

Country Foods buys food monger for R2

by Nicola Mawson —'97 last modified 2008-03-28 10:42 Business Day

MUSHROOM and fruit juice company Country Foods Group has bought fishmonger The Mediterranean for R2.

The company said yesterday it had formed a subsidiary called Pavati Trading that had —'97 in turn —'97 formed two subsidiaries to house The Mediterranean''92s assets. It has acquired a 70% stake in Pavati.

CEO Robi Casaletti said the three shell companies would house different aspects of The Mediterranean''92s assets and liabilities.

The 35-year-old company would allow Country Foods to expand its range and move into neighbouring countries, he said.

The group, which specialises in exotic and wild mushrooms as well as fruit juice, has three divisions in the food sector and was seeking other lines to add to its range that would allow its distribution network to reach critical mass.

Country Foods had also, through its City Square subsidiary, reached an agreement to buy the rental enterprises that the Mediterranean Fish Centre leases from Kenwyn Properties.

The Mediterranean, which has a wholesale and retail outlet in Malvern and an outlet in Fourways, supplies products such as speciality fish, meat and meat products, imported specialities such as oils and pastas, and dry products such as legumes and spices.

Casaletti said the plan was to house the retail and wholesale sections in different companies and its property in another unit. He said the Fourways outlet, a delicatessen and a restaurant, would become the group''92s flagship franchise offering . The group would retain a stake in the Fourways shop to guide the franchisee.

Country Foods will pay R1 each for the Mediterranean Fish Centre and Mediterranean Fourways Mall, but would also acquire liabilities of about R4,8m. The previous shareholders would keep 30% of Pavati, but Country Foods has an option to buy out this stake between March 2011 and May 2014 at a price equal to five times Pavati''92s after-tax profit.

In return for the properties acquired from Kenwyn properties, Country Foods was releasing the previous owners from bank sureties of R3m.

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