

Steinhoff's African units to merge with Shoprite to become Retail Africa

Shoprite and the African operations of Steinhoff are to be merged into a new group called Retail Africa, major shareholders of both retailers, Christo Wiese and the Public Investment Corporation (PIC), announced on Wednesday.



Image by 123RF

The deal will result in Shoprite acquiring Steinhoff's clothing chains which include Pep, Ackermans, Shoe City and Tekkie Town in exchange for shares.

Shoprite will also buy the furniture and appliance retailers that Steinhoff owns via JD Group. These include Russells, Bradlows, Rochester, Incredible Connection, Hi-fi Corporation and Sleepmasters. Furthermore, Shoprite will acquire Steinhoff's hardware chains Buco, Pennypinchers, Timbercity and Hardware Warehouse.

Retail Africa would be the continent's largest retailer with an annual turnover of R200bn, employing 186,000 people, it was noted in Wednesday's statement said.

Steinhoff proposes to acquire Wiese's Shoprite shares, held in a company called Titan, and those of the PIC in exchange for Steinhoff shares at a ratio still to be agreed. The deal is likely to trigger a mandatory offer to Shoprite shareholders who will be offered Steinhoff shares at the same ratio as Wiese and the PIC will receive.

The share price of the target company, Shoprite, jumped 3.2% to R199 while Steinhoff's fell 5.5% to R71.83 after the announcement.

"It is expected that the proposed transaction will further enhance Retail Africa's position as an employer of choice and it is also anticipated that the proposed transaction will not result in any job losses. The combined group's growth plans could lead to future job creation in various countries," the statement read.

Source: [*BDpro*](#).

For more, visit: <https://www.bizcommunity.com>