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Zeder lists in December

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Cape Town - Zeder Investments - PSG's vehicle carrying mainly unlisted investments in former agricultural co-operatives - has confirmed a listing on the JSE in early December after hopefully raising R250m from investors.

Fin24 broke the news of PSG's agri-business intentions after the group's AGM earlier this year.

Subscriptions - via private placement for 125m Zeder shares at 200c/share - closes on Friday September 29.

Unofficial indications are that demand for the shares has been strong, which probably means ordinary investors will only have an opportunity to buy Zeder shares on listing.

Zeder, which will be 58.3% owned by PSG after the private placement, aims to establish a "viable mechanism capable of unlocking value within the agri-sector".

Agri-sector has remained neglected

PSG reckons the agri-sector - although characterised by asset rich, largely well managed and profit producing companies - has remained neglected by the investment community in South Africa.

"This has not been by choice, but rather as a result of the barriers to entry that makes investment in these entities extremely difficult for any party outside of the agri-arena."

Zeder's current portfolio - worth about R350m - comprises mainly a 13% holding in liquor producer KVV (R151m), 2.6% of food giant Pioneer Foods (R135m) and 5% of Kaap Agri (R47m) and 2.2% of Senwes (R12m).

Smaller investments are also held in KKK Landbou, OVK Operations and Suidwes Investments.

According to Zeder's private placement memorandum, deal flow will be generated through the existing network of contacts and knowledge base that the PSG team and Zeder CEO Antonie Jacobs acquired through years of working in and providing corporate advice to the agricultural sector.

No set limit on size of any specific investment

Jacobs is formerly the MD of KKK Landbou and was also FD of JSE listed wine exporter WineCorp.

The memorandum also states that there is no set limit on the size of any specific investment that can be made - either as a percentage of the value of Zeder's portfolio or as a percentage of the share capital of the company being invested in.

But the only general rule is that an investment by Zeder will usually not exceed a 20% interest in a specific company.

For investors the main issue will be whether Zeder attracts a major market discount on its underlying assets - as is the general investment rule applied to companies that function as effective investment trusts holding minority stakes in an array of interests.

Considering that many unlisted agri-businesses trade at discounts to their underlying value, it will be interesting to see how the market accords value to Zeder.

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