	44
Finance costs	(8,635)	-	(8,635)
Net exchange losses	(7,529)	-	(7,529)
Fair value adjustment	9,433	-	9,433
<b>Profit before tax</b>	<b>81,507</b>	-	<b>81,507</b>
Income tax expense	(16,670)	-	(16,670)
<b>Profit for the year from continuing operations</b>	<b>64,837</b>	-	<b>64,837</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	1,121	26,373	27,494
<b>Profit for the year</b>	<b>65,958</b>	<b>26,373</b>	<b>92,331</b>
<b>Attributable to:</b>			
Equity holders of the parent	53,827	26,373	80,200
Non-controlling interests	12,131	-	12,131
<b>Profit attributable to shareholders</b>	<b>65,958</b>	<b>26,373</b>	<b>92,331</b>
<b>Earnings Per Share (EPS)</b>	<b>ZWL cents</b>		<b>ZWL cents</b>
Basic EPS attributable to owners of the parent	20.99		31.27
Diluted EPS attributable to owners of the parent	19.67		29.31
<b>Group Statements of comprehensive income</b>	<b>ZWL'000</b>	<b>ZWL'000</b>	<b>ZWL'000</b>
<b>Profit for the year</b>	<b>65,958</b>	<b>26,373</b>	<b>92,331</b>
<b>Other comprehensive income, net of tax</b>			
Items that may subsequently be reclassified to profit or loss:			
<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
<b>Other comprehensive income for the year (net of tax)</b>	<b>52,370</b>	-	<b>52,370</b>
<b>Total comprehensive income for the year</b>	<b>118,328</b>	<b>26,373</b>	<b>144,701</b>
<b>Attributable to:</b>			
Equity holders of the parent	106,197	26,373	132,570
Non-controlling interests	12,131	-	12,131
	<b>118,328</b>	<b>26,373</b>	<b>144,701</b>

### **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 disposal Transactions and related transaction costs
3. Represents the unaudited consolidated proforma statement of profit or loss and other comprehensive income after the effects of the disposal 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 Transactions will be shown in the audited financial statements of Meikles Limited for the year ended 31 March 2020.

Appendix III: Independent Financial Advisor's Fair and Reasonable Opinion



**Private and Confidential**

The Directors  
Meikles Limited  
90 Speke Avenue  
Harare  
Zimbabwe

22 November 2019

Dear Sirs

**Independent Fair and Reasonable Opinion 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**

**1. Introduction**

Meikles Hospitality (Private) Limited (“Meikles Hospitality”), a wholly owned subsidiary of Meikles Limited (“Meikles” or “the Company”), has entered into disposal agreements with ASB Hospitality Zimbabwe (Private) Limited formerly known as Choicebrands Investments (Private) Limited (“ASB Hospitality”) (hereinafter referred to as “the Proposed Transaction”).

The Proposed Transaction entails the following:

- disposal of the Hotel business and related hotel assets of Meikles Hotel for US\$3.8 million; and
- disposal of the immovable property housing the business of Meikles Hotel for US\$16.2 million.

Full details of the Proposed Transaction are contained in the Circular to Meikles shareholders (“the Circular”) to be dated on or about 22 November 2019, which will include a copy of this letter as Annexure III.

**2. Scope**

Meikles is listed on the Zimbabwe Stock Exchange (“ZSE”) and the Proposed Transaction constitutes a Category 1 transaction in terms of the ZSE Listings Requirements. In terms of Section 9 and Schedule 5 of the ZSE Listings Requirements, the Proposed Transaction is required to be reviewed for fair and reasonableness by an independent professional expert, for the sole purpose of assisting the independent directors of Meikles in forming and expressing a view for the benefit of the Company’s minority shareholders.

KPMG Advisory (Private) Limited (“KPMG”) has been appointed by the board of directors of Meikles (“Meikles Board”) as the independent professional expert to advise on whether the Proposed Transaction is fair and reasonable to the minority shareholders of Meikles.

Our work and findings shall not in any way constitute recommendations regarding the completion of the Proposed Transaction.

**3. Responsibility**

The compliance with the ZSE Listings Requirements is the responsibility of the Meikles Board. Our responsibility is to report on the fair and reasonableness of the Proposed Transaction.

**4. Definition of the terms “fair” and “reasonable**

A transaction will generally be considered fair to a company’s shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders. The assessment of fairness is primarily based on quantitative issues. The Proposed Transaction would be considered fair if the Offer price is equal to or greater than the fair value of the Meikles Hotel.

The assessment of reasonableness is generally based on qualitative considerations surrounding the transaction. Hence, even though the quantifiable benefits received by Meikles shareholders may be less than the value that they surrender, the entire Proposed Transaction may still be reasonable in certain circumstances after considering other significant qualitative factors.

### 5. Information utilised and procedures performed

#### 5.1. Key quantitative considerations

In arriving at our opinion, we have undertaken the following procedures in evaluating the fairness of the Proposed Transaction:

- Obtained an understanding of the structure of the transaction through the following documents:
  - The business sale and purchase agreement between Meikles Hospitality and ASB Hospitality;
  - The sale and purchase agreement of immovable property between Meikles Hospitality and ASB Hospitality.
  - The exclusive licence agreement between Meikles Hospitality and ASB Hospitality; and
  - The Circular to Meikles Limited Shareholders.
- Considered, inter alia, the current market conditions on the ZSE, the current and past trading conditions of Meikles;
- Considered the audited financial statements of Meikles for the financial years ended 31 March 2017 to 2018 and annual financial statements of Meikles Hotel for the financial years ended 31 March 2017 to 2019;
- Held discussions with management of Meikles to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions in the hospitality industry;
- Considered the risks and expected returns associated with Meikles Hotel;
- Analysed the financial projections of Meikles Hotel and the basis of the assumptions therein including the prospects of the business. This analysis included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management. The material assumptions we considered related to:
  - Hotel occupancy rates;
  - Average revenue per available room;
  - Average room rate (“ARR”) and ARR growth rates; and
  - The projected capital expenditure programme.
- Based on the above, performed a valuation of the Meikles Hotel business. The discounted cash flow valuation methodology (“DCF”) was the primary valuation methodology employed and was supplemented with the market multiples valuation approach. Key value drivers to the valuation are:
  - The forecast cash flows;
  - The discount rate used;
  - Discounts and premiums used which are a function of Meikles Hotel’s perceived risk profile;
  - The level of historical and forecast earnings;
  - Multiples at which listed comparable companies are trading;
  - Multiples used in comparable transactions by players in the same industry.
- Assessed the Offer price (US\$20 million) against the following:
  - Property Valuation Report on Meikles Hotel prepared by Integrated Properties (Private) Limited (“Integrated Properties”) dated 30 April 2019;
  - Property Valuation Report on Meikles Hotel prepared by Knight Frank Zimbabwe (“Knight Frank”) dated 11 April 2019;
  - Property Valuation Report on Meikles Hotel prepared by EPG Global dated 28 August 2019;
  - Business Valuation report on Meikles Hotel prepared by Corporate Excellence Financial Advisory Services (Private) Limited dated 19 October 2018; and
  - Business Valuation report on Meikles Hotel prepared by Standard Bank Group Limited dated 11 December 2018.
- Held discussions with management of Integrated Properties and Knight Frank to understand the basis of their property values and factors considered.
- Considered certain publicly available information relating to Meikles, including company announcements, analyst reports and media articles.

#### 5.2. Key qualitative considerations

In arriving at our view, we have undertaken the following procedures in evaluating the reasonableness of the Proposed Transaction:

- Considered the rationale for the Proposed Transaction, based on discussions with management of Meikles and its advisors.
- Considered the capital expenditure estimated by the directors as being required to refurbish and upgrade the hotel and uncertainty in this regard.

### 6. Opinion

Based on the above considerations, along with the information made available to us by the Meikles Board, for which they are solely responsible for, and after due consideration of the details of the Proposed Transaction, we report that nothing has come to our attention that would cause us to believe that the Proposed Transaction is not fair and reasonable to the shareholders of Meikles.

Our opinion is necessarily based upon the information available to us up to 24 September 2019, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Proposed Transaction have been or will be timeously fulfilled and/or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

We have not undertaken to update this report for events and circumstances occurring subsequent to the date of its issuance.

### **7. Limiting conditions**

This opinion is provided to the Meikles Board in connection with and for the purposes of the Proposed Transaction. This opinion is prepared solely for the Meikles Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Meikles shareholders. Should a Meikles shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Meikles shareholder's decision as to whether to vote in favour of any transaction may be influenced by his particular circumstances. The assessment as to whether or not the Meikles Board decides to recommend the transaction is a decision that can only be taken by the Meikles Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Meikles, by reference to publicly available or independently obtained information. While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit or due diligence review of Meikles and Meikles Hotel.

Where relevant, the forecasts of Meikles Hotel relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Meikles Hotel will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of Meikles. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Meikles and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the transaction will be legally enforceable.

### **8. Independence**

In terms of schedule 5.1 (a) of the ZSE Listings Requirements, we confirm that we have no material direct or indirect interest in the shares of both Meikles and ASB Hospitality or the Proposed Transaction, save for our professional fees for services rendered in connection with this fair and reasonable statement.

In terms of schedule 5.1 (b) of the ZSE Listings Requirements, we confirm that we have no existing or continuing relationship with Meikles and/or any other parties involved in the Proposed Transaction.

Furthermore, we confirm that our professional fees are not contingent upon the success of the Proposed Transaction.

### **9. Consent**

We consent to inclusion of this letter in the Circular to the shareholders of Meikles in the form and manner it appears.

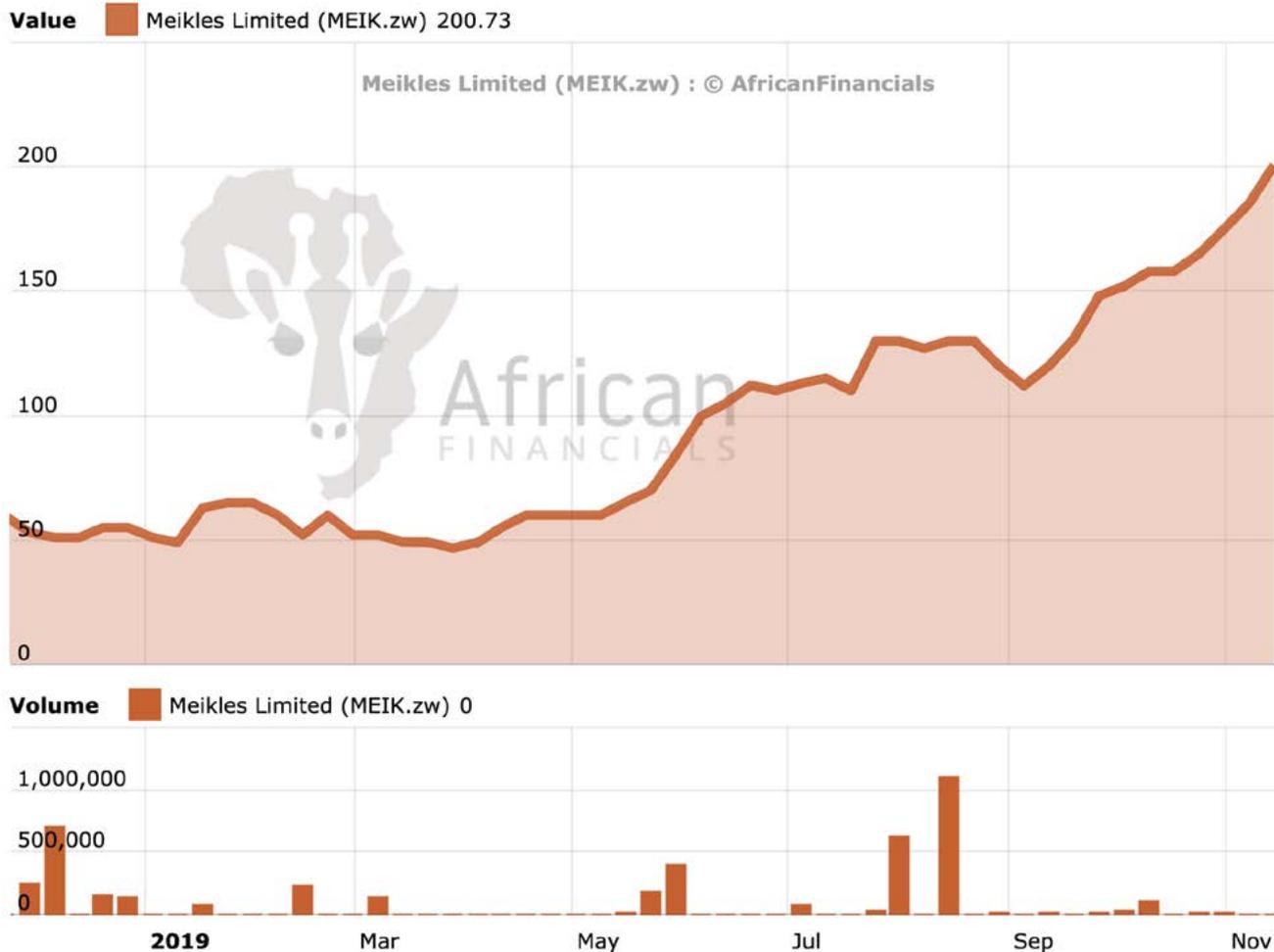
Yours faithfully



Michael J de Beer  
Director  
KPMG Advisory (Private) Limited

Appendix IV: Meikles Limited’s share price information

The chart below provides statistical information on the trading prices and volume of shares traded for Meikles Limited since 1 April 2018 to 18 November 2019.



Source: African Financials

## Appendix V: Information on ASB Hospitality Zimbabwe (“the Purchaser”)

<b>Full legal name</b>	ASB Hospitality (Zimbabwe) (Private) Limited
<b>Country of incorporation</b>	Zimbabwe
<b>Company registration number</b>	8727/2018
<b>Date of incorporation</b>	19 July 2018
<b>Zimbabwean registered address</b>	134 Harare Drive, Harare, Zimbabwe
<b>Beneficial owners</b>	Investment vehicle of ASB Hospitality LLC which in turn is wholly-owned by Albwardy Investments LLC
<b>Directors</b>	Ali Saeed Mahmoud Gasim Lawrence Micheal Ward Robin Mackay Bailey
<b>Profile of the beneficial owners of ASB Hospitality Zimbabwe</b>	
<b>Albwardy Investment LLC</b>	Albwardy Investment LLC is a holding company founded in the mid 70’s by UAE national, Ali Saeed Juma Albwardy. Headquartered in Dubai, the Albwardy portfolio consists of several diversified companies in the following sectors: <ul style="list-style-type: none"> <li>• Retail</li> <li>• Hospitality &amp; lifestyle</li> <li>• Food distribution &amp; logistics</li> <li>• Industrial &amp; engineering</li> <li>• Commercial &amp; insurance</li> <li>• Agri - business</li> <li>• Properties &amp; projects</li> <li>• Associated sectors</li> </ul> <a href="https://www.albwardy.com">https://www.albwardy.com</a>
<b>ASB Hospitality LLC/ Albwardy Hospitality Registered Address: 7th Floor Albwardy Building Khalid Bin Waleed Road Dubai</b>	<ul style="list-style-type: none"> <li>• The Albwardy portfolio currently comprises of 1,300 rooms</li> <li>• In 2018 Albwardy opened 2 hotels namely the Hyatt Regency Arusha and the Hyatt Regency Addis Ababa.</li> <li>• The Four Seasons at Desroches Island in the Seychelles and the Melia Serengeti were both recently developed and now open.</li> <li>• Albwardy hospitality also includes investments in lifestyle assets within Dubai, namely The Desert Palm Polo Estate &amp; Residences, Taste Kitchen and Pavilion foods restaurants.</li> </ul>

The Hotel Portfolio



- Four Seasons Hotel Johannesburg
- Four Seasons Resort Seychelles
- Four Seasons Safari Lodge Serengeti
- Four Seasons Hotel Buenos Aires
- Four Seasons Private Residences Seychelles
- Four Seasons Resort Vietnam
- Four Seasons Resort Desroches Island



- Park Hyatt Zanzibar
- Hyatt Regency Dar Es Salaam
- Hyatt Regency Addis Ababa



- Melia Desert Palm Dubai
- Melia Zanzibar
- Melia Serengeti
- Melia Iguazu Falls Resort & Spa Argentina
- Melia Kensington London
- Melia Arusha



- Desert Palm Residences
- Desert Palm Riding School
- Dubai Polo Club
- Sanctuary Ananda
- Safari Plus Aviation
- Riding for the Disabled Association of Dubai
- Taste Kitchen
- Pavilion Foods

Areas of operation of the Albwardy group



Appendix VI: Notice of the Extraordinary General Meeting and Proxy Form

# MEIKLES

— L I M I T E D —

(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**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of 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 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 resolutions**

“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
<p><b>1. Exchange Control Approval</b> “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 Circular or any other mechanism that safeguards the proceeds in foreign currency to the satisfaction of the Directors.”</p>			
<p><b>2. Disposal of the Meikles Hotel Immovable Property</b> “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.”</p>			
<p><b>3. Disposal of the Meikles Hotel Business and related Hotel Assets</b> “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.”</p>			
<p><b>4. Directors’ authority to give effect to the above resolutions</b> “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.”</p>			

Every person present and entitled to vote at the EGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote. (N.B. The Chairman has called for a poll)

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).

### 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 authorise 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 companyunless 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 on 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 on 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 (Private) Limited  
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