

UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016



SOTP value increased to **R14,5bn** or **R8,40** per share as at 26 September 2016

Successful internalisation of the management agreement

Recurring headline earnings per share **↓ 3% to 14,9 cents**

Headline earnings per share **↑ 134% to 14,3 cents**

OVERVIEW

Zeder is an investment holding company that invests in the broad agribusiness and related industries. It will continue to invest primarily in these industries, but will investigate expanding its investment strategy to include the broader sustainability industries, such as water, waste and renewable energy, as these become increasingly interlinked in the world. Zeder's 27,2% interest in Pioneer Foods remains its largest investment, representing 66,1% (29 February 2016: 60,9%) of the portfolio.

SUM-OF-THE-PARTS ("SOTP")

Zeder's SOTP value, calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments, increased by 18% during the reporting period to R14,4bn as at 31 August 2016, following a strong recovery in Pioneer Foods' share price. Following the issue of 207,7m Zeder shares pursuant to the reported internalisation of the management agreement effective 1 September 2016, Zeder's SOTP value as at 26 September 2016 was R14,5bn or R8,40 per share.

Company	29 Feb 2016		31 Aug 2016		26 Sep 2016	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27,2	7 574	27,2	9 903	27,2	10 108
Capespan	96,6	2 027	98,1	2 064	98,1	2 064
Zaad	92,3	1 246	92,9	1 310	92,9	1 310
Kaap Agri	39,4	758	39,6	880	39,6	880
Agrivision	55,9	614	55,9	614	55,9	614
Quantum Foods	26,4	168	26,4	173	26,4	173
Other		44		42		42
Total investments		12 431		14 986		15 191
Cash		118		2		2
Other net liabilities		(324)		(607)		(648)
SOTP value – pre mgmt fee liability		12 225		14 381		14 545
Mgmt fee liability*		(1 667)		(1 961)		
SOTP value – post mgmt fee liability		10 558		12 420		14 545
Number of shares in issue (million)		1 523		1 523		1 731
SOTP value per share – pre mgmt fee liability (rand)		8,03		9,44		
SOTP value per share – post mgmt fee liability (rand)		6,93		8,15		8,40

* Calculated as 12% newly issued Zeder shares multiplied by Zeder SOTP value per share.

RECURRING HEADLINE EARNINGS

	Unaudited		Audited
	31 Aug 2015 6 months Rm	31 Aug 2016 6 months Rm	29 Feb 2016 12 months Rm
Recurring headline earnings from investments	314	314	805
Management (base) fee	(81)	(75)	(155)
Net interest, taxation and other income and expenses	(8)	(11)	(18)
Recurring headline earnings	225	228	632
Non-recurring headline earnings			
Management (performance) fee	(81)		
Other	(55)	(10)	(87)
Headline earnings	89	218	545
Non-headline items	(24)	(4)	237
Attributable earnings	65	214	782
Weighted average number of shares in issue (million)	1 458	1 523	1 490
Recurring headline earnings from investments per share (cents)	21,5	20,6	54,0
Recurring headline earnings per share (cents)	15,4	14,9	42,4
Headline earnings per share (cents)	6,1	14,3	36,5
Attributable earnings per share (cents)	4,4	14,0	52,5

Recurring headline earnings per share decreased by 3% to 14,9 cents, driven by tough trading conditions experienced at Capespan, Zaad and Quantum Foods. Headline earnings per share increased by 134% to 14,3 cents mainly as a result of no performance management fee provided for during the period under review, as well as a lower BEE charge incurred by Pioneer Foods.

INTERNALISATION OF MANAGEMENT AGREEMENT

On 29 August 2016, Zeder shareholders voted in favour of acquiring the rights to the management agreement from PSG Group in exchange for the issue of 207,661,758 Zeder shares, representing a 12% equity interest. All conditions precedent were satisfied during September 2016 and the implementation of the transaction finalised. PSG Group's shareholding in Zeder has consequently increased from 34,5% to 42,4%, with no further management fees payable to PSG Group in terms of this agreement.

This transaction should yield positive results for Zeder shareholders. On a like-for-like basis Zeder's free cash flow will improve significantly while the large historical discount between Zeder's share price and SOTP value per share should, in

theory, decrease. This should result in a higher Zeder dividend, facilitate scrip transactions when opportune and enable Zeder to introduce further gearing for making investments. The existing PSG Group representatives continue to serve on both the Zeder Executive Committee and Zeder Board and assist in determining strategy and making investment decisions, for a nominal fee of R5m per annum, escalating annually at a rate equal to the consumer price index. PSG Group remains the largest shareholder in Zeder.

PROSPECTS

Zeder will remain actively involved in its existing portfolio of companies, while continuously seeking new opportunities. We believe that, despite inevitable cyclicality, the agribusiness industry offers rewarding investment opportunities, both locally and abroad. The structural change following the internalisation of the management agreement bodes well for Zeder and we believe that the company and its shareholders will benefit from same.

DIVIDEND

It is currently Zeder's policy to only declare a final dividend at year-end.

UNAUDITED FINANCIAL RESULTS

This short-form announcement contains only a summary of the information in the full announcement made on SENS on Wednesday, 5 October 2016, and is the responsibility of the directors. Please refer to the full announcement for additional information. The full announcement is also available for viewing on Zeder's website at www.zeder.co.za or may be requested and obtained in person, at no charge, at the registered office of the company during office hours. Any investment decisions should be based on consideration of the full announcement made on SENS.

Signed on behalf of the board of directors

Jannie Mouton
Chairman

Stellenbosch
5 October 2016

Norman Celliers
Chief executive officer

Zeder Investments Ltd: Incorporated in the Republic of South Africa, Registration number: 2006/019240/06, JSE share code: ZED, ISIN code: ZAE000088431 **Directors:** JF Mouton (Chairman), N Celliers* (CEO), JH le Roux* (FD), GD Eksteen*, WL Greeff, ASM Karaan*, NS Mjoli-Mncube*, PJ Mouton, CA Otto* (* executive * independent non-executive)

Secretary and registered office: Rose Bridge 59 (Pty) Ltd (in process of changing its name to Zeder Corporate Services (Pty) Ltd), 2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600; PO Box 7403, Stellenbosch, 7599

Transfer secretary: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001; PO Box 61051, Marshalltown, 2107 **Sponsor:** PSG Capital **Auditor:** PricewaterhouseCoopers Inc.